

Debating China's Economic Reform: New Leftists vs. Liberals

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Abstract There have been heated debates on outcome and orientation of China's economic reforms which started in the late 1970s. Though most of the previous studies on Chinese politics concentrate on the role of elites in policy-making, I argue that the intellectual discourse over policy have become increasingly salient in the post-Mao period. The paper focuses on the following research questions: How and under what circumstances did the New Left and liberals emerge in China? What are the major debates between the two? To what extent have the New Leftists and liberals affected the economic reforms and what change they might bring to the political climate?

Keywords China · Economic Reform · New Left · Liberalism · Intellectuals

Introduction

Dramatic transformation has occurred in China since the economic reforms launched by Deng Xiaoping three decades ago. The China's economic growth has been extraordinary. But with this growth have come new challenges: rampant corruption, increasing social unrest, rising levels of inequalities, the yearning for democracy, and the spread of ideas foreign and inimical to the perceived interests of the communist state. Although the outcome of the political transformation in China cannot be forecasted precisely, what has hitherto occurred is already significant enough to warrant a careful analysis of its dilemmas and dynamics.

Serious questions have been raised about the impacts of the reforms. In the economic realm, the outcomes and orientation of the market-oriented reforms were challenged by the "New Left" (*xin zuopai*), moderate reformers, and those who distrust the reform. In the social realm, the large increase in inequality has sharpened

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social cleavages and class conflict [1]. As the country marks its 30th anniversary of the reforms in 2008, China faces some of its toughest economic challenges and substantial vulnerabilities that require further deep reforms. The liberal economists urge government to undertake more radical reforms, while the New Leftists call for “rethinking the reform.”

For many years, publications, even the translation of foreign scholarly works, were tightly controlled. Yet, since 1978, when the reform era started, Beijing has begun to pay close attention to the views and opinions of intellectuals. Beijing gradually realizes the value of intellectual discourse as sources of analyses and innovative policy ideas. China’s mainstream state ideology is now confronted with more and more challenges from a great variety of ideological trends. Among them are the two major schools of thought, i.e. New Leftism and liberalism.¹ Hu-Wen’s emphasis on harmonious society echoed New Leftists’ concern for peasants, social justice, and welfare issues. A 2005 report found that President Hu Jintao and his team were tacitly supporting the New Left and using it to attack former President Jiang Zemin and his Three Represents theory, which was widely blamed for many of the deep inequalities gripping China [2].

Both the liberals and the New Leftists seek to reform China’s existing political and economic systems, and there has been a robust debate between the two. Among young students, liberalism has become fashionable and New Leftism has tremendous appeal [3]. Meanwhile, ordinary peasants and laid-off workers have become natural allies in the New Left’s struggle against prevalent neoliberal practices in the name of market efficiency and globalization, although most of them have never even heard of the terms neither New Leftism nor liberalism.² The growth of the China’s New Left and liberals has been discussed by both Chinese and American scholars.³ However, for the most part, all that is available in the West are occasional summaries of particular themes or scattered disputes, with little background information [10]. The coverage of the key debates remains thin and patchy. One reason for this lacuna in the literature could be the difficulty in defining the New Left and liberal: a recurring problem in the academic research on intellectual discourse.

Because the People’s Republic of China (PRC) is an authoritarian regime, many China scholars focus on the dynamics of the elite politics and policy-making by formal entities based in Beijing.⁴ Yet, the issues of ideology and intellectual debates over policy have become extremely important in post-Mao’s China [13]. This state of affairs points to the need for more systematic efforts to assess the debates and their implications on China’s economic reform. This paper is intended to help fill this void in the literature. It does not, however, constitute an exhaustive discussion on the role of the Chinese intellectuals, which has already been discussed extensively [14, 15].

¹ According to *Social Sciences Frontier Studies in China, 2006–2007* (Blue Book of Social Science), other schools of thought include neoliberalism, democratic socialism, postmodernism, new cultural conservatism, and nationalism.

² This observation is based on my fieldwork in China from 2006 to 2007.

³ The literature on the New Left in Chinese is extensive. See, for example, Yang [4]. For literature in English, see Hook [5], Mishra [6], and Pocha [7], Fewsmith [8], and Mierzejewski [9].

⁴ For details, see Bo [11] and Fewsmith [12].

Politics and economics are closely interrelated. In a study of contemporary China, one cannot really separated economic reform from political changes. There are heated debates between the liberals and New Left on political reform, but this is beyond the scope of this paper.⁵

The paper is divided into three sections. The first one contains a brief discussion on the origins of the debate. The second section reviews the intellectual discourse on the economic reform. The third one explores the implications of the debates. This paper will focus on the following research questions: What are the major debates between the New Left and liberals? To what extent do the policies of the current Chinese leadership reflect the major concerns of the New Left and liberals? How have the New Leftists and liberals affected the economic reforms and what changes might they bring to the political climate?

Rise of Intellectual Discourse

Prior to the reform in the late 1970s, the Chinese intellectuals largely used Marxism to explain and interpret development in China. Historically, China lacked the tradition and cultural foundations for a liberal regime [19]. Since 1978, the Chinese Communist Party (CCP) gradually has relaxed its control over the process of ideological production and dissemination. Before that year, very few students had the chance to study abroad. That has been changed significantly. There has been an increasing number of returned students (they are labeled as *haigui* in Chinese) working at Chinese research institutions and universities.⁶ In this respect, their education in the West may have been important and allowed them to locate and draw on theoretical developments that were congenial to their own thinking. The intellectuals have more freedom to explore the topics in which they are interested. With the collapse of Mao's ideology, seeds of regeneration which had lain dormant gradually came to life. Consequently, the reform decades were characterized by an influx of Western ideas in social sciences and humanities. Liberal ideals like intellectual freedom, the separation of powers, civil society, and the rule of law were reexamined.

Prior to 4 June 1989, Chinese intelligentsia provided the main social support for the reformers of this period within the party, while the conservatives were mainly concentrated in the state bureaucracy. During much of the 1980s, China's political scene was conventionally divided into two categories, namely reformers and conservatives, a dichotomy with its own built-in valuations of the two. Most intellectuals in the 1980s held identical views. They support the reform and opening up and identify with values of freedom, democracy, rule of law, and believe that they were in the spirit of the May 4th Movement. During the "first round of reform" from 1978 to 1989, most Chinese intellectuals united in support of the reform.

The 1990s witnessed the increasing differentiation of the Chinese intelligentsia into two political camps, even if the frontier between them has never been clear-cut ([10], 28). The liberal wing of a remnant of the pro-democracy movement re-emerged

⁵ See, for example, Nathan [16], Yue [17], and Cheng [18].

