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Publisher: Routledge

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



Social Sciences in China

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/rssc20>

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Published online: 29 Apr 2013.

To cite this article: Han Qingxiang & Zhang Jian (2013): The Inherent Logic and Developmental Tendency of the Practice of Building Socialism with Chinese Characteristics: A Structural Analytical Framework for the Questions of "Where Did China Come From?" and "Where Should China Go?", Social Sciences in China, 34:2, 5-23

To link to this article: <http://dx.doi.org/10.1080/02529203.2013.787217>

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The Inherent Logic and Developmental Tendency of the Practice of Building Socialism with Chinese Characteristics: A Structural Analytical Framework for the Questions of “Where Did China Come From?” and “Where Should China Go?”

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30多年来的中国特色社会主义建设实践，内含“功能思维→政府主导→理论引领→混合结构→人民主体”五个结构要素和相应的五个演进梯次；在中国特色社会主义建设实践进一步发展的进程中，中国共产党人的重要责任和使命（执政为民）和人民群众的新期待（实践创新），决定了其基本趋向应是在“深层结构→核心体制→运行方式”三个层级上进行改革并力争实现重大突破，体现为“调整结构→改革体制→转变方式→建构秩序”。

关键词：中国特色社会主义建设实践 内在逻辑 结构分析

The practice of more than 30 years of building socialism with Chinese characteristics contains within it a five-step evolution: “functional thinking → government leadership → theoretical guidance → hybrid structure → the people in the principal position”; in the course of the further development of the practice of building socialism with Chinese characteristics, the important responsibility and mission of Chinese Communists (exercising governance for the people) and the new expectations of the people (innovative practice) determine that its basic tendency should be to carry out reform and breakthroughs at three levels: “deep structures → core institutions → operational means,” embodied in “structural adjustment → restructuring → change of methods → construction of order.”

Keywords: practice of socialism with Chinese characteristics, inherent logic, structural analysis

After a history of more than 30 years, the practice of building socialism with Chinese characteristics needs a comprehensive review and in-depth summary to both reveal the underlying logic of its experience and sum up its valuable ideas in order to guide development in contemporary China and take the practice of building socialism with Chinese characteristics

toward a better future.

**I. The Logical Path of the Practice of Building Socialism with Chinese Characteristics:
Functional Thinking → Government Leadership → Theoretical Guidance → Hybrid
Structure → the People in the Principal Position**

In the worldwide process of exploration of modernization, the Western mode of modernization has become a powerful discourse paradigm and an orientation of “universal values,” with the specificity of its value stance masked by this universality. Within this context, the “Chinese road” we set forth is of special significance. It means that we need to explore a modernization road that not only follows the general laws of modernization but also has Chinese characteristics differing from the Western mode, and it also means that we should reveal the “Chinese logic” underlying the success of China’s modernization drive.

1. Functional thinking: “basic judgment” → “liberation and development of the productive forces” → “functional criteria”

There was a time when we were relatively keen on debating things that were “polar opposites” in nature and name, and took this opposition as the only standard for observing all matters and objects. Today, although we still need to pay attention to the opposition in the “nature” of different countries’ ideologies and fundamental systems, the spirit of the times and the development of social practice in China require that, on the premise of adhering to fundamental principles, we must emancipate the mind and establish functional thinking, so as to pay more attention to functions and to the unity between name and capacity and on justifying the name by the capacity. The concentrated expression of this thinking is “basic judgment” → “liberation and development of the productive forces” → “functional criteria.”

At the beginning of reform and opening up, by emancipating the mind, we established the cognitive line of understanding China’s national conditions from objective realities, and thus proposed three basic judgments: first, China is in the primary stage of socialism and will remain so for a long time to come; second, the principal contradiction in our society is still one between the ever-growing material and cultural needs of the people and the backwardness of social production; and third, the productive forces in China are underdeveloped and China is a “non-mature” socialist country. These three basic judgments inherently require that, for a long time to come, our country should firmly take the vigorous liberation and development of the productive forces as the primary and fundamental task in building socialism with Chinese characteristics. Since reform and opening up, one of the primary purposes of the developmental process as it moved from the emphasis on “actual practice is the sole criterion for judging truth” to the emphasis on the “productivity criterion,” and then to the advancement of the criterion of the “three favors” (whether something favors the growth of the productive forces in a socialist society; favors increases in the overall strength of the socialist state; and favors the improvement of people’s living standards), has been to liberate and develop the

productive forces. What is implied and stressed in the three criteria is “functional thinking”; that is, emphasis on practice, hard work, capacity and effectiveness. We can call them “functional criteria.”

From the philosophical perspective, during the 30 or more years since reform and opening up, although the nature of many things and objects were in an unsettled and uncertain state, while exploring the nature of things and objects we also asked about their positive functions, such as their utility, value and meaning for our development and the increase of our national strength. This inquiry into functions led to our establishing “functional criteria” reflecting “functional thinking.” In the course of more than 30 years of building socialism with Chinese characteristics, it is on the basis of this “functional thinking” or these “functional criteria” that we have boldly and flexibly made use of the market economy and the joint-stock system and securities market, and have flexibly developed the non-public ownership economy in an orderly way.

