

The Cultural Contradiction of State Neoliberalism in China*

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This paper aims to examine the cultural contradiction of state neoliberalism in China. First it discusses the concept of cultural contradiction as formulated by Daniel Bell (1976), and then it examines the making of cultural contradiction in post-socialist China since 1978. After that, it studies the linkages between cultural contradiction and the moral crisis in Chinese society. At the end, it argues that moral crisis in contemporary Chinese society is a product of the cultural contradiction of state neoliberalism.

Key words Cultural contradiction, neoliberalism, market reforms, China, communist party-state, capital accumulation

I. Introduction

Using a comparative lens, we identify the Chinese path of capitalism as “state neoliberalism,” which is quite different from other varieties of capitalism in the contemporary world-economy. In So and Chu (2015), state neoliberalism in China has the following distinguished traits:

First and most fundamentally, state neoliberalism identifies the communist party-state as the *dominant agent to promote neoliberalism* as part of its strategy to facilitate national development. Apart from launching many standard developmental state supports, the Chinese state endorsed neoliberalism so that an increasing number of commodities were subjected to market principles, workers and natural resources were exposed to ruthless capitalist exploitation, state commitment to welfare and social services were cut back, and many state enterprises in the non-strategic sector were privatized. In so doing, China also differed from neoliberal

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capitalism in the West in that it is the communist party-state, not the capitalists, who initiated the neoliberal turn. Indeed, before the initiation of policy change in state socialist China in 1978, market relations were strongly suppressed by the state, property was predominantly state-owned or collectively owned, market institutions were rudimentary, and a capitalist class was practically non-existent. The communist party-state laid the groundwork for the emergence of neoliberal capitalism by carving out a space for the emergence of market relations, the birth of a capitalist class, and for a long time played an instrumental role in the imposition of blatant neoliberal practices. Unlike neoliberal capitalism in the West (where capital accumulation serves as the ultimate motive to drive the economy), the constant ebb and flow of neoliberal practices in China was often governed by the communist party-state's overriding concern for its survival and continued leadership.

Second, the Chinese road to capitalism has been distinguished by its *decentralization policies and local initiatives*. Benefiting from the state socialist legacy of localized administration as well as brigade and commune enterprises, local governments and TVEs (township and village enterprises) played a pivotal role in China's capitalist development, especially in its initial phase in the 1980s. Administrative and fiscal decentralization policies had generated both the institutional foundation and immense incentives (and pressures) for these local state actors to capture market opportunities. This is why the Chinese local economy was so competitive in the early 1980s even though the communist party-state had yet to institute legal reforms to safeguard private property rights.

Third, state neoliberalism also points to a different form of entrepreneurship in doing business in China. For a long time, the emerging capitalist class remained weak, needed to take heed of state policies in order to delineate its market strategies, and often depended on the state for survival. In China, entrepreneurship often requires the capitalists to develop a *personalized, clientelistic* relationship with local state managers. Without a good connection with local state managers, the capitalists may find it difficult to protect their business from the predatory practices of the local labor bureau or the local tax bureau. The capitalists also need the support from local state managers to get access to resources (like getting a bank loan, a business permit, a piece of market information, etc.). Xiao (2015) reports that "No matter what you do in China, can you get anywhere without

official approvals? With the possible exception of North Korea, China is the hardest place to do business because you can't get permission to operate or access to markets without political ties. This has been especially true over the past two decades or so." Christopher McNally tries to capture this close relationship between local state and business by labeling China as "*guanxi capitalism*." McNally (2011: 3) explains that this political *guanxi* network between private entrepreneurs and the institutions and agents of the local party-state "bridge the logics of free-wheeling private capital accumulation and authoritarian control in a state-dominated economy."

In So and Chu (2015), we identify state neoliberalism from the lens of *political economy*, thus we emphasize the neoliberal economic policy of the party-state. As such, what is the *cultural* configuration and cultural contradiction of state neoliberalism, and how does cultural contradiction of neoliberalism affect the social and moral development of post-socialist China?