⁶ For details, see Li [20].

following the Tiananmen crackdown, including figures like Li Shenzhi (1923–2003), Liu Junin, Qin Hui, Xu Youyu, Zhu Xueqin, and many others. Chinese liberals advocate market liberalism, adhering to the doctrines of Hayek. They believe the market is a natural, “spontaneous order” conducive to social and political stability. China must deepen the reform launched by Deng Xiaoping and privatize industries still in state hands, which further reduces the government’s scope and size and puts more trust in personal initiative.⁷ As summarized by Xu Youyu, a liberal political theorist at the Chinese Academy of Social Sciences (CASS):

“The most important reason for this rise of liberalism in China is that the direction of market reforms has gained credibility. Economists can now loudly talk about classical economic liberalism and the positive effects of the “invisible hand.” Second, China itself experienced a liberal movement that flourished during the 1930s and 1940s. Third, many books on Western liberal thought were translated into Chinese during the 1990s, including works by Hayek, generating much reactions and discussions [22].”

After the Tiananmen, the change of the official reform policies created a situation where the term “liberal” could describe a mixture of support and criticism of the government, i.e. approval of marketization, but disapproval of censorship or violation of human rights [23]. Chinese liberalism today gives special attention to property rights, economic freedom, constitutionalism, the rule of law and limited government, individualism, toleration, pluralism, and the open society [24]. However, most of the politically engaged intellectuals, whether on the left or the right of political spectrum and whether inside or outside the establishment have sought political reform *within* the existing system.

The Chinese New Left is a term used to distinguish it from the Old Left, or conservatives, who are diehard Maoists. The New Left is by contrast, very diverse. The New Left includes the people from social democrats, nationalists to Maoists. They prefer to be called the “liberal left” since the left has a negative tone in the Chinese language and it reminds the people of the Left during the Cultural Revolution. For instance, Wang Hui, a leading spokesperson of the New Left, suspected the term New Left was just being used as a cudgel to belabor liberals ([23], 60). The New Left develops out of several major streams of radicalism such as: neo-Marxism, postmodernism, dependency, world system, and post-colonialism. It used these perspectives for its criticism of global capitalism and issues in China’s modernization.

The term New Left may lead non-Chinese readers to think of them in the light of the 1960s New Left in the West. The New Left is a loose grouping of intellectuals who are increasingly capturing the public mood and setting the tone for political debates through their articles in journals and websites. Among those intellectuals are Cui Zhiyuan, Gan Yang, Wang Hui, and Wang Shaoguang. These intellectuals advocate reducing the social inequalities and strengthening the foundations of social security, a goal the government can reach by regulating the market and fighting corruption. Their main common ground is a critique of global capitalism, inequality, and privatization.

⁷ For more information on the rise of liberalism in China, see Youyu [21].

A large number in the group would like to call themselves “liberal left.” According to Gan Yang, it is due to two reasons. First, the New Left is the result of the fragmentation of the liberals in the 1990s. The liberal forces were split into two camps: namely the “liberal left” and the “liberal right.” Second, in their theoretical orientation, “liberal left” is similar to the “liberal” in the United States, while the “liberal right” is close to “conservative” in the United States [25].

A series of events in the 1990s caused the differentiation among the Chinese intelligentsia [22]. There are several factors explaining the split of the Chinese intellectuals. In 1997, the Asian financial crisis broke out. Naturally, this dramatically betrayed the risks of globalization. Suddenly capitalism did not seem such a sure-fire guarantee of growth and prosperity. Anti-western sentiment developed after Beijing failure in 1993 to win its bid to host the year 2000 Olympic Games. Furthermore, in 1999 with the NATO's “accidental bombing” of the Chinese embassy in Belgrade, there was a wave of indignation among ordinary Chinese and demonstration by students. The New Left took a strongly nationalistic stance, while the liberals worried deeply about the impact of a rising nationalism ([8], 222).

Thirdly, the New Left was shocked by polarization, and decided to defend the interests of the poor and asked for a change in the direction of the reforms, advocating a strong state capable of defending the poor. Meanwhile, the inequalities that came with the market-oriented reform triggered increasing tension within the intellectual circles. Although a segment of the intellectual elites have developed into an interest group tied to the ruling politico-economic bloc, some have gained very little from the economic reform; instead, their relative social and economic status has deteriorated. The attitude of intellectuals toward the reform is therefore no longer one of unconditional support, but is now guided by the self-interest [26].

It is worth noting that the government does and can set the agenda for academic work through a variety of lucrative fellowships and grants. Salaries for the Chinese intellectuals have increased considerably. Meanwhile, welfare provisions available to them are comprehensive and relatively generous. Against this background, anti-establishment intellectuals have little to gain and much to lose. A number of intellectuals lost their positions or were demoted because of their deviant views, but their academic careers were allowed to continue.

Not surprising only a small number of the Chinese intellectuals openly embraced neoliberalism or New Leftism. They often quote the sayings of Deng Xiaoping, Hu Jintao or other party leaders to “protect” themselves.⁸ Anything ending with “ism” has the potential to be highly sensitive in China. For a long time, politicians, businessmen, and academics alike distanced themselves from the concept “capitalism” in discussions, and especially made sure not to “take (the wrong) side.” In politically charged environment, being labeled as “against socialism, for capitalism” could spell the end of one's career.

⁸ This observation is based on my fieldwork in China from 2006 to 2007.

The Contending Visions of the Economic Reform

In contrast to the dominance of single ideology during the Mao years, by the end of the twentieth and the beginning of the twenty-first century, China's intellectuals had opened up a public space and filled it with a variety of ideal and vigorous debates. The Chinese intellectuals in the 1990s could be broadly divided into two camps, namely the liberals and the New Left. Although the scholars from both of the two camps occupy positions at top academic institutions, the liberals hold considerably more influence, and their voices have been much more prominent than the New Left. Since the 1990s and Liberals and New Left constantly clashed over both the strategies and outcome of the reform. Their debates focus on issues such as the state vs. market, economic nationalism vs. globalization, equity vs. growth, fairness vs. efficiency.

Market vs. State

“Big state is bad, small state is good” was the mantra of economists in the 1980s. Since Deng Xiaoping's southern tour in 1992, there has been a significant retreat of the state. The first two decades of Chinese reform was dominated by a turn to liberal economic reform. Market rules and efficiency prevailed over state intervention, social preoccupation, and redistribution. Until recent years, neoliberal policies appear to have triumphed in both the West and the former Soviet bloc.⁹ China was not an exception in this regard.

