

NOTES AND COMMENTS

THE CONTEMPORARY CHINESE SOCIETY

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In the present Chinese society, reform, especially economic reform, is the current of social life. This reform was initiated from the countryside in 1979 and spread to cities in the mid-1980s. It is now in full swing and has a tremendous influence on all aspects of economic and social life. It has made great changes in Chinese society.

China's economy is full of vigor which it never had before since the reform. During this period, the country's economy and the life of the people have both improved unprecedentedly. From 1980 to 1990, the average increase of GNP was 9%. The GNP of 1990 was RMB Yuan 17,40 billion; national income was 14,30 billion, or RMB Yuan 1,271 per capita. The per capita incomes of Beijing, Shanghai and Tianjin were more than RMB Yuan 2,000. The industry and the agriculture have been developing rapidly. The output of many products are on the top of the world.

There are four main changes in contemporary Chinese society.

1. *A system of family contracts associated with production results.*

Since 1979, the Chinese government has changed the production mode from the Peoples' Commune brigade production to individual family production. Land and other important production means still belong to the state, but they can be used by the peasants. To boost the enthusiasm of the peasants, after a certain portion of the harvest has been turned over to the state, the surplus belongs to themselves. The government also raised the purchasing price of farm produce to increase the income of the peasants. There are other steps adopted in the countryside. Science and technology have been popularized. Peasants are encouraged to engage in manufacturing, trade, transportation, service, etc... Because of these measures, the enthusiasm of the peasants is extremely high and the agricultural economy has developed greatly. The average grain production is more than four hundred million tons per year. The highest year was 1989 when it reached more than 407 million tons. The output of grain, cotton, and vegetable oil are among the top in the world. The output value in 1990 was 1, 623.5 billion and 54.6% of it was produced by non-agricultural labor. The number of rural area industrial enterprises are about 240,000, which employ about one hundred million and output value were 900 billion Yuan.

But, there are some worrisome aspects in the reform of the countryside. The capability of planned production of the government decreased because of the scattered individual production units. The strength of social management in the countryside has also decreased. The control of population growth is not very effective since the carrying out of the family planning project has met with difficulties. The number of more-than-one-kid families has increased. The cultivated land has been excessively used and seized for buildings, and natural resources have been undermined. Some peasants use the land near-sightedly and destructively. The public order in the countryside has been less well kept. Fetishes and superstitions have revived. Efforts should be made during the reforms to solve these problems.

2. *To establish a new system of the socialist planned commodity economy*

The urban economic reform was started in 1984 and it was initiated by expanding the autonomous rights of enterprises. Before the reform started, China's urban economic system was a highly centralized planned economy. This system was set up in the 1950s

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and followed the pattern of the former USSR. Under this system, the enterprises began to have some rights to make their own decisions. For example, they could choose the method of management, decide on employing and rewarding regulations, fix the product price within the range stipulated by the state, etc. All these measures were to make the enterprises into relatively independent economic entities.

From the first half of 1987, after giving more power to the enterprises, China put the system of contract responsibility into practice in the enterprises to increase their creative ability and self-restraining strength. The responsibilities, rights, and profits shared between enterprises and the state are now determined by contracts. The enterprises which develop rapidly and with good returns can gain more profit from contracting. The effectiveness of a contract is usually 3-5 years. In 1990, the first round of contracts ended in most of the enterprises. Generally speaking, the contract system has been successful. The enterprises share the profit but are not responsible for deficits. Some enterprises seek high income for the employees within a short period and neglect technological transformations. Some enterprises invested blindly for development. The change of external economic environment of the enterprises after signing the contract sometimes puts them into a difficult position. Moreover, the enterprises are unable to secure fully some socially important rights, such as the right of employment and right of product pricing, etc.

How to make the 12,000 large and medium sized enterprises owned by the state full of creative power and vigor? It is now a key problem and topic of the government officials and scholars.

3. *To develop a variety of economies beside the public-owned.*

Guided by this policy, China's state-owned and collective-owned economies have been added with private and individual economies and joint-ventures of Sino-foreign investment or Sino-foreign joint management enterprises as well as enterprises solely owned by foreigners. The appearance of the multi-form economies has changed greatly the social structure of China. The key point is the emergence of a certain number of private entrepreneurs, individual businessmen, and hired laborers.

4. *The field of income distribution has been changed greatly since the reform.*

The bonus system has been restored again. Beside the basic wages, employees now can get bonus according to the performance of the enterprise. Because of the emergence of varieties of economy and varieties of reform, there are now various types of income, such as contract income, service income, profit of private-owned enterprises, interest from stocks and bonds, profit-sharing income, etc. The average income of the employees nowadays is 4 to 5 times higher than before the reform.

The goal of the income reform is to establish a system which distributes income essentially according to peoples' work and also allows other forms of distribution. However, the recent investigation of the National Statistics Bureau shows that the income from wages of the city and town residents still tends to be like sharing food from a big wok, and the gap in the incomes, aside from wages, is increasing. Those having high income are usually contractors, employees of joint-ventures, taxi drivers, individual businessmen and pedlers, actors and actresses, etc. The goal of distribution reform is far from reached. Some people divide the various forms of income into "black income," "white income" and "gray income." The unfairness of distribution is one of the grievances of the present Chinese society.

The housing system reform began to be implemented this year after brewing and experimenting for a long time. In the past decade, housing was provided by the state or built by state-owned enterprises and institutions. They were assigned to employees freely

and the rent was extremely low, usually 2% of family income. The investment could hardly be returned because of this welfare housing system. Therefore, the demands for housing have been inflating boundlessly, and so are the unfairness and corruption in housing distribution. The main points of the current reform in the housing system are to raise the rent, to encourage people to raise funds for building houses, and to sell houses to people on favorable terms. The Chinese government is trying to put housing construction and assignment into a reasonable path with these measures. The housing reform just started from this year (1992). The rent has not been raised much and most urban residents endorse the reform.

In general, China's reform since 1979 is now in a rather important stage. It has several characters:

a) Now we are in a transition stage from the old system to the new, there must be many frictions between the two. The old system is undergoing changes but still functioning. The new system is forming but not yet established. There are loopholes and vacuums in the rules and in the management. The frictions among different interest groups are increasing.

b) Now the reform is developing and spreading from individual territories to all fields. Reforms in different fields should be well coordinated.

c) Now the reform is developing from the surface into deeper layers and has become more difficult than before. In the beginning of the reform, it was easy to carry out the measures such as expansion of rights, reduction of tax, compromises in profit-gaining and allocation of incentives. These measures brought tangible material benefit to people. The reform at the present stage makes all round adjustments on the previous structure of interest sharing, and certainly will infringe certain partial interests. There will be more obstructions on the path of the reform.

d) Now the reform is breaking the old economic orders and establishing new ones. The new economic orders should be established in conformity with the commodity economy, so as to eliminate and avoid chaotic phenomena in the growth of the role of the market, like artificial price raising, hoarding and speculation, excessive exploitation by the middlemen, seeking private interests by using official power, bribing, and taking bribes.

Now, the Chinese government is making painstaking efforts to maintain a stable social environment and push forward the economic and social reforms within the limits of tolerable social repercussions. The aim is to establish a new economic system which will let the commodity economy play a good role to invigorate the economy and to generate the innovative capability of the enterprises, while simultaneously availing itself of the advantages of the planned economy. This economic system will be coordinated in the whole society and will develop in firm strides.