2. *Government Leadership: “sole leadership” → “harmony between the two basic aspects of the contradiction” → “independent innovation”*

In contemporary China, the liberation and development of the productive forces should primarily be realized through a government-led approach.

In China, three kinds of forces influence social and historical development: economic forces, political forces and social forces, with cultural forces permeating all three. The composition of these three forces is as follows: political forces are too strong, and economic and social forces are relatively weak, which makes the latter usually dependent on the former; the vehicles of the political forces are mainly political and administrative power, which is hierarchical, so that the social structure is a “pyramid” with a power hierarchy at its heart; this structure leads to a special mode of the exercise of power, in which power is supreme and is exercised in a top-down manner level by level with insufficient constraints. This kind of social structure and mode of exercising power is one of the historical reasons for the government’s leading role in releasing and developing the productive forces.

In the 30 odd years of practice of building socialism with Chinese characteristics, the leading role of the government stands out. This is mainly reflected in the fact that the government, using its powerful mobilization and organizational capacity, mobilizes and organizes all favorable elements to actively promote a pattern of development marked by the three major features of “sole leadership,” “harmony between the two basic aspects of the contradiction” and “independent innovation.”

(1) “Sole leadership” and the fundamental political principle of building socialism with Chinese characteristics. The basic precondition for exploring the road of socialism with Chinese characteristics, first of all, is to determine the fundamental political principle we must adhere to, that of “sole leadership.” Since reform and opening up, in the political area, this principle has been reflected in the fact that our party system is based on the leadership of the Communist Party of China (CPC), and on a governmental system with the National

People's Congress, etc., as the main body of state power, and that we initiated and have been carrying out the practice of reform and opening up and the drive to build socialism with Chinese characteristics under the leadership of the CPC. In the economic area, the basic economic system we uphold is one in which public ownership is dominant and diverse forms of ownership develop side by side, with the market economy as the main operating system. In the sphere of ideology, we take Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory and the important thought of "Three Represents" as our guidance, actively apply the Scientific Outlook on Development, and highlight the themes of the times while encouraging diversity. Generally speaking, the essence of the basic framework of the Chinese road established by the CPC, consisting of its basic theory, line and program, is that the CPC plays a leading role in the building of socialism with Chinese characteristics both in theory and in practice.

In the framework interpreting the inherent logic of the practice of building socialism with Chinese characteristics, these political fundamental principles are indispensable; without them, the cause we are pursuing would not be socialism, and the political basis of the CPC's governance would be undermined.

(2) "Harmony between the two basic aspects of the contradiction" in the process of building socialism with Chinese characteristics. During the period before reform and opening up, due to the historical background and conditions of the times, we were keen on the "polar opposites" way of thinking, and the approach we adopted in coping with problems was often "confrontational." In the era of building socialism with Chinese characteristics, this way of thinking is conducive neither to the free flow of wealth creation and the flowering of innovation capacity, nor to enabling the people to create and share in the fruits of social development and fulfil their potential, find their proper places in society and live together in harmony. The consequence is that it is not easy for us to truly build socialism with Chinese characteristics. How then can we do so? How can we better build a harmonious socialist society? The fundamental crux of the matter is that the Party and the government take the initiative to deal with a series of the "two basic aspects of contradictory relations" we often encounter in the course of building socialism with Chinese characteristics, so that they can achieve "harmonious" unity (the "two basic harmonies" for short). The correct handling of these contradictory relationships directly constitutes the main content of and approach to building socialism with Chinese characteristics, and is directly related to the success or failure of our cause.

The basic contradictory relationships encountered in the process of building socialism with Chinese characteristics can be divided into three levels, which are as follows. First, relationships at the level of development principles. These relationships are directly related to the fundamental principles of building socialism with Chinese characteristics, and thus have the important role of guiding the overall situation and direction of other relationships. The, main ones are: (a) the relationship between emancipating the mind and seeking truth from facts; (b) the relationship between persisting in reform and opening up and adhering to the Four Cardinal Principles; (c) the relationship between adhering to the basic system

of socialism and developing a market economic system; and (d) the relationship between promoting reform and opening up and maintaining social stability. Second, relationships at the level of development goals. These relationships represent the value goals of building socialism with Chinese characteristics, and mainly include: (a) the relationship between things and people; (b) the relationship between improving efficiency and promoting social equity; (c) the relationship between creating together and sharing together; and (d) the relationship between social vitality and social harmony. Third, relationships at the level of mode of growth, mainly: (a) the relationship between speed and excellence in development; (b) the relationship between capital and labor, which is inevitably involved in the process of building socialism with Chinese characteristics; (c) the relationship between orderly and leap-frog development.

Paying attention to and realizing the unity of the above-mentioned relationships in these basic contradictions will not only enable our Party and government to adhere to principle, but also to maintain flexibility, and will not only help us avoid vacillation, but will also clarify some vague notions about building socialism with Chinese characteristics.