In the late 1990s, Hayekian theories became highly popular in China.¹⁰ The complete withdrawal of the state from the economy became a major demand of the Chinese liberals. Hayek's stress on the notion of private property as the basis for liberty is debated in China. Liu Junning, a liberal scholar, has played an important role to spread the ideas of private property in China.¹¹ Liu has developed Hayek's idea by stating that “private property rights are the most basic human rights in the world.”¹² Liberal economists believe that the government's interventions in economic and social affairs are the root causes of corruption and inefficiency, and thus have to be reduced to minimum.

The liberals' perspective was challenged by the New Left, as Wang Hui puts it, “China is caught between the two extremes of misguided socialism and crony capitalism...” and “We must not give total priority to GDP growth to the exclusion of worker's rights and the environment [27].” In March 2007, Premier Wen Jiabao echoed the voice of the New Left intellectuals: “the biggest problem with China's

⁹ Neoliberalism is a philosophy, arising in the 1960s. Neoliberalism emphasizes the importance of economic growth and asserts that social justice is best maintained by minimal government interference and free market forces.

¹⁰ Hayek is highly respected by most Chinese scholars, even then Premier Zhu Rongji, has Hayek on his bookshelf. Cited in Junning [24], 48.

¹¹ Liu Junning is a liberal political scientist and founder of the journal *Res Publica*, which fosters the theoretical and public rise of liberal thinking in China.

¹² http://www.grassrootinstitute.org/Ownership_Economics/OE2_zhou.shtml (assessed on 19 September 2008).

economy is that growth is unstable, unbalanced, uncoordinated, and unsustainable [28].”

New Left scholars favor a strong state that will act vigorously to counter what they see as the unacceptable inequalities and injustices created by the past thirty years of market-oriented reform. They advocate the “state capacity” theory, arguing for a strong central government to regulate the market and curb its tendency toward regional protectionism and fragmentation and toward monopoly and unequal competition [29].

According to Gan Yang, Wang Shaogang’s paper in 1991 signaled the beginning of the New Left thinking in China ([25], 115). While the liberals believe the state must shrink in order to facilitate a growing market economy, Wang Shaoguang and Hu Angang hold the opposite. In 1993 they published *A report on China’s State Capacity* [30], in which they argued that a strong state is necessary for market reform. In their report, Wang and Hu argue strongly that the decentralization that took place in China since the reform started threatens to undermine the future of the reform and perhaps even the state itself. They contend that the reform has undermined the state capacity in China, and that the state’s fiscal revenues, as a percentage of GNP, have declined and will continue to decline into the foreseeable future, thereby weakening China’s ability to mobilize resources for modernization.¹³ In the report, Wang and Hu indicate the fiscal system of “contracted taxation” was tending to produce a weak center and strong provinces, seriously damaging the capacity of the state to manage the transition from a planned to a socialist market economy.

The government did not treat Wang and Hu’s report lightly. Wang and Hu’s report helped prompt the taxation reform of January 1994, which split revenues and responsibility between the central and provincial authorities, with social consequences that are still unfolding [31]. China’s government expenditure has grown substantially in recent years, from 10.8 percent of GDP in 1995 to 20.8 percent in 2008.¹⁴

Most liberals rejected the idea that the Chinese state could really be as weak as what Wang and Hu had claimed, and maintained that in any case the government should withdraw from the economy in favor of an unfettered market. The report was dismissed by these critics as exaggerated and moving in wrong direction. It is worthy of pointing out that after 1989 the Chinese state suffered a severe crisis of legitimacy, so any discussion of the state capacity tended to be read as if it could be seeking to strengthen the existing system.

It should be pointed out that among the New Left scholars there is not even a desire to eliminate the market and return to the Soviet style economy. They mainly want a state-regulated market economy with a social safety net that could reduce inequality and protect the environment. Gan Yang called the New Left a “New Deal liberalism [32].” On the other hand, the liberals maintain that freedom will only

¹³ Wang Shaoguang, *Jainli yige qianguyoli de minzhu guojia—jianlun “zhengquan xingshi” yu “guojia nengli” de qubie* (Establishing a Powerful Democratic State: Also on the Distinction Between the “Form of Government” and “State Capacity”), in *Dangdai Zhongguo yanjiu zhongxin lunwen* [Essays from the Center of Contemporary Chinese Studies], no. 4, 1991.

¹⁴ *Statistical Communiqué*, National Bureau of Statistics, Beijing, February 26, 2009.

come when the public sector is privatized, and a new, politically active middle class emerges.

Globalization vs. Nationalism

Before China began its process of economic reform in 1978 the government had adopted an inward-looking policy with emphasis on self-reliance. As a result, China had little foreign trade and utilized little foreign capital. The policy was abandoned in the late 1970s, when the CCP gradually opted for a full-scale embrace of global capitalism. Compared to “shock therapy” in Russia, the opening to the market in China is a gradual one. This strategy is related to the conundrum of how to engage global competition. With the Chinese integration with the international economy, we have now witnessed a rise of Chinese nationalism and the discourse on globalization as well.¹⁵

Globalization has been one of the most important discourses within the Chinese academic circles in recent years. The debates drew scholars from both the New Left and liberal camps. In 1994, Li Shen zhi, described as the “father of Chinese liberalism” by the *New York Times*, published perhaps the first article in China on globalization. Li argued that today’s world is becoming more and more integrated and that if China would like to perform a bigger role in the future, the only option is to learn and accept the established rules of the game. With globalization as the dominant trend, China cannot “reinvent the wheel,” but must understand the globalization process more deeply and participate in it more actively. Only in this way can China’s nationalist wishes be satisfied in the next century [35].

Li’s arguments were echoed in the work of other liberal scholars. Zhu Xueqin, who is perhaps China’s leading liberal spokesman today, pointed out that “nationalism was the most dangerous force in modern Chinese history. We should enter the world system at top speed, because globalism was much, much better than nationalism ([23], 79).” Liberal economists like Zhou Qiren and Fan Gang in the entourage of Zhu Rongji, the then premier, were eager to get the PRC into the World Trade Organization (WTO) as soon as possible.¹⁶

The liberal intellectuals dominated China’s intellectual arena in the first part of the Chinese reform. Since the early 1990s, Chinese scholars have paid special attention to “globalization.” The literature on globalization has been mushrooming and literature of international studies is replete with analyses of development and impact of globalization on the China’s economic and security environment. The majority of scholars consider that it is in the Chinese interests to embrace globalization in spite of some negative consequences it might bring about. The discourse helped transform the top leaders’ thinking regarding globalization. Beijing not only endured lengthy negotiations and an ever-expanding set of requirements in order to join the WTO but also used the pro-market rules of that institution to overcome resistance to reform among die-hards inside China itself [36].