The aim of this paper is to examine the cultural contradiction of state neoliberalism in China. It will first discuss the concept of cultural contradiction formulated by Daniel Bell (1976), and then it will examine the making of cultural contradiction in post-socialist China since 1978. After that, it will study the linkages between cultural contradiction and the moral crisis as reported in the Chinese mass media. At the end, we will argue that the moral crisis in contemporary Chinese society is a product of the cultural contradiction of state neoliberalism.

II. The Cultural Contradiction of Capitalism in Advanced Industrial Countries

In *The Cultural Contradictions of Capitalism*, Daniel Bell (1976: 80) points out that "In historical retrospect, bourgeois society has a double source and a double fate. The one current was a Puritan, Whig capitalism in which the emphasis was not just on economic activity but on the formation of *character* (sobriety, probity, and work as a calling). The other was a secular Hobbesianism, a radical individualism which saw man as unlimited in his appetite, which was restrained in politics by a sovereign but ran fully free in economics and culture."

Bell argues that these two currents had always lived in uneasy tandem. Over time, however, these two currents dissolved. Bell (1976) shows that in American capitalism, Puritanism underwent a transfiguration over a period of 200 years, from rigorous Calvinist predestination (which emphasized asceticism, non-material values, renunciation of physical pleasure, simplicity, and purposeful discipline) to the counter culture of the youth in the 1960s (which emphasized a hedonistic life-style of luxury, excessive consumption, and immediate gratification). As a set of social practices, Puritanism was thus transmogrified into social Darwinist justifications of rampant individualism and money-making in Western capitalism.

Bell (1976: 55) further argues that “this breakup of the traditional bourgeois value system, in fact, was brought about by the bourgeois economic system – by the free market, to be precise. This is the source of the contradiction of capitalism in American life.” Capitalism would undermine itself because it encouraged hedonistic short-term values for consumers while requiring self-disciplined long-term values in its workers. Drawing upon Bell (1976), Brooks (2016a) also echoes that American capitalism has been undermined by rampant consumption, by celebrity culture, by reality-TV fantasies that tell people success comes in a quick flash of publicity, not through steady work.

In the above analysis on cultural contradiction, Daniel Bell focuses only on the contradiction between *culture* and *economy* in capitalism. He contributes by spelling out an apparent contradiction of capitalism. On one hand, workers are expected to be having the Puritan trait of hard working and are highly disciplined. On the other hand, workers are expected to be having the hedonistic life style and consume endlessly. What is missing in Bell’s insightful analysis, however, is his lack of discussion of the *polity* in capitalism. Bell simply takes the polity for granted, and he fails to analyze the intricate connections among polity, economy, and culture in American capitalism. In retrospect, Bell may have taken the neoliberal assumption that capitalism works best when polity keeps its hand off the market economy. In contrast to Bell, other scholars argue that the state plays important political and ideological roles in the preservation of capitalism and Bell’s prediction that capitalism will be undermined by the cultural contradiction does not prevail because the latter epitomizes the emergence of “late capitalism” (Mandel 1978) or America’s global industrial and military

domination (Jameson 1991; cf. Harvey 1990).

Regardless of these criticisms, Bell's apolitical analysis appears to highlight an important change in the cultural orientation of American capitalism during the neoliberal era. However, his apolitical framework is clearly inadequate to analyze the cultural contradiction of post-socialist China because China's communist party-state has played such a decisive role in shaping China's economy and culture.

III. The Making of Cultural Contradiction in Post-Socialist China

Unlike the US which experienced an uninterrupted 200 years of capitalism, China has just gone through a socialist revolution in mid-twentieth century and the Chinese path of capitalism started only after the Cultural Revolution came to an end in 1978. As such, it is important to study how the socialist legacy in the Maoist era (1949-1978) has shaped China's post-socialist development.

According to Kang Liu (2004), Maoist revolutionary socialism was a historical product during the Cold War. Maoism embraced the revolutionary ideal of building a strong, egalitarian socialist society through collective, self-sacrificing efforts from the Chinese people (without relying on any help from foreign nations). Aside from the ideology of egalitarianism and collectivism, Maoism also cultivated an ideology of a strong, monolithic, party-state and recognized the centrality of culture and ideology in promoting the socialist revolution forward. This revolutionary Maoism had served effectively as a legitimating force for the rule of the Chinese Communist Party (CCP), bringing social cohesion and consensus, often by brutal coercion and suppression of the dissent of the intellectual elite and mostly by gaining the broad consent of the working people (the urban proletariat and the rural peasantry).