(3) “Independent innovation” and the fundamental path and approach of building socialism with Chinese characteristics. The road to independent innovation paved by the Chinese Communists can be understood from both theory and practice. In theoretical terms, all the theories starting from the proposition of the thesis that China is still in the primary stage of socialism to the establishment of the theoretical system of socialism with Chinese characteristics, from Deng Xiaoping Theory to the Scientific Outlook on Development and from the basic tenets of Marxism to Marxism’s adaptation to Chinese conditions are independent innovations. It is the same with practice: our movement from the planned economy to a socialist market economy, from the traditional path of industrialization to a new type of industrialization, from reform and opening up as a great new revolution to the establishment of new economic, political, cultural and social institutions, from taking economic development as the central task to scientific development, from a resource consumption-based economy to a circular economy, and from the Soviet model to the road of socialism with Chinese characteristics, are all innovations that have been recognized by some foreign researchers.¹

The emphasis on independent innovation in building socialism with Chinese characteristics has important bases. First of all, in the long history of the development of human society, socialism is a new-born thing with no fixed pattern to follow, so it needs to conduct constant independent innovation in line with changes in the times and in practice. Secondly, the

1 In 2004 the famous UK think tank, the Foreign Policy Centre, published a paper by Joshua Cooper Ramo entitled “The Beijing Consensus” as an alternative to the “Washington Consensus.” American scholar Arif Dirlik further revealed the core the “Chinese mode” to be “integration of the national economy, autonomous development, and political and economic sovereignty.” Since then the “Chinese mode” has become a topic for discussion and consideration. See Huang Ping and Cui Zhiyuan, eds., *China and Globalization: The Washington Consensus vs. the Beijing Consensus*.

developmental path of regeneration in contemporary China lies in improving people's capacity for independent innovation. From a philosophical point of view, a growth mode with the capacity for independent innovation at its heart can be summarized as an "innovation-driven" model. And lastly, the fact that innovation capacity will dominate social development is becoming a general trend. Philosophically, it is a rule in historical development that, the further back we go in history, the greater the role of material factors other than man in economic and social development; whereas as history develops, innovation capacity plays a more and more prominent role. The general trend of social development in China today is the shift from a development mode in which power dominates to one in which material things dominate, and then gradually to one in which innovation capacity dominates. From this we can see that enhancement of the capacity for independent innovation is what we most need and most lack. It means that for contemporary Chinese development, enhancement of the capacity for independent innovation is increasingly of basic, strategic and decisive significance, and has a vital bearing on the success and future of the Chinese nation.

The contents of the three above-mentioned aspects of government leadership have different positions. "Sole leadership" takes political principles (direction), the fundamental premise (stand) and the main body (the themes of the times) as its focus and takes the lead in building socialism with Chinese characteristics. The "two basic harmonies" takes problem resolution as its focus, stressing the basic operative mode of building socialism with Chinese characteristics. It not only plays the role of coordinating, balancing and giving full consideration to all sides in order to achieve sustained development, but also that of deepening and promoting development. And "independent innovation" emphasizes the fundamental road and means of building socialism with Chinese characteristics, playing the role of a driving force. Although, in the practice of building socialism with Chinese characteristics, the role of the government-led mode sometimes brings about negative effects, it is in general mainly positive.

3. *Theoretical guidance: "emancipating the mind" → "ideological line" → "theoretical innovation"*

In our thirty odd years of practice of building socialism with Chinese characteristics, the leading role of the government has been primarily in theoretical guidance. When a society is at a major historic turning point and needs to clarify a new direction, goal, doctrine or path, theoretical innovation and guidance are what is most needed. In China, this is mainly embodied in the emancipation of the mind, the ideological line and theoretical innovation.

(1) "Emancipating the mind." In the special historical context of China, emancipating the mind refers to freeing our minds from the shackles of outdated notions, practices and systems, from erroneous and dogmatic interpretations of Marxism and from the fetters of subjectivism and metaphysics. One of the major lessons we learnt from the past in understanding Chinese realities is that our understanding of socialism in China was based only on books or authorities, on the socialism conceived in the works of Marx and Engels and on Stalinist

“socialism.” We thought that China could “enter communism at a run.” The consequence was that we paid too much attention to revolution in the relations of production rather than taking the development of the productive forces as the central task, thus making the error of skipping historical stages. To truly understand China’s national realities, we must seek truth from facts to free our minds.

The effect of the thinking of seeking truth from facts in practice is the emancipation of the mind, the liberation of man and the liberation of the productive forces. Since 1978, the Chinese Communists have, in ideological terms, held high the banner of emancipating the mind, breaking through enormous obstacles, especially outdated ideas in economic construction, giving full play to man’s subjective role, and have thus greatly promoted China’s economic and social development. The essence of emancipating the mind is to liberate people, to loose their shackles and to release their potential, enthusiasm, initiative and creativity, so as to inject new vitality into the cause of socialism with Chinese characteristics. Man is the fundamental factor in productivity, so the liberation of man is essentially the liberation and development of the productive forces. The practice of China’s economic and social development since reform and opening up has proved that the emancipation of the mind has released enormous potential in the Chinese people and promoted the rapid development of the productive forces.