¹⁵ For details, see Deng and Moore [33] and Mittelman [34].

¹⁶ Zhou Qiren is a professor at the China Center for Economic Research under Peking University. Fan Gang is an economics professor at Peking University and director of government-affiliated National Economic Research Institute in Beijing.

On the other hand, the New Left believes that the government has been in too much of a hurry to enter the WTO, that a more measured approach would have been more sensible. According to Wang Hui, this is a premier (referring to Zhu Rongji) who lost confidence in the ability of the government to resolve the problems of the state-owned enterprises, and hoped that competition from foreign capital would take over as the driving force of the economic reform ([23], 79). The New Left holds that China's involvement in "globalization" has resulted in the unchecked spread of capitalism in China. They contend that China's social problems are nothing but "Western epidemic" or "market epidemic" which the capitalist countries have ever experienced. Their concerns were confirmed by a report by the Development Research Center under the State Council, China's cabinet, that foreign investors control the top five businesses in each of the industrial sectors that are open to foreign investment. Of China's 28 leading industrial sectors, foreign investors control most of the assets in 21 sectors [37].

Global financial crisis led many in China to rethink the course of the reform. *China Is Not Happy*, by four New Left scholars, argues that China needs to adopt a more assertive economic, diplomatic, and military stance. The book became an immediate best seller in 2009. Actually, plenty of Chinese feel their country has too closely followed the lead of Washington and/or Wall Street. China's sovereign wealth fund, the China Investment Corp., has been roundly criticized for losses (on paper, at least) of \$4 billion on investments in New York financial houses Blackstone Group and Morgan Stanley. Public opinion is beginning to have impact on public policy. It is not surprising that Beijing worries about the safety of \$1.4 trillion-plus in U.S. securities it holds.

The Chinese New Left's critique of globalization is similar to that offered by liberals in the West. Their resistance to globalization is premised on its argument that the processes of global capitalism totally destroy indigenous industries, leaving them disordered and unreconstructed, further marginalizing the undeveloped or underdeveloped countries and undermining severely the sovereignty of the nation-state. According to them, economic globalization is a process of subjugating different regions, societies, and individuals to a hierarchical and unequal structure of global monopolization. The alternative is nationalism [38].

In reality, economic globalization can be a double-edged sword. China has attracted more foreign direct investment (FDI) by far than any other developing country, more than \$700 billion since China began accepting it in 1978.¹⁷ But it continues to draw capital partially because it is willing to rent workers for falling returns. The free-market economic policies have not left China worse off on the whole. They have lifted it out of the ranks of the world's poorest countries, created an emerging middle class of service industry workers in the big cities, and made China the second largest exporter in the world surpassing the United States. Meanwhile, any deepening of reform will require greater engagement with the world through, for example, the WTO.

The New Left was among the first critics of the neoliberalism in China. Two New Left scholars, Han Deqiang and Yang Fan, have become the best known spokespersons of the New Left at the turn of the century. They have written extensively

¹⁷ For a detailed study on the impact of foreign direct investment, see Huang [39].

against globalization and China's accession to the WTO. In 2000 Han published *The Crash—The Global Trap and China's Realistic Choice* [40]. He describes the high hopes on China's the WTO accession and the supposed efficiency of the market as "market romanticism." Contrary to the neoliberals' claim, China's accession to the WTO under the current terms would only jeopardize the infant national industry.

In addition, the New Left thinkers have attempted to link globalization to social conflict. Globalization fosters economic prosperity and raises living standards by specialization, division of labor and trading according to comparative advantage. They reduce cost of production, raise productivity, and expand the production frontier. However, the gains from globalization may not be distributed evenly in China [41]. For the New Left scholars, everything that takes place in China can be linked to the expansion of global capitalism into the country. According to Wang Hui, for example, "in all of its behavior, including economic, political, and cultural—even in government behavior, China has completely conformed to the dictates of capital and the activities of the market [42]."¹⁸ Like elsewhere in the world, the perceived mal-manifestations of globalization have led to the rise of anti-globalization intellectual movements in China.¹⁹

The liberals see the same problems but arrived at very different conclusions. They hold that the source of these problems is predominantly internal and that the way to resolve them should be to go further reforms, particularly by promoting economic and political reforms hand in hand.

In contrast, the New Left believes that the source of these problems is mainly external, rooted in globalization, international capital, and the market economy [22]. In general, the New Left thinking shares with nationalism on the subject of globalization. They are deeply committed to the agenda of China's intellectual nationalists, including, for example, ridiculing the idea that human rights had anything to do with NATO's war in Kosovo. From the perspective of the New Left, neo-nationalism in China is not anti-Western, xenophobic and aggressive, but is more assertive and open to the outside world than China's earlier forms of nationalism.²⁰

The party-state has given tacit recognition to nationalism as a potential source of regime legitimacy. Zheng Yongnian has shown clearly: "In the post-Mao era, the search for political legitimacy has replaced the foreign threat and has become the primary factor underpinning the revival of Chinese nationalism. In other words, the main sources for nationalism in the post-Mao era are domestic rather than external ([44], 51)." Elsewhere he elaborates what he means by "the search for political legitimacy," "Nationalism has been used by the Chinese Communist Party as a response to the decline in Maoist faith, and nationalism is ready to become another vision of the CCP ideology ([44], 41)."

Jürgen Habermas, "a highly respected 'mentor' of New Left Chinese academics" reacted strongly during his visit to China in the spring of 2001 that some members of the Chinese New Left, in their zeal to construct anti-imperialist discourses, have (mis)used his theory in such a way that amounts to justifying nationalist and

¹⁸ Also see Hui [43].

¹⁹ For details, see Zheng [44].

²⁰ For details, see Gao [45].

authoritarian orientations of the Chinese state.²¹ Apparently, China's New Left seems more enthusiastic about anti-imperialism than about anti-authoritarianism.²² On the other hand, the liberals argue that the lack of democracy, rather than global capitalism, as the fundamental source of new forms of domination, oppression, and inequality in China.

Despite ideological clashes and heated debates, the liberal and the New Left have pursued a similar agenda: to make China rich and strong. They all wish to their mission consists of importing new ideas to help the leadership enact their projects. "To build a modern state by learning from the West" continues as the aim of the reform-minded Chinese leaders. As a result, Beijing has downplayed popular criticism of globalization which focuses on the negative effects of China's growing interaction with the outside world.