In post-socialist China, therefore, the reformers not only needed to purge the Maoists from holding power in the party-state, but also needed to dismantle the ideology of revolutionary Maoism and replace it with bourgeois cultural values in order to legitimize its neoliberal policies of de-collectivization, marketization, privatization, and retreat from socialist

welfare commitment (So and Chu, 2013).

Because China experienced a capitalist transition, not a capitalist revolution; the communist party-state was still in control of China's development process. Liu (2004) and Wang (2001) examine how the party-state formulated the following strategies and policies to transform the ideology of revolutionary Maoism to pleasure-seeking, ego-centered consumerism, the kind of commercial culture which is not too different from the hedonistic values in American capitalism.

First and foremost, the party-state has over the years devised a number of policies to promote consumerism. The 10th Five Year Plan (2001-2005), for instance, identified "stimulating consumption and triggering consumer desires" as the core goals. Similarly, Premier Zhu Rongji admitted that the 1999-2003 pay raise for the urban public service employees was intended to boost consumer demands (Thornton, 2011). Recently, the New Urbanization Plan (2014-2020), which among other things set out rules to transform eligible rural population into urban residents also considered the increase in consumption a key advantage.

In tandem with these policy changes is the communist party-state's active role in promoting commercial culture, which is very different from the case of America where commercial culture is mostly promoted by the capitalists. Hence, with the introduction of the "Double Leisure Day Campaign" in 1996 Beijing, Wang (2001: 39) observes a discursive shift in the Beijing's mass media, after which the *leisure culture* fevers spread to the entire country.

Specifically, the local party-state in Beijing launched in 1996 a nine-month long campaign entitled the "Double Leisure Day Action Package," which promoted such leisure activities as visiting museums, going to movies and theatres, doing sports, sightseeing, etc. This was the first time that the local government appropriated the category of "leisure culture" into its pedagogical agenda. The theme underlying this campaign was put as "learning how to become a modern and civilized Beijingers." Beijing residents' capacity for being a modern, cultured urban citizen is now being measured by their recognition of the changing concept of time into pastime or leisure time, with leisure defined as outdoor activity in consumption. After the Beijing party-state constructed the meaning of new citizen-consumer, the discourse of "weekend culture", "double leisure day", "the big weekend" and "leisure culture fever" soon spread to the mass media in

Chinese society, leading to the boom of traditional service industries (e.g., retailing, distribution, tourism, food, commerce, public transportation) in the city.

Apart from re-interpreting a modern, cultured urban citizen as a keen consumer, the party-state also sought to give legitimacy to consumption by making reference to the discursive forms but not the content of Maoist revolutionary socialism. To illustrate his point, Liu (2004:79-80) analyzed a text entitled, “Armchairs of the Summer Palace,” which tells the story of the construction of Nan Daihe, a new beach resort to promote sales, entertainment, and tourism industry in the 1990s. For the authors of the Nan Daihe text, and perhaps for the builder of the new beach as well, the construction of the tourist resort is as much a noble *political task* as a *great commercial adventure*, and hence we are led to see the scene as imbued with a passion and zeal matched only by the “revolutionary wars” of Mao’s era:

The Fu’ning County Party Committee assigned Vice Party Secretary Hou, Vice County Governor Chen, and Director of the County Tourism Bureau Nie to be in charge of the construction project. Because of the authority and popularity of Secretary Hou throughout the county ... a collectivity of passionate fighting spirit was formed. Confronting all kinds of interference, they resolutely fought on, day and night, at the construction site. Yes, it’s a battle; the determination and will, the pathos, the rhythm and tempo, and the dedication and adventurousness – all that was nothing but the fiercest fighting on the battleground.

In the above passage, the “collective fighting spirit” of Mao’s era is now transposed into an altogether unfamiliar locus where Chinese capital celebrates its success hand in hand with revolutionary-state officials-turned-capitalist managers; and the spread of capitalist commercial culture is facilitated by historical re-appropriation and displacement of Maoism revolutionary socialism in the post-socialist era (Liu, 2004: 79-80).