(2) “Ideological line.” One of the major outcomes of emancipating the mind was the establishment of the ideological line of emancipating the mind and seeking truth from facts. It led to both “destruction” and “construction.” First, speaking in terms of the capacity of the Party leadership, emancipating the mind and seeking truth from facts constitute the intellectual foundation for the formulation of the Party line, principles and policies in a scientific way. The governance capability of the Party is primarily demonstrated in whether it can formulate correct lines, principles and policies; this has a vital bearing on the success of building socialism with Chinese characteristics. This has been proved by history. Second, in terms of the process of cognition, emancipating the mind and seeking truth from facts is a way of thinking through which we can correctly sum up the experience and lessons of China’s social development, further enhancing our understanding and clarifying the direction of our work.

(3) “Theoretical innovation.” The most important theoretical achievement brought about by the ideological line of emancipating the mind and seeking truth from facts is that it has promoted the Party’s theoretical innovation. In the course of building socialism with Chinese characteristics, the Chinese Communists have striven to consciously develop and establish the theoretical system of socialism with Chinese characteristics. Since reform and opening up, our Party has gradually shaped and established the theoretical achievements of Deng Xiaoping Theory, the important thought of the “Three Represents,” and the Scientific Outlook on Development. Deng Xiaoping Theory has played an important role in guiding the CPC and the Chinese people to emancipate their minds, to liberate man and to release the productive

forces, and in further solving the issue of making the people rich and building socialism with Chinese characteristics. The important thought of the “Three Represents” plays an important role in guiding the Party to maintain its vanguard nature and enhance its governance capability; while the Scientific Outlook on Development plays an important role in guiding the comprehensive, balanced and sustainable development of China’s economic, political and cultural sectors and promoting social harmony. Without these theoretical innovations, we would not have achieved so much in reform and opening up and building socialism with Chinese characteristics.

4. *Hybrid structure: “market economy” → “field separation” → “structural transformation”*

Theoretical innovation’s most important achievement in promoting innovation in practice was the decision made in 1992 to establish a socialist market economy in China, a decision that has had a far-reaching influence on building socialism with Chinese characteristics and has led to the “field separation” and “structural transformation” of Chinese society, forming a “hybrid structure” in terms of social development.

(1) “Market economy.” The most profound change and the root of this change in the more than 30 years of reform and opening up in Chinese society is the emergence of the market economy. From the philosophical point of view, the market economy is an economy characterized by interests, abilities, rationality and autonomy. That is, subjects engaging in economic activities pursue their own interests, give full play to their abilities, and use rationality to guide the pursuit of those interests and use of those abilities. In economic activities, these subjects require a sense of independence, autonomy, self-reliance and responsibility. As a result, since 1992, the way of life, behavior and thinking of the Chinese people have changed greatly, demonstrated in the way people pay increasing attention to their own interests, fulfil their own potential and assume more social responsibility. They have gradually realized that they have to rely on their own ability and contributions to become autonomous and self-reliant and to strengthen themselves.

(2) “Field separation.” Logically, civil society will be gradually created by the market economy with its stress on independence, self-reliance and responsibility. The fundamental impact of the market economy and civil society on the development of Chinese society is that it will produce three forms of separation. First, the relative separation of “the economy and politics.” This will gradually make the political party and the government move towards rationally exercising their public power “in accordance with the law.” The market economy is self-organized, which means that the state does not need to directly micro-manage the economy. Accordingly, once the market economy is mature, it will detach itself from the hand of the state, reflecting the relative separation of “the economy and politics” (“separation of the functions of the government from those of enterprises”). Second, the relative separation between the private and the public sphere. This involves gradually expanding space for private activity, allowing for more self-management and autonomy with regard to private

activities. In the context of the relative separation between market and state, the social spaces of the two are clearly defined. For the state, “everything which is not allowed is forbidden,” while for the market, “everything which is not forbidden is allowed.” The former belongs to the public sphere, the latter to the private sphere; driven by the market economy, a marked boundary between the two takes shape. This indicates that the legitimacy and necessity for the traditional powerful, absolute and top-down control by state power of the whole society is weakening and being challenged. Finally, the relative separation between “individual and public power.” This has brought about a gradual change in people’s ideas about political parties, government and their powers, shaping the modern consciousness of government as being “entrusted with power by the citizenry.” As a result, a new social structure is taking shape in which individuals pay taxes and the government provides them with public services, and individuals give the government a mandate which the government then receives. There is now a basic social consensus that citizens should pay taxes and give the government a mandate. Since the establishment of the market economy, these three separations have been going on step by step, with results that are gradually becoming visible.

(3) “Structural transformation.” The three relative separations have led to a significant result, that is, to major changes in the social structure. Before 1978, Chinese society was government-controlled, with the social and economic sectors dependent on the political sector with no autonomy. Today, with the gradual separation of fields, a social structure consisting of the market economy, civil society and service-oriented government is taking shape. With a relatively independent market economy in place, market mechanisms are gradually playing a dominant role; with the shaping of a relatively independent civil society and citizens’ independence and autonomy have gradually been established and social organizations have also begun to play their due role. It is an inherent requirement of the market economy and civil society that government functions change from being control-oriented to becoming service-oriented. The policies put forward by the central government, such as “separation of government functions from enterprise management,” “separation of government functions from those of social organizations,” “strengthening social development,” “building a service-oriented government,” etc., actually embody the trends and realities of this structural transformation.