Growth vs. Equity

One of the consequences of the market-oriented reform is the redistribution of wealth and power. China may be the world's fastest-growing economy, but it is also one of the world's most unequal societies. The Gini coefficient for income distribution, which ranges from zero for perfect income equality to 100 for perfect inequality, rose in China from 28.8 in 1981 to 38.8 in 1995 and 45 in 2002. That is a 50% jump in inequality in 20 years. In 2000, China's Gini rating was 44.7, far worse than even India which scored 32.5. China's 2000 rating earned it an embarrassing 90th place in terms of income equality among the 131 countries measured by the UN Development Program (UNDP).

For several years there has been a heated debate about social equity and justice among intellectuals, with many articles in journals and books about it. Liberals, following the late Friedrich Hayek, have insisted that the market itself is the best guarantee of social justice. For Hayek, state intervention was the beginning of the "road to serfdom [48]." From the perspective of the liberals, the market is not the cause of income polarization. Instead, it comes as a result of corruption, exchange of power and money. Therefore, it is the current political system that is causing the unfair distribution of wealth; and the current political system that allows certain actors to exploit loopholes on an uneven playing field created for their own advantage. It is administrative power, monopoly and vested interests that have hampered the free competition and fair distribution of wealth. Until that issue is fundamentally addressed, profound problems in the system will not abate [49].

From the point of view of the New Left, China is living through a Gilded Age of inequality, whose benefits are not trickling down to the 800 million peasants who live off the land or flock to the cities for factory or construction jobs. Wang Hui, a New Left thinker, attacked China's leaders for using "the state interference and even violence" to enforce its vision of international capitalism. Wang says it is time for people to understand that China's problems are the result of "bad policies and bad governance," not merely fallout from market mechanics.

²¹ See Lee [46], and Davies [47], for further discussion.

²² Most of Qiangguo (Strong China) Forum's 28 recommended netters at <http://people.com.cn/GB/32306/33607/index.html> (assessed on 19 September 2008) are clearly identified as leftists.

Cui Zhiyuan, a political science professor at the Tsinghua University and a New Left scholar, says the crux of the problem is that “the government is more focused on helping export manufacturers than agriculture and rural welfare,” which affect far more people [50]. The New Left emphasizes economic justice, not just economic growth at any price, and views the complete divorce from the redistributionist ideals of Marxist communism as callous and immoral.

Inequality in China is too stark to be ignored. The CCP began to recognize that its legitimacy cannot rely on economic performance alone. It needs to stress fairness and justice. Nevertheless, few in China believe that China needs another radical revolution. President Hu Jintao and Premier Wen Jiabao have vowed to raise peasant incomes and stop the most egregious abuse of workers. The leadership has made tackling income inequalities between China’s rich urban and poor rural areas the centerpiece of its new five-year plan. On the other hand, in a speech to the National People’s Congress (NPC) in March 2006, Mr. Hu declared that China must “unshakably persist with economic reforms.”

Efficiency vs. Fairness: Debate over Property Ownership Reform

Neoliberalism, in particular the “Washington Consensus” on economic reform in developing nations, dominated economic discourse, backed by international organization and private capital. It is argued that market is a necessary (though not a sufficient) condition for successful democracy. For many years, Beijing implemented market-oriented reform similar to the tenets of the Washington Consensus.

While the drain on state assets that accompanies privatization has been regarded as problematic for a long time, Larry Lang (Lang Xianping), Professor of Finance at the Chinese University of Hong Kong, provides new food for thought when he presented the huge losses of state-owned assets based on accounting and other data from such well-known companies as Haier, TCL, and Greencool Technology.

In August, 2004, Lang Xianping took Gu Chujun and other entrepreneurs’ management buy-out (MBO) as a case study, raised his opinions that a large quantity of the state asset had been out-flown and the staff benefit had been violated in state-owned enterprises property right reform. He thought the reform was on a wrong direction. He criticized Haier, TCL, and Kelon for taking advantage of the property right reform to swallow up the state-owned assets. Lang claims that SOEs are just as efficient if they employ market managers; and the hidden cost of MBO is borne by society. His criticism garnered media and public attention and set off a new controversy about the privatization of SOEs.²³

Several New Left economists quickly wrote a letter to the leadership calling for an investigation into Lang’s charges; eventually the China Security Regulatory Commission found that wrongdoing had been committed. Gu Chujun, Chairman of the Kelon was arrested in September 2005.

Zhang Weiying, a liberal economist, stressed that individuals with contribution to society should be well treated. He said that the process of reforming the state-owned

²³ Lang Xianping posts a series of commentaries and papers on his Web site. For details, see <http://www.langxianping.com.cn> (assessed on 19 September 2008).

enterprises is a process of continuously increasing social wealth. It cannot be said that state-owned assets have lost simply after seeing their purchasers have earned money. He believed that a more serious problem is the embezzlement of private property by various government departments. Zhang's response to the New Left's charge was seen as liberals' typical position.²⁴

Liberal economists (also known as mainstream economists) maintain that the drain on state assets may lead to social inequity, but when one considers that both inequality and inefficiency may prevail if the economic transition were to slacken, reforms such as privatization should be accelerated rather than suspended. Besides, the mainstream economists warn that raising objections to the siphoning off of state-owned assets to entrepreneurs could lead to a deceleration in ownership reforms and worsen the investment environment. They argue that the entrepreneurs who have made great contributions to China's economic development should be more respected and appreciated.

Although liberal economists defended the MBOs, public opinion strongly supported Lang. Amid floundering stock prices, the ideas of Lang are widely supported by small investors. Lang has been nicknamed "Supervisor Lang" for his zeal in looking into stock market irregularities. Ironically, in China, which calls itself a socialist country, the government's thinking on this issue is closer to that of the neoliberals, who advocate free market capitalism than that of the New Leftists, who are critical of marketization and privatization.

Debate on Property Law

In 2004 the Constitution of the PRC was amended to provide that "private property is inviolable." To give practical definition to this, a full-fledged Property Law was required. The Property Law is a civil law regulates property relationships and adjusts civil relationships stemming from attribution and use of that property. It involves defining the property of the state, the collective, and the individual, as well as other property protection measures. China's laws are usually submitted for approval after at most three reviews at the NPC Standing Committee. However, the debate of the Property Law spanned nine years, receiving a record seven reviews at the NPC Standing Committee and stirring hot debates across the country.