Aside from taking an active role to promote consumption and commercial culture, the communist party-state also used the following strategies to manipulate, negotiate, or displace the contradiction of relying on the communist party-state (which still founded on the ideology of Maoist revolutionary socialism) to promote capital accumulation.

In the initial phase of economic reforms in the late 1970s/1980s, the

policy of post-Mao leadership, headed by Deng Xiaoping, was simply to ban any public debate about the issues of political ideology and revolutionary legacy. However, by itself, banning public debate can hardly dispel the specters of the past, which are still very much alive. Hence, insofar as the communist party-state and its ideological apparatus still hold their power, this ban was not that effective.

Without entirely abandoning the ban,¹ the “third-generation” post-Deng leaders, emerged in the mid-1990s and headed by Jiang Zemin, had gradually shifted their strategies in the ideological and cultural arena. They allowed and encouraged China’s indigenous popular culture products – such as state-sponsored MTV and karaoke concerts, television soap operas, and kung fu fiction – to prosper and compete with newly-introduced Western commercial popular culture. In so doing, the party-state has ameliorated tensions and conflicts between an increasing mass demand and ideological control. The earnest need for meanings and the void generated by the ban on public debate was to be filled by popular culture and entertainment. That as of the present, one can access online within China all contents but news reports of the Hong Kong-based television broadcasting station (TVB) is a telling anecdote.

Another important strategy is to invoke nationalism. This is achieved by a renewed call for “patriotism” in the face of foreign encroachments, such as the new containment strategy put forward by Western powers alarmed by the “China threat” or China’s rapid economic growth. At times, this call for patriotism is also laced with a revival of Confucian values and ethics, such as the ideas of loyalty and filial piety with respect to the common ancestor for all Chinese. Apart from a careful calibration of popular protests that erupt in relation to emergent international incidents, such as the US bombing of Chinese Embassy in 1999 and Japan’s nationalization of the Diaoyu/Senkaku Islands in 2012, the appeal to nationalism has over time been directed toward the domain of consumption. While the boycotts of

¹ In early 2016, newspapers and magazines were required to “take on the surnames of the CCP and socialism” (xindang, xinshe). An editor of Southern Metropolis Daily contriving a sarcastic comment on the point was forced to resign (Wang 2016). In a similar vein, the party-state ordered the replacement of the entire editorial team of a critical magazine, Yanhuangchunqiu. Protesting such a move, the magazine’s management decided to close down instead.

foreign products were originally initiatives taken voluntarily by the general public, the government has increasingly seen its potential. A most recent rumor is that, in response to South Korea's deployment of the Terminal High Altitude Area Defense (THAAD) system, Korean pop stars are to be banned from visiting China (Kai, 2016).

Over time, the political agenda in the cultural sphere has shifted its priority from idealistic propaganda to more pragmatic objectives, especially ones that address some needs of the general public. In the 2000s, the notions of "order and stability" as well as "harmony" were emphasized. It was also about the same time that some social protections, such as the Labor Contract Law and the "Three Agriculture" policies were launched so that the most underprivileged of the population could avoid the worst of what some scholars have described as "gangster capitalism" (Walker, 2006; Lee, 2007; So, 2007).

When all the above policies failed to contain social conflicts in the society and the number of mass incidents keeps on increasing rapidly (So and Chu, 2016), the latest strategy under Xi Jinping leadership is to evoke the rhetoric of the revolutionary past (including Maoism), reinforce its grip on power, and cultivate the "China dream of national rejuvenation" (Zhao, 2016). Apart from reinforcing the state's authoritarian domination and invoking nationalism, which have been dealt with in the above, the Xi regime also puts forth the visions of checking corruption and promoting clean government by calling for a reinvigoration of the cadre's commitment to socialism.

In sum, the communist party-state promotes consumption, commercial culture, and the capitalist project in general by mobilizing the discursive forms and rhetoric of Maoist revolutionary socialism. In turn, to deflect contradictions arising from the party-state's promotion of commercial culture, the party-state also invokes nationalism and draws upon Maoist revolutionary ideology to put forth pragmatic objectives that send out the message that the party-state gives priority to addressing key national problems.