The transformation of social structure is giving rise to the transition or restructuring of the whole society into a “hybrid structure”: the establishment of the market economy necessarily makes use of economic entities of diverse ownership, and thus in the economic field, a mixed economic structure is established in which public ownership is the mainstay and economic entities of diverse ownership coexist, while distribution according to labor is dominant and a variety of modes of distribution coexist; the emergence of civil society is bound to make social organizations and citizen participation play a more and more important role in the social area, leading to a relationship and management structure in which government organizations are the main players, citizens participate, and government and citizens consult and cooperate

with each other in social management. The emergence of the market economy and civil society necessarily gives rise to diverse social thinking in the intellectual and cultural fields; thus, in the cultural sector, a new ideological structure is established, highlighting the main themes of the times while encouraging diversity. The basic feature of these hybrid structures is inclusiveness. So “inclusiveness” has become an important concept in the 30 odd years’ history of building socialism with Chinese characteristics.

5. *The people in the principal position: “public participation” → “expression of demands” → “concern for the people’s livelihood”*

The market economy gradually nurtures individuals who value their interests, abilities, rationality and independence. Along with this, people’s sense of independence, autonomy, self-reliance and democracy increase, thus inevitably highlighting and establishing the “principal position of the people” in the country. This position is concentratedly embodied in the idea of “putting people first” and its people’s standpoint, and specifically in “emphasis on public participation,” “respect for reasonable demands” and “concern for the people’s livelihood.”

(1) “Public participation.” In its initial period, the main historical mission of reform and opening up was to mobilize all positive factors and popular forces to participate in reform and opening up and in development to create successful development. So logically speaking, this was a “period of mobilizing participation.” The basic feature of this period was that the government adopted a series of important approaches and measures in terms of systems and policies, so that each did his best and society was full of vigor. In this period, “putting people first” was mainly reflected in popular participation and each contributing what he could.

(2) “Expression of demands.” When the positive factors and forces of the masses of the people become stronger and the diversity of society increases, various demands will be expressed. These can be summarized as being mainly about interests, rights, democracy and justice. This means that China’s reform and opening up and development have logically entered the period of “expression of demands.” The basic feature of this period is that we strive to respect the reasonable demands of the popular masses and ensure that members of society at all levels find their proper places. In this period, “putting people first” is mainly reflected in full respect for the reasonable demands of the masses of the people.

(3) “Concern for the people’s livelihood.” In the face of these demands, one route is to take a passive attitude, which will narrow the channels for popular expression and thus cause conflict between the various stakeholders and undermine social harmony, the Party’s mass base and Party cohesion. The other is exactly the opposite. This means that China’s reform and opening up and development have logically entered the period of “integration and cohesion,” with actively ensuring and improving the people’s livelihood as its salient feature. This is also concentratedly reflected in the thinking of “putting people first” and the adopting of the standpoint of the people.

The five aspects of the “logic of building socialism with Chinese characteristics” mentioned

above are intrinsically linked: the drive to build socialism with Chinese characteristics was first initiated by holding high the banner of emancipating the mind and then by the recognition of China's national conditions based on objective realities. During this process, we proposed the "three basic judgments." From them we took the liberation and development of the productive forces as the central task of building socialism with Chinese characteristics, which implies "functional thinking." To liberate and develop the productive forces, the government must play the major role. In the process of building socialism with Chinese characteristics, this is reflected in "theoretical guidance," that is, guiding the practice of building socialism with Chinese characteristics through theoretical innovation. "Theoretical guidance" includes theoretical innovation. One of the important outcomes of this innovation has been the establishment of the market economy and the "hybrid structure" which have nurtured and leveraged the spirit of "the people in the principal position." These five aspects constitute a structure whose most important functions are the implementation of building socialism with Chinese characteristics and establishment of the basic logic of China's reform and development and socialism with Chinese characteristics. Here, government leadership and theoretical guidance are the most important. Although it still needs further exploration and development, and even has some negative effects, this logic has been established based on China's national conditions; it can solve China's problems, guide China's practice and foster the basic logic of China's success. As a preliminary academic summary and refinement of the road of socialism with Chinese characteristics from a structural perspective, it will be constantly enriched and improved with the development of the practice of building socialism with Chinese characteristics.

II. The Developmental Trend of Socialism with Chinese Characteristics: "Exercising Governance for the People" and the Innovative Practice of "Structure → Institution → Approach → Order"

Since socialism with Chinese characteristics is on the path of development, what, then, are the fundamental problems we need to address in the future? What are its developmental tendencies? What are the CPC's responsibility and mission in this regard? And what are the new expectations of the masses of the people? The answers are: in the further development of socialism with Chinese characteristics, the important responsibility and mission of the CPC is to enrich and improve the path and the theoretical system of socialism with Chinese characteristics and to thoroughly apply the theoretical achievements obtained in the practice of building socialism with Chinese characteristics through innovation in practice; and the new expectations of the popular masses are that the Party, moving further from innovation in theory to innovation in practice, should effectively put the achievements of the theoretical system into practice. In short, more attention should be paid to innovation in the practice of exercising governance for the people.