In 2005, Gong Xiantian, a law professor at the Peking University and a New Left scholar, published a letter on the Internet that accused the Property Law of violating China's Constitution and betraying the socialist system. He claimed that the draft Property Law was "unconstitutional" in stipulating the equal status of the state, collective, and private ownership. Gong Xiantian argued that the draft law would "accelerate the loss of the state-owned assets and worsen social polarization and antagonism." Property that used to be taken away from the rich for redistribution to the poor is today routinely taken away from farmers and given to real estate developers. Gong even predicted that the legal code would lead to the loss of state-owned assets at a greater rate. He attacked the bill as veering towards the "fallacies" of capitalist civil codes, the globalization of capitalism and neoliberalism in economics [51]. The New Left was very critical of the government's efforts to

²⁴ Zhang Weiying is one of China's most prominent economists.

clarify property rights and sell off inefficient state-owned enterprises. They consider such policies could benefit a small group of the rich.

Gong's letter aroused huge debates in the jurisprudential circles and became a nationwide discussion. The legislation process was then delayed. Obviously, with their slogans of "people first" and "harmonious society," China's leaders are aware of the social and political risk resulting from the huge gap between the new rich and the poor. They have to take into consideration the views and suggestions from left-wing academics (Table 1).

Supporters of the bill, mainly neoliberal economists in China's key institutions, say the affirmation of property rights, especially private property rights, protects the material interests of millions of working people and entrepreneurs in the private sector. It encourages more people to create wealth for themselves and for the nation. It would also protect private companies against economic crimes, such as embezzlement by their own staff.

The law was originally scheduled for adoption in 2005, but was removed from the legislative agenda following these objections. The final form of the law contains a number of additions to address these objections. The long-awaited and highly contested Property Law was finally approved at the Fifth Session of the Tenth National People's Congress on 16 March 2007. Among the 2,889 deputies attending the closing session, 2,799 voted for it, 52 against it, 37 abstained and one didn't cast vote. That was considered a significant victory for the liberals. Although revised and later passed, this was the first time in China's legislative history that a proposed law had been derailed by a rising tide of public opinion [52]. Yet, the law does not change the system of land tenure by which the state owns all land. The liberals and New Left are still engaging in vigorous debates on this important and controversial issue.

Table 1 Debates on economic reforms

Subject	New Left	Liberals
Role of the state	Pro-government intervention	Minimal government interference
Role of the market	Promotes growth but contributes problems attendant problems such as widening income disparities and environmental degradation	primary engine of economic growth, promotes efficiency, and countervails arbitrary state power
State reform	Strengthen welfare programs, implement strict state regulations, slow down market liberalization in financial, energy and property sectors, accelerate reforms in healthcare and education, and reemphasize the role of SOEs	Deepen market oriented reform and opening up, full liberalization of the economy, privatization of key industries and land
Globalization	Challenge	Benefit
Origins of income inequality	Rising market economy	Corruption, exchange of power and money, and dictatorship
Intellectual roots	Dependency, neo-Marxism, "state capacity" theory	Classical liberalism

In sum, in New Left's lexicon, socialism, populism, and nationalism are positive values. In the dichotomy of market/state, foreign/national, West/East, the liberals tend to argue in favor of the former, while the New Left tends to favor the latter [53]. The liberals believe the free market would in the long run support the growth and the rise of Chinese middle class and its access to political power, while radical leftists declared in no uncertain terms that they are on the side of the dispossessed and the exploited lower strata of the Chinese society [54]. Whereas the scholars from each camp occupy positions at academic institutions, the liberals hold considerably more influence, and their voices have been much more prominent than the New Left.

From Ideas to Policies

The Chinese intellectuals in the 1990s were broadly divided into two camps—the Liberals and the New Left. The debates between them, which broke out in the middle of the 1990s, have been a phenomenon rarely seen among mainland Chinese intellectuals since 1949 [21]. As Gao Shangquan, a key figure in think-tank on economic reform, commented, “the debates have been very vigorous, drawing attention from all sectors of society, and the central government is extremely concerned, too.”²⁵

The Chinese intellectual discourse since the 1990s can be viewed as a revival of some topics of the May Fourth debates. These included the search for a new relationship between the intellectuals and the state, and import of Western ideas for deep reforms. They provoked challenging questions about individual freedom, equity, social justice, and global inequality. Unlike the establishment intellectuals under Mao, who were mainly state servants,²⁶ both New Left and liberal thinkers are “critical intellectuals.” In Western parlance, they could be called public intellectuals, intellectuals who speak out publicly on political issues. Wang Hui, a noted New Left scholar, and Fan Gang, a leading liberal economist, were selected as top 100 public intellectuals in the world in 2008 by *Foreign Policy*, an influential journal in the United States.²⁷

The debates between the liberals and New Leftists have extended to the field of arts and literature as well [58]. *Che Guerava* is an experimental play put on stage by a group of China's New Left intellectuals and artists in 2000 and 2001 to challenge China's post-Mao social transformation by evoking Guevara's spirit. The play was extremely popular among students, retired cadres, and laid-off workers. Some of them even watched the play 12 times. The play provoked emotional post-performance discussions.

By using montage, the scenes of the play flash back and forth between two historical contexts. One is the 1960s, focusing on the Cuban revolution and Guevarist discourse with other revolutionary movements and decolonization in the Third World in the background. The other is today's China within a setting of post-communism

²⁵ Quoted in Bergsten et al. [55].

²⁶ “Establishment intellectual” is a term coined by Carol Hamrin and Timothy Cheek. For details, see Hamrin and Cheek [56].

²⁷ For details, see *Foreign Policy* [57].

and globalization. The play attributes China's social problems to abandonment of Maoism, embracing of market-oriented reforms, and integration into world economy. The play displays strong sentiments of anti-liberalism, anti-globalization, and anti-Americanism [59].

Obviously, Che Guerava, an ultra-left, is a link between past and present, a way to protest the passing of egalitarianism and the inequalities that have resulted from recent reforms. Liberals tend to equating Che Guerava with Pol Pot. One liberal states that if Guerava died a few years later, he is just another Pol Pot [60].

The intellectual debate can also be seen in *Na Er*, a popular novel by Cao Zhenglu, a Zhengzhen University professor. *Na Er* is a critical examination of "effects of economic reform on urban workers" in China.²⁸ Han Yuhai, a New Left scholar, strongly supports both *Che Guerava* and *Na Er*, and calls for renewed proletarian literature.