The questions remain: in what ways have cultural contradictions manifested in the Chinese society, and to what extent have they been resolved by the coping strategies identified in the above?

IV. The Manifestation of Cultural Contradiction: Moral Crisis in Chinese Society

In America, the problem of excessive individualism, rampant consumption, and hedonistic short term values was not too serious because this cultural contradiction was restrained in politics and society (Bell, 1976; Brooks, 2016b). For the restraints, Bell points to the check-and-balance exercised by the democratic polity, while Brooks points to social institutions that promoted the moral lens (church, community organization, honor codes, etc.) to balance the economic lens.

However, in China, this cultural contradiction is unrestrained by the Chinese party-state and society, as revealed by the widespread sensational discourse on moral crisis in the Chinese mass media (Ci, 2009; Li, 2015).

For example, *South China Morning Post* (SCMP) reported that in 2004, the Chinese were shocked by revelations that a group of unscrupulous businessmen had manufactured and sold fake baby formula that led to dozens of children dying in Anhui. In addition, businessmen used paraffin wax to process rice to make it look fresh, used banned chemicals to enhance lean meat on pigs, used antibiotics when feeding shrimps and crabs to protect them from diseases, and used banned insecticides on vegetables. The latest food scare was that duck eggs in Hebei were contaminated with carcinogenic dyes. The food scare spread fast and widened as laboratory tests also revealed that turbot had been treated with banned antibiotics and that bean curd sheets may contain cancer-causing chemicals. These chemicals and antibiotics were used to keep produce fresh, to protect it from disease, and to enhance color. For SCMP, these were the vivid signs of social degradation; thus SCMP (2006: 5) concluded that “nowadays, many mainlanders [would] do anything to make quick money, even though their actions [might] pose health hazards and even cost many innocent lives” and China was losing its soul to the unscrupulous pursuit of money after 25 years of economic reforms and opening up, which had seen leaps and bounds in the living standard of the Chinese people.

In the same vein, Chen (1995) in *Wall Street Journal* pointed to the *moral vacuum* in post-socialist China. The spirit of collectivism and selflessness in the Mao era had all but disappeared since the advent of socio-economic

changes in the reform era. Chinese capitalism unleashed “money worship, ultra-individualism, and decadent lifestyle,” and a preoccupation with wealth mentality. Chen (1995) remarked that when it came to making money, almost everything went in China; for money, Chinese people were willing to neglect the good, the social morals.

This discourse on moral vacuum was further upgraded to a discourse of *moral crisis* when several cold-blooded stories happened in the 2010s (Li, 2015; Osnos, 2014). On 2011, a 2-year old girl named little Yue-Yue was injured by a big truck on the street; although 18 people passed by the accident location, no one gave any help. The injury was so severe that little Yue-Yue died afterwards. Similarly, an 80 years old retired university professor was injured by a motor cycle and lost consciousness on the street, but no one gave a hand nor made a call to the police for an hour until the retired professor woke up himself. A 19-year old girl was raped at a public area in daytime while over 40 people were surrounding and watching without anyone tried to save her.

Wen (2012) remarked that these cold-blooded incidents were quite common in China. These incidents have aroused widespread discussion on China’s state media, internet forums, and among the Chinese people. They are perceived by the Chinese mass media as being the external manifestation of moral degeneration and moral crisis in Chinese society.

V. What then accounts for the burst of moral crisis in post-socialist China?: State Neoliberalism and the Moral Crisis in Post-socialist China

Studies in the Chinascope Analysis Series (Chinascope 2011; 2012a; 2012b) report many dramatic incidences of moral crisis in China. They argue that the culprit of the moral crisis is the cultural policies during the Cultural Revolution. They contend that China has a proud heritage of 5,000 years as an “ancient civilization” with very high moral standards, but this “ancient civilization” was destroyed in the Mao era and especially during the Cultural Revolution. After “the CCP has destroyed the spiritual, religious, and moral base that traditional Chinese culture used to provide, that base is now too fragile to support anyone”, leading to the moral crisis in

contemporary Chinese society (Chinascope, 2012b:13-14).