1. Strategic adjustment of the whole structure (structure)

What we call “structural adjustment” refers to overall strategic restructuring, including not only adjustments to the power structure, but also to the economic, political, cultural and social structures. This will influence the developmental trend of socialism with Chinese characteristics.

Despite the great achievements during the 30 odd years of reform and opening up, a lot of problems need to be addressed in China. Among them, it is those problems that are fundamental, widespread, deep-seated and unique to China, and that have a far-reaching influence on the destiny of China’s long-term development, that merit our further inquiry. It is often argued that China’s problems are institutional. This is correct to a certain extent. But further examination reveals that, since the institutions are determined by the structure, in the final analysis, many problems are structural ones arising from the traditional “social hierarchy,” its power structure, and its manner of exercising power.

The basic methodology for examining a society is to start from the threefold dimensions of “structure, institutions and culture.” The fundamental social perspective Marx adopted in examining and understanding a society was its social structure. According to Marx, the operational institutions and mechanisms of capitalist society are determined by its social structure. That means that a society’s social structure determines its operating system, which in turn determines the culture of the society.² This is especially so in China. Fundamentally speaking, the Chinese cultural orientation to the “yardstick of official rank” is related to the system of monistic government leadership; and this system, in the final analysis, is associated with a “pyramid” structure in which political power is supreme and economic and social power are relatively weak. Therefore, institutional and cultural problems cannot be solved unless structural problems are solved.

Based on the above analysis, structural adjustment (reform) consists of two levels: the level of the power structure and that of the economic, political, cultural and social structure.

First, in terms of the power structure, we need to make simultaneous adjustments in the three areas of the market economy, civil society and service-oriented government, in accordance with the objectives and requirements of mutual checks and coordination and

2 In the Preface to his “A Contribution to the Critique of Political Economy,” Marx wrote: “In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness.” We can see from Marx’s conclusion that “The mode of production of material life conditions the general process of social, political and intellectual life” that social structure is the “general process of social life,” which is the organic unity of material, political and intellectual life. See Karl Marx, “A Contribution to the Critique of Political Economy,” p. 32.

mutual complementarity. The goal of economic reform is the establishment of a socialist market economy, which, for its own development, requires both the cultivation of civil society and the establishment of a service-oriented government, and provides their material basis; and the goal of social development is to cultivate a mature civil society, which, for its own development, requires the establishment of both a market economy and a service-oriented government to avoid the hegemony of power and capital, and which provides a sound basis for them in terms of human dignity; and the goal of the reform of government itself is to set up a service-oriented government, which, for its own development, requires the establishment of both a market economy and civil society, and provides them with a sound political environment.

Second, in terms of the economic, political, cultural and social structures, economic structural adjustment mainly involves adjusting the structure of the main growth factors, of industry, of investment and of distribution; political structural adjustment is mainly about adjusting the power structure; cultural structural adjustment mainly involves the relationship between the main themes of the times and diversity; and social structural adjustment mainly refers to the adjustment of the relationship between governmental and social organizations.

2. The promotion of reform of the administrative system of government (system)

How can we promote the reform of the administrative system? According to Marx's theory of social structure, the social structure is composed of economic, political and cultural factors and affects the development of society and of man. Among them economic factors play the decisive role. This inspires us to think that, to really solve the fundamental problem of reform of administrative system, we need to set up a new framework of philosophical analysis, that is, to shift from system to social structure. The traditional social structure China inherited from history is a hierarchical one which differs from that of modern Western Europe.

This kind of structure means the Chinese system of administrative government is characterized by being government-driven and top-down, with power supreme and control exercised level by level. The existence of this system has its historical inevitability and rationality. This structure not only allows the government to be the engine of China's economic and social development, enabling the whole country's forces and resources to be concentrated on major tasks if policy-makers have made the right choices, but also allows it to control social contradictions. The system cannot be completely decried; under the existing conditions in China, it still plays an important role. But dialectically speaking, this system has its historical limitations: it places too much stress on the leading role of the government and does not give full play to the principal role of the people; it places too much stress on power rather than ability; it places too much stress on top-down instruction instead of people's demands for expression of their own interests and rights; and it gives administrative power too much control while paying insufficient attention to public services. In short, this traditional administrative system, centered on the government's administrative control of all affairs, tends to allow the government to consider its own preferences and interests first in making

decisions. This can sometimes occur in contravention of objective laws; when this is the case, the price is very high.