The Chinese leadership wants to modernize the country. To achieve that goal, it must learn from the West, but at the same time it must not allow Western ideas to ferment dissent at home. Just how this delicate tightrope walk works in the public forums for China's leading thinkers is part of the reason why different ideas are largely tolerated by Beijing, whether it is the New Left or liberalism. China is not a democracy, but the Party is becoming increasingly aware that they have to keep a close eye on the will of the people and fold their attitudes into its policies.

Beijing attempts to strengthen ideological conformity among party cadres. Party propaganda machine runs counter both to the New Left in favor of state intervention and the liberals who advocate market force. Several books and large number of articles were published to criticize neoliberalism since 2004.²⁹ The purpose of neoliberalism, in Wu Yifeng's view, was quite instrumental: the reason that the United States "wants others to implement neoliberalism is only one: everything for the benefit of the United States."³⁰ He goes on to say that the West, "especially the United States," spares no efforts to use international economic organizations such as the International Monetary Fund (IMF), the World Bank, and the WTO to advance its agenda. The problem, according to Wu, was that there was no successful instance of neoliberalism helping a developing country: "No matter which country or region neoliberalism is promoted in, that country or region encounters enormous risk and disaster."³¹

In recent years, the New Left has had an uneasy relationship with the government as well. In July 2007, Wang Hui and Huang Ping, who took up their positions as co-editors of *Dushu* in 1996, were relieved of their co-editorship. The move was preceded by a series of attacks on the editors in other official mass media. Their alleged shortcomings ranged from being biased, to having allowed the magazine to become "hard to read." They were also blamed for the magazine's allegedly declining circulation. In an interview in a July edition of the *Southern Weekly*, however, Wang Hui said *Dushu*'s circulation has hovered around 100,000 during the

²⁸ "Na Er" literally meaning "there," is a mispronunciation of "ying te na xiong nai er" (*Internationale*) by the grandmother in the story. "Na Er" also means "where." The dream of international solidarity of the working class—where is it to be found in China today?

²⁹ See, for example, Bingmeng [61].

³⁰ Wu Yifeng is a well-known Marxist economist at the Chinese People's University.

³¹ Cited in Fewsmith [62].

last 11 years, marking a peak in circulation in the magazine's 28-year history. A further official reason for the sackings was that Wang and Huang were editing part-time, and full-time editors had become necessary. Critics of the sackings have expressed their anger on the Internet, arguing that this move was intended to muffle the voice of those who oppose Beijing's pro-business policies. There was considerable coverage in the mainstream media of the decision and its implications [63].

It is important to note that New Leftism is at odds with official ideology. However, they are in favor of the Hu-Wen government, regarding it as a viable and effective force able to steer China's transition. On the other hand, New Leftism could be a *de facto* ideological ally of the party stay which seeks both growth and stability. As a result, liberals often accused them of collaborating with the government.

Censorship is an operative fact of life in Chinese publishing. Editors keep a close watch to ensure that perspectives and information, which diverge from official policy interpretation, do not reach an external audience. In spite of their uneasy relationship with the party-state, both the liberals and New Left publish their own journals. *Dushu* (Reading), *Tianya* (Frontier), *Ershi yi shiji* (Twenty-First Century), *Res Publica* (Gonggong luncong), *Yanhuang Chunqiu* (Spring and Autumn in Yanhuang), and *Nanfang Zhuomo* (Southern Weekend) are the major outlets of their intellectual debates. When different groups of intellectuals debated among themselves, there was generally no interference from the party-state.

Freedom of information has always been considered essential in liberalizing China, and the Internet has disseminated chunks of information once unthinkable [64]. Various different groups including the liberals and New Left have established their own Websites, forums, and communication lists on the Internet. The widespread use of the Internet makes it harder for the government to maintain a monopoly over information resources. In addition, unofficial journals, study groups, and seminars organized by private think tanks all help in the diffusion of their ideas.

The authorities still punish those who dare to undermine the Communist government's power, for instance by organizing a political party or a workers' protest. The role of critical intellectuals was eroded by the growing market forces and party-state. The New Left and liberal scholars were criticized, but have not been silenced, partially because they do not get involved in political organizing or direct criticism of leaders.

One of the most remarkable changes in the post-Tiananmen China has been the burgeoning civil society, which has led to a significant transformation of the intellectual public space. With the Internet boom, political debates moved to the electronic forums in almost no time. In the five years of its history, *Utopia*, a premier left-wing website, drew more than 100 million hits.³² A number of non-governmental think tanks (such as Unirule Institute of Economics and Dajun Economic Watch) have established their Web sites.³³ Thousands of influential

³² This number is shown at the middle of *Utopia* (Wuyou zhi xiang) at www.wyzxsx.com (assessed on 1 August 2009).

³³ Dajun Economic Watch has been established by Mr. Dajun Zhong, a well-known New Left. Unirule Institute of Economics (or "Tianze" in Chinese), was established by Mao Yushi, a well-known liberal economist.

Chinese intellectuals have their blogs.³⁴ The widespread use of the Internet makes it harder for the government to maintain a monopoly over information resources. There are some heated debates on the reform policy in cyberspace, some of the technocrats participate in the debates, but few bear their real name and identify their affiliation. In addition, unofficial journals, study groups, and seminars organized by private think tanks all help the diffusion of their ideas.

At present, Chinese economic and intellectual elites are generally behind the government. Only few intellectuals identify themselves as New Left, but New Left's influence as a school of thought continues to grow. It is true that ideological diversity could be a challenge for the Party. However, so far, the scholarly debates between the liberals and New Left have generated positive effects on the reform.

First, the discourse increased public awareness of the consequences of some major policy change. For instance, left-leaning intellectuals in China have made use of *Utopia* as a platform to challenge this policy direction and Beijing's overall pro-business agenda. They highlighted the negative social consequences of Beijing's course and generated waves of debates on the way forward for China. The "vulnerable" (*ruoshi qunti*) group, mushroomed in the last decade, are receiving attention from the government. The "vulnerable" (*ruoshi qunti*) group is a term used in China to describe those people in a society who are unable to influence the policy making process and its outcomes. Before *Dushu* printed a piece about the *sannong* problems (three rural problems) [referring to agriculture, peasants, and the countryside] in 1999, the government did not even admit to the existence of these problems, but two years later it was on the agenda of the NPC ([5], 170, no. 3, 12).

Second, some of their proposals, commended by the top leaders, became official policies. Since the late 1970s, the policy process has become more open and accessible to influence from outside the bureaucracy. Under such circumstances, public discourse debates on the effectiveness of the policy, influencing public opinion, and in some cases bringing policy change. Wang-Hu's report in 1993 is considered as an important contribution to the economic reform and proves to be helpful to in building a strong central government. The percentage of the central government tax revenue has been gradually increased since 1994.

