

# The Challenges of the Chinese Particularism to China itself and to the World

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# Understanding Chinese Particularism or Exceptionalism

- Cross culture dialogue is very much needed and very challenging.
- This presentation is inspired by an observation by an American writer, Peter Hessler (Author of "River Town: Two years on the Yangtze" and other books on China):

Both the Chinese and Americans are troubled by their culture, but the problem is opposite. The Chinese mind is closed by intuition, they feel that outsiders can not understand their culture, once they suffered defeat, the usual reaction is closed the door and see visitors out. The American mind is just opposite, they thought that all outsiders are admirers of American culture, and that everyone needs U.S. products, American ideas, American democracy. Reactions to trauma are very different. Look at "9 • 11", the reaction of Americans was wanting to change the world. This is two different kinds of arrogance, both likely to cause injury. Chinese people may harm themselves, Americans seem easier to harm others.

# The questions I intend to answer

- “The Chinese people may harm themselves, Americans seem easier to harm others.”

--Peter Hessler

- Why is that?
- What implication of the Chinese character to itself and to others, as China is rising as a global economic power?

# The Chinese particularism ( or exceptionalism

- Why different? Different belief systems:
  - Americans believe: Every one is born equal
  - Chinese believe: Every one is not born equal but all may perfect oneself morally.
  - Americans: authority is a threat to individual freedom.
  - Chinese: idealizes benevolent paternalistic leadership and the dependency between leaders and followers” (Lucian Pye, 1986).

# The strength and weakness of the Chinese Empire in the past

- Strength:  
High social mobility through meritocracy,  
Self governed rural society, strong kinship bond and hard work ethics.  
broadly spread economic freedom and prosperity.
- Weakness:  
No public space, therefore lack of public spiritedness and public reason,  
Not sensitive to injustice, weak legal system.  
Dualism of faith between elite and masses, lack of solidarity  
Not strong to fight war

# How to understand culture differences?

- A social biological perspective: Cultures evolve through group selection and individual selection while adopting to various natural and social environments.
- For some historical reasons, individual selection has been more dominant mechanism of culture evolution in the Chinese civilization than others.

# Why individual selection was more dominant in the history of China?

- For more than two thousands years, the overall tendency of the Chinese civilization was in favor of political centralization. So the political and social system was very much structured to encourage competition among individuals and families rather than geological or faith-based communities.
- The dominance of pictographic Chinese characters in ancient writing system seems greatly contributed to the political centralization as it created an evolutionary dynamics very different from alphabetic writing systems in a pluralistic political power structure.

# The legacy of the Communist Revolution

- The Communist revolution had imported some key elements to China: egalitarianism and collectivism, greatly strengthened the state capacity to manipulate the society for radical social experiments. Mao's Great Leap Forward, Cultural Revolution and Deng's economic reforms.
- This state capacity has been embodied in a unique social and economic rights system. The Chinese scholars characterize the society as Unit Society in which every person was attached to a collective unit that defines his (her) social and economic rights.
- With this new social system and communist ideology, the society had been completely transformed. People made huge sacrifice to build a socialist nation state.



# Rules for pre-reform: Centralized Rent Sharing through collective hierarchy

- How the unit society was manipulated?
- In all “socialist societies”, “some are more equal than others”. However, the Chinese unit society was structured in more oppressive way than other socialist countries. The social hierarchy was more strictly structured through hierarchy of collective units in which no free exit for individuals.
- Therefore, in each economic unit, egalitarianism dominated the behavior and culture, while at macro level, the organizational structure was highly hierarchical.
- The economic resources and social welfare were distributed according to the ranks of units. So was the economic rent generated from the economic system. I characterized the rule before the reforms as “centralized rent sharing through hierarchy” .
- About 800 millions of peasants were at the bottom , and they were hurt badly. Most victims of the Great Famine were peasants.

# Reform: De-centralized Rent Sharing through collective Hierarchy

- The agricultural de-collectivization in the early 1980s marks the beginning of the transition from a manipulated revolution to manipulated marketisation. The principle of collecting most economic residuals to the state in the Danwei Society was reversed by the early years of the reforms. Marginal rents were allowed to be kept by rural households, firms and local governments.
- The decentralized rent sharing fueled economic freedom for the economy. But the authority to define assets rights and social rights still in the hands of governments, especially local governments. Competing each with other, the local governments behaved like a company that maximize their profit rather than maximize the social welfare of the local people.

# The mechanism of the Early years of the Reforms: Money can buy freedom

- However, the reforms in the early years were successful. Because the mechanism was to allow those units at low ranks to be free and better-off first, if the freedom can increase productivity.
- It means those who were in disadvantage were allowed to buy their freedom first. This mechanism not only freed the poor but also others, because those freed first actually created huge opportunities for those privileged in the system.

# Question raised by the early years of the reform

- As every one got better-off and more freedom from the success of the reforms in the early years, a fundamental question was raised by people who were relatively lack behind:  
What should be the fair rules for the new game?
- This was the question behind the unrest of 1989 Tiananmen Square. The crack down of the students demonstration gave the wrong answer.

# The rules of the later “reform games”: Power can be translated into money and money can buy power

- The attempt by the hard-liners to reverse the marketisation had failed after the , meaning: people did not want go back and prefer to a market economy, with or without democracy.
- Deng gave them that without democracy.

# Regional Competition in the later “reforms”: Race to the bottom

- In the early years of the reforms, the regional governments were competing for more efficient incentive schemes, while labor and capital were not free to move cross boundaries.
- When labor and capital became more mobile, the incentive to the regional competition turned to race to the bottom.

# How China hurts others by hurting its own people?

## Case One: The Story of Peasant Workers

- Why China's labor had been so cheap?
- The mechanism of peasant workers.

# How China hurts others by hurting its own people?

## Case Two: The Story of Iron ore Market

- Why China drove the iron ore market so crazy?
- The pricing mechanism of the Chinese iron ore market.