Therefore we should, in line with the changing trends in China's social structure, carry out progressive reform of the administrative system within a framework of mutual checks and interaction on the part of the market economy, civil society and service-oriented government. Its overall approach and logic is as follows: (1) to solve the problem of the role of government by advancing the separation of fields. Government should confine itself to its own duties. We should prevent it from overstepping, vacating or misusing its position by separating administrative functions from enterprise management and separating government functions from those of social organizations. (2) To solve the problem of what the government should do, it is necessary to change its functions. Government functions should be defined in the interaction between government and the market economy and civil society, so that a control-oriented government becomes a service-oriented government that provides the market with a favorable environment for fair competition while strengthening market supervision; provides society with public services while strengthening social management; and formulates rules for itself for allocating and regulating public resources (products) while educating the masses. (3) To solve the question of how government itself should act, it is necessary to innovate government management methods and to move from governance by administrative scrutiny and approval and administrative fiat to government administration in accordance with the law and institutions and based on ability. (4) Along with the changes in social structure has come an increase in citizens' sense of participation. So it is necessary to solve the problem of how the government should act in the relationship between the government and the citizens. We should encourage citizen participation, i.e. expand citizens' orderly political participation, in which there is consultation and cooperation between government and the masses of the people in the management of state and social affairs and the masses of the people can express reasonable and legitimate demands to the government and participate in its supervision through social organizations and other channels. (5) To ensure that the government performs its duties smoothly and effectively, it is necessary to strengthen the system of administrative accountability. This requires that we improve our mechanism for error correction in decision-making and our system of accountability, for government accountability is the best method of compensating for institutional deficiencies. It is clear that this kind of administrative system not only cares about combining the government's leading role with public participation, combining control of government power with the provision of public services in accordance with capability, and combining top-down instructions with bottom-up participation, but also pays attention to the coordination and mutual support of government, the economy and society. In this way it can provide a long-term institutional guarantee for the application of the Scientific Outlook on Development. This is because, first, it centers on the government's provision of public services in accordance with its capability, in a manifestation of "putting people first" and a shift from the previous power-based authority to authority-based power;

second, it focuses on arousing the initiative and enthusiasm of the masses for participating in economic and social development, on their expression of their interests and rights, and on regarding them as the “engine” in applying the Scientific Outlook on Development.

3. *Accelerate the change of growth mode (approach)*

Acceleration of the growth mode is a necessity for the further economic and social development of contemporary China. At the beginning of reform and opening up, due to the need for accumulating material wealth and improving living standards, quite a few local governments relied mainly on material means to stimulate economic growth. Historically, this contributed a lot to China’s solid material accumulation and basis for future economic and social upgrading. But this path also means China is faced with a dilemma both at home and abroad. Domestically, this can be summarized as “four highs and four lows”: high input with low output; high output value with low technological content; high emissions with low recyclable resources; and high cost with low efficiency. Internationally, we are in a disadvantaged position in the new pattern of division of labor in the industrial chain. Currently world industry is divided into the three industrial chains of R&D, manufacturing and marketing, and world economic development shows a trend toward “de-industrialization dominating industrialization,” “dominance of the financial economy,” and “U.S. dollar leverage and hegemony.” In most of those trends, China is not at an advantage, and in some she is even at an absolute disadvantage.³ This means that this path has narrowed our space for development and made our costs higher. Against this background, we should seize the opportunity presented by global industrial restructuring, with an urgent sense that we “cannot afford to wait,” a critical sense that we “cannot afford to delay,” and a sense of responsibility that we “cannot afford to relax,” taking the initiative in “speeding up” the change in growth mode.

In terms of philosophical analysis, the fundamental change in growth mode is, in essence, improvement of people’s capacity for independent innovation. If in the past 30 years China’s high-speed development has gained it a relatively large world development space, then in the future it should attain the commanding heights of world development mainly by increasing its capacity for independent innovation.

From a philosophical point of view, according to the theory of power shifts, the basic approach to improving the capacity for independent innovation is to gradually shift society from power dominance to ability dominance by vigorously improving the development of ability. In the world today, the competition between countries is fundamentally competition between creative talent. In terms of the shift in social forces, the influential futurist Alvin Toffler believes that three forms of power dominate social and popular life, i.e., violence, wealth and knowledge. Today, the power affecting world development is shifting from wealth to knowledge and creativity.

To improve our ability, we can take the following path. First, we should establish the

3 Zhang Jian, “A Study of Risks in the Post-crisis Era: The Pattern, Challenges and Assessment of Post-industrial Society.”

value orientations of “harmony without sameness” and “ability counts,” with the former as a value orientation for handling relations between man and man and the latter for the relationship between man and work in the development process in China today. Second, we should establish “enhancing China’s capacity for independent innovation and making China an innovative country” as the core of our national development strategy to support other strategies. The German philosopher Hegel once said that if a nation has some among it who can lift their gaze to the starry sky, that nation has hope; if it is merely concerned with the ground beneath its feet, it will definitely have no future. “Starry sky” here can be extended to mean national development strategy. It is only by attaching great importance to improving the capacity for independent innovation at the level of national strategy that a country can have a future. Third, we should make institutional arrangements that “enable people to fully develop their abilities,” which requires that we incorporate the criteria of “ability, especially innovative ability and contribution” in our personnel system and distribution system. Finally, we should create a work environment based upon “performance” rather than “personal connections,” so as to guide people to ponder work instead of connections. This is a major world outlook, strategic outlook and cultural outlook.

4. Virtuous reform and a new development (order)

“Order” means that by following the developmental laws of certain things, people can formulate fair rules and systems and establish reasonable structures and certain organizations can consciously take the initiative to implement these rules, systems and structures, enabling people to carry out their duties, utilize their abilities, find their proper places in society and live in harmony. We can thus achieve a well-functioning state in which people and society enjoy all-round, balanced and sustainable development.