We find the above explanation by Chinascope unconvincing because it identifies Maoist socialism and the Cultural Revolution as the culprit of the present moral crisis in Chinese society, while remaining completely silent on socialist morality (like collectivism and selflessness) and the negative impact of neoliberal capitalism in post-socialist China.

In addition, the Chinascope explanation seems to have confused over two different dimensions of the moral crisis that Jiwei Ci (2009) tries to clarify: (1) the norms of *right* (or *justice*) that govern relations among members of the society; (2) the standards of the *good* life that inform individual or collective choice of ends. Chinascope seems to have focused wrongly only on the (2) second dimension, i.e. because the CCP and the Cultural Revolution have eradicated traditional Chinese cultural values, there is a moral vacuum in post-socialist era and the Chinese citizen have no moral standard to judge what is right and wrong. However, we argue that the Chinese do have a moral standard; otherwise, Chinese citizens would not have written to the mass media to complain about the food scare, the unscrupulous businessmen, and the cold-blooded incidents in Chinese society.

Thus, by moral crisis in post-socialist China we refer to (1) the first dimension, i.e. moral crisis is a crisis involving the right (or justice). In other words, by moral crisis we refer to a state of affairs in which a large number of people fail to comply with more or less acceptable rules of social co-existence and cooperation. Adopting this notion of a moral crisis, we agree with Ci (2009) that the moral crisis in post-socialist China is at the same time *a crisis of justice* and a crisis of social order.

It must be pointed out that the norms breached by so many, with such cumulatively disturbing consequences, are for the most part not objects of moral disagreement. Instead, the routine violation of norms was performed by people who do not object to the norms themselves and who definitely did not violate the norms because they object to them. As such, an interesting question is: Why do so many Chinese people fail to comply with norms to which they take no exceptions as norms?

For the above question, Ci (2009) offers a “reciprocity” explanation. Ci argues that willingness to comply with norms is based on the condition that other members of society do the same. When the reciprocity condition

is seriously unsatisfied, there is a gradual erosion of the willingness to comply with norms that are regarded by them as largely unproblematic. And once non-compliance is underway, it has a tendency to sustain and even aggravate itself, leading to progressively worse overall non-compliance. In this respect, China's crisis of morality is essentially a breakdown of reciprocity, a widespread lack of trust both in other members of society to comply with basic norm of social coexistence and cooperation.

As a philosopher, Ci contributes to our understanding of China's moral crisis by spelling out clearly its different dimensions and the underlying logic of non-compliance. Nevertheless, Ci is no social scientist. Ci fails to examine the moral crisis from the lens of political economy, thus he fails to trace the connection between China's moral crisis and its socio-economic transformation which we label as state neoliberalism. We like to highlight two interrelated dimensions. The first pertains to the *cultural* manifestation of state-induced neoliberalism or, in other words, the state's indiscriminate support of hyper-market rationality and the party-state's tendency of self-preservation that increasingly undermine the state's legitimacy and the rule of law's authenticity. The second also highlights problems associated with state-neoliberalism though it addresses the political-social *regulations* of the market.

First, using the lens of political economy, Jiong Tu (2014) points out the communist party-state's retreat from welfare provision and social security in the neoliberal market era has exposed the Chinese people to risks, insecurities, and uncertainties. In post-socialist China, individual self-responsibility is taking the place of collectivity and social solidarity. The market place, the commercialized public institutions, and the Chinese society allow few opportunities for ordinary people to articulate altruism outside their family and friends.

Furthermore, marketization has deeply penetrated into society, and society as a whole acts more and more like the market, where morality is frequently compromised by money considerations. Although this transformation of culture and morality is quite common for society undergoing through neoliberal market reforms (Brown, 2011), the superimposition of the communist party-state and neoliberalism has made the matter much worse in China than other countries.