Cui Zhiyuan's views on shareholding-cooperative system (SCS) have also made political impact. In 1994, Cui wrote an article arguing for the preservation of the SCS, a kind of labor-capital partnership. A leading official in the government read the article and decided to allow the SCS to prevail in rural China. The centralized decision-making of the one-party state has many disadvantages, but one advantage is that it may be easier to implement radical (but defensible) ideas if the top leadership is convinced.³⁵

During the Jiang era, economic policies disproportionately benefited the coastal areas to the neglect of the interior. In the past few years, the leadership has highlighted its shift from growth-centered to more balanced development-centered policies. The objective is to move the economy away from its heavy reliance on trade expansion while expanding domestic demand. More measures could be expected from the government. For example, various export promotion policies such

³⁴ For details, see Barmé and Davies [65].

³⁵ Cui Zhiyuan is a well-known New Left thinker. For details, see Bell [66].

as export rebate scheme, especially for resource-based export, would be gradually phased out.

The Hu-Wen leadership has advanced the “harmonious society” and “scientific view of development” policy agenda, which is designed to confront rural-urban income disparities, to develop the state welfare net and to boost spending on health and education. This program appears already to have had some impact in terms of reducing income inequality. As Barry Naughton indicates that Hu and Wen have “presided over a systematic reorientation of economic and social policy that has, in nearly every respect, shifted Chinese policy to the left [67].” Meanwhile, the Hu-Wen government proclaimed that China is committed to reforming and opening itself to the outside world. A large number of these policies reflected the concerns of the New Left and/or liberals.

Third, although Beijing endorses neither New Leftism nor liberalism, their intellectual discourse generated a lot new ideas, insight, and approaches that the Chinese leadership can *cherry pick*. The 11th five-year plan is a template for a new Chinese model. From the liberals, the Chinese leadership borrows the idea of permanent experimentation (i.e. a gradualist reform process rather than a shock therapy). It also accepts that the market will drive economic growth. The New Left draws Chinese leadership to the issues of inequality and the environment to a quest for new institutions that can marry co-operation with competition [68].

The policy of the Hu-Wen leadership reflected the influence of the New Left. At the end of 2005, Hu Jintao and Wen Jiabao published the “11th five-year plan,” their blueprint for a “harmonious society.” For the first time since the reform era began in 1978, economic growth was not described as the overriding goal of the Chinese state. Instead, they talked about introducing some aspects of a welfare state and promise of a 20% year-on-year increase in the funds for pensions, unemployment benefit, health insurance and maternity leave. For rural China, they promised an end to arbitrary taxes and to improve on health and education systems. They also pledged to reduce energy consumption by 20%. The “Right” was firmly reminded that economic reform would precede political reform and that any political reform would proceed incrementally and absolutely under the leadership of the CCP. The “New Left” was put on notice that market-oriented reforms, opening up, and economic development remained the Party’s central task and that there was no going back. And, by reclaiming ownership of the Four Cardinal Principles and enshrining the Scientific Development Concept, Hu also managed to outmaneuver those on the “Old Left” who had begun to accuse the leadership of abandoning the Party’s core principles ([55], 34).

Last but not least, the intellectual discourse has broadened horizons for the decision-makers. Several liberal and New Left arguments have filtered into the official discourse. For instance, the term “social justice,” which has been much debated since the 1990s, is now a regular feature of Party rhetoric [69].

Beijing has a track record of introducing policies that were at first feeble and ineffective, only to reformulate and re-launch them later with improved results ([67], 152). The Chinese like to argue about whether it is the intellectuals who influence decision-makers, or the latter who use pet intellectuals as informal mouthpieces to advance their own views. Either way, these debates have become part of the political process, and are used to generate ideas and expand the options available to the Chinese authorities [68].

Conclusion

The past decade has witnessed significant changes in the landscape of intellectual discourse. First of all, when the debates between the liberal and the New Left started in the early 1990s, the discourse was among a few elite intellectuals in Beijing and Shanghai and their articles were often criticized as too difficult or obscure ([23], 55). Now, their debates not only attracted attention from establishment intellectuals and technocrats but also an increasing number of Chinese fledgling intellectuals and netizens. Second, the focus of the debates has shifted from theoretical concerns to issues closely related to real life problems. In other words, debates tend to be concerned more with “questions” (*wenti*) than “isms” (*zhuyi*). Third, the debate on the direction and strategy of the reform has intensified among Chinese intellectuals. Their debate is no longer the tempest in a teacup. In fact, “to gain control of the discourse” is now a buzz phrase in China’s media world.³⁶ Furthermore, there have been multiple venues to spread the liberal’s and New Left’s thinking. The discourse appears not only in traditional printed format, but more importantly in the digital world. Frequently, sensitive topics are posted on the Internet, since it is easier and much quicker to spread one’s belief online.

The Beijing leadership has become more tolerant of intellectual discussion on a number of seemingly sensitive issues: such as the debate between the New Left and liberalism, if they are conducted in an academic context; and is likely to continue to do so in the foreseeable future. This can be explained by several factors. First of all, due to the complexity and uniqueness of the Chinese reform, China is undergoing massive transformation without a sufficient theoretical basis or guideline. To generate more ideas and policy options to achieve the goal of modernization, the Party is likely to maintain its policy of encouraging the public discourse on economic reform so long as it does not challenge the party’s dominance of the existing system.

Second, liberals and conservatives within the leadership are attempting to checkmate each other’s ability to develop a theoretically consistent framework to support their policy position. Peter Moody pointed out correctly that in the short term the direction of Chinese politics is shaped by the play of power, and ideas are tools in this contest ([19], 9).

It is widely recognized that the Chinese leadership since Deng Xiaoping has launched and will continue to deepen China’s economic reforms. That is for both practical and pragmatic reasons. The party must recognize poverty of many people and understand the need for economic development. They regard economic growth as the best means to legitimate Party’s rule. As its legitimacy is now based on national achievement, not communist ideology, it must appear in step with popular feeling.³⁷

This study illustrates how the New Left and liberals both reflect and shape the transformation of post-Mao’s China. So far their impact is reflected in some changes in economic policy. Their impact in the political area is still limited. Their discourse

³⁶ For details, see Wei [70].

³⁷ According of Wang Hui, “Today we are no longer an isolated group of intellectuals. We have become a broad-based movement with real support from the people which gives us clout.” Cited in Aiyar [71].

could provide conditions for a Chinese unique path of development that many in the developing and post-communist countries wish to follow.

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