Generally speaking, although Chinese development is in good shape after the 30 years plus years of reform and development, we still have a considerable way to go to create a new order of virtuous reform and development.

Firstly, we need to create a new order of reform. We should promote well-organized reform in various areas in an orderly way on the basis of fair ideas, rules and systems. (1) In the economic area, we should first of all carry out economic restructuring to establish a socialist market economy and make society more dynamic (releasing and developing productivity and maintaining a good relationship between wealth and efficiency), so that the masses of the people can get richer and benefit more, thus laying a material foundation and mass base for political and other reforms. At present, we should look at the strategic adjustment of irrational economic structures. (2) After that, we should carry out cultural restructuring to form a common intellectual foundation and cultural environment that both emancipates the mind and rallies the people, and a value orientation with a reasonable relationship between “giving full scope to the themes of our times” and “advocating diversity,” in order to provide a common intellectual foundation of united struggle for China’s economic and political restructuring. (3) Thereafter we should reform the system of social management, paying attention to the

building of a civil society and civic education. We should give particular emphasis to the unity of democratic participation and raising the quality of the masses of the people and the unity of social management and public services, so as to form a sound structure for relations between the government and the citizens and lay a sound foundation in terms of human character for China's political development. (4) As the forces of the market, culture and society grow stronger and join together, we will have the bases, driving forces and momentum for advancing political restructuring from the outside; and when our economic, cultural and social development provide a firm material, intellectual and human foundation for political restructuring, that will be the foundation of political restructuring. Within this context, the government will constantly raise its awareness and take initiative in revolutionizing itself to perfect itself.

Secondly, we should establish a new development order. There is a premise for this: we must make a rational analysis of popular demands, so as to have a clear understanding of the new needs of our development and the new expectations of the masses of the people. Once their need for adequate food and clothing has been basically satisfied, they will have a higher order of "developmental needs."

First, "developmental needs" are diverse: they include economic, political, cultural and social (in the narrow sense) needs, human development needs, etc. Their diversity requires that contemporary supply should be a new "distribution mode" rather than the "production mode" of the past; accordingly, the new requirements of China's development and the new expectations of the people are also manifested in the shift from "production efforts" to "claims on distribution" of two kinds: one is the material aspect of the distribution of the fruits of production, the other the distribution of political, social, and spiritual resources. Thus, we must go further and solve two problems related to distribution: how to ensure the efficiency of distribution in order to maintain its sustainability, and how to divide the cake up in a satisfactory way, with a rational order and fair rules, to ensure that distribution is just and moral. The former is about fairness, the latter, justice. This raises the bar for our Party's establishment of a new rational distributive structure based on the principles of fairness and justice.

Second, "developmental needs" are higher order needs that concern people's political, social and spiritual lives. The fact that they are of a higher order requires that in contemporary society, supply cannot remain at the previous "basic" stage, but must shift to the developmental level; accordingly, the new requirements of development in practice and the new expectations of the people are embodied in the change from "urgent basic needs" to "urgent developmental needs." Here, "urgent developmental needs" are related to the special situation of contemporary China: on the one hand, the contradiction between the growing material and cultural needs of the people and the backwardness of production remains the principal contradiction of our society; on the other, the people's independence and their demands for political and social participation are awakening and growing. The

former implies that the economic logic of “production determines consumption” remains the main aspect of the domestic market and the use value of goods remains the focal point of domestic consumption, so modernity is the main aspect; while the latter means the inevitable appearance of the logic of the principal position of the people in the country’s political life. This requires us to further answer the following questions: first, how can we make the “cake” bigger by unleashing and relying on the innovative capacity of the masses of the people? And second, how can we encourage and guide the people’s orderly participation in social and political life and provide them with good public services? These are new and higher demands on our Party, which must consciously and actively improve the system to ensure the implementation of the principle of wielding power for the people.

Third, “developmental needs” are synchronous in nature and include different aspects of human development. They require that in our society, supply should no longer remain in the previous state of “diachronic accumulation,” but should be “synchronously upgraded”; accordingly, contemporary China’s new requirements for development in practice and the new expectations of the people are manifested as a shift from “getting rid of diachronic backwardness” to “resolving synchronous pressure in the economic, political, social and cultural areas.” By “synchronous pressure” we mean that China’s special marketization pattern has inherent tensions, so a package of comprehensive social reforms is needed to solve the issue of “the power economy equals the rights economy.” Whether and to what extent this reform can be followed up has become an internal source of pressure on China’s development; the limitations of the current growth mode have brought about quite a few problems, among them the institutional constraints of “low human rights, weak property rights, low level” that face China with latent risks. These two aspects point concentratedly to a single issue: the sustainability of our development is still weak, so it needs the support of external systems. How are we to change our growth mode? How are we to create a mechanism for sustainable development? These questions set new and higher requirements for our Party’s ultimate realization of scientific development.

Whether, based on the above “developmental needs,” the Communist Party of China can pursue rational construction and active practice in building a new developmental order in contemporary China has a direct bearing on whether it can successfully grasp and exercise state power.

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—Translated by Huang Yusheng from
Zhongguo Shehui Kexue (中国社会科学), 2012, no. 3
Revised by Sally Borthwick