Apart from eradicating the ideal of collectivism and beliefs in mutual assistance among members of the general public, the logic of neoliberalism has permeated and undermined the moral authority of state officials, thus setting examples that lead to the proliferation of social behaviors at odds with the cherished moral ideals. Therefore, Tu (2014) points out, the moral crisis of Chinese society is fundamentally a moral problem of the party-state. Traditionally, Confucianism persuaded the rulers to embody certain moral actions and to set an example to the people. In the Maoist era, the communist leaders embodied not only political power, but also moral authority to think and serve the people. In post-socialist China, however, the communist party-state can no longer provide an effective moral framework for people on a day-to-day basis, even though Jiang Zemin put the party and its cadres in place to “represent” advanced productive forces, advanced culture, and the fundamental interests of the people. Although the central party-state presented itself as the vanguard of Chinese modernity and morality and to serve the Chinese people (the Party had always pledged to be “the first to eat bitterness, the last to benefit”) the dismal local reality makes people widely criticize the local authority. Public discourse reveals a bifurcation between perceptions of central and local government (So, 2007). High levels of satisfaction are generally expressed in respect of the central government, but the satisfaction and trust decline gradually in respect of lower levels of government.

However, it is local state officials who provide the dynamics to propel Chinese capitalism forward since 1978 (Whyte, 2009). As the above discussion on the “leisure time” campaign in Beijing and the Nan Daiher resort project show, local state officials put economic development in their locality as the highest priority of their work; they often bypass rules and regulation (in labor regulation, environment, taxation, etc.) and develop *guanxi* with businessmen in order to attract capitalist investment and to compete for the highest growth rate in their region. The local state officials’ cut back of public services, their intimate relationship with capitalist investors, their luxurious consumption, and conspicuous sex lifestyle with many mistresses (Uretsky, 2016; So, 2016) often lead them to the charges of corruption and collusion with business. This corrupt image of local officials makes the authorities loss creditability.

Tu (2014) uses the Chinese proverb “the beam at the top is crooked, the

beam at the bottom is also crook” (*shangliang buzheng xialiang wai*) to illustrate that bad examples at the top enable the extension of corrupted behaviors to the bottom. As people watch rules being skirted and laws being violated by the local officials, many feel that it is pointless to stick to moral behavior. Ordinary people feel injustice when they compare their meager income earned through hard work with the large amount of “grey” income of their local state officials.

Thus, Tu (2014) argues that what endangers Chinese society and the communist party-state’s legitimacy today is the immorality in officialdom at the local level. The local party-state officials, as the embodiment of state power, do not live up to the moral role, and are not respected by the Chinese people. As a result, when the party-state employs moral rhetoric to justify their power and release vigorous moral codes for people below, it deviates from people’s daily life experience and many are not willing to follow the official rules and regulations.

The above points may be illustrated by examining the interviews conducted by Yin-Wah Chu with peasants from Moonlight County, Eastern Sichuan. Moonlight County villagers were well-aware of the central government’s schemes of compensation applicable to their villages, the procedures for land expropriation stipulated in Land Administration Law, and the regulations on the proper usage of expropriated village land. However, they were still unable to prevent the local officials and developers from taking away their farmland inappropriately. As a result, Moonlight County has experienced rapid and rather extensive land expropriation since 2005.

For example, villagers complained that the land expropriation has not been carried out with proper consultation and that it has not been given popular consent. Whereas land in Moonlight County could be auctioned for 2-3 million RMB per mu, the average compensation to the peasants per mu of land was no more than 300,000 RMB (interview 2015 July). Furthermore, whereas collective land ownership during the Mao era had provided the peasants with lifelong access to a means of subsistence, now they were thrown into the market place and left to themselves heretofore. In sum, the ethnographic findings in Moonlight County show that land-related corruption was prevalent among local officials.

For the Chinese peasants (and people in general), who read daily news and

microblog postings on the quantity of gold, jewelry, and cash found with the convicted officials and, knowing that many more officials were not convicted, their view of the rule of law and justice must be imbued with skepticism. Indeed, this echoes Osnos' (2014, discussed in So 2016) view that the discrepancy between the news of corruption and sex scandals among the high-level officials and the self-image presented by the Communist party was not so much embarrassment as hypocrisy.

Second, apart from undermining socialist collectivism, exposing the general public to risks and uncertainties, as well as permitting (if not encouraging) state officials and the people at large to put personal/familial monetary pursuits ahead of public interests, state neoliberalism also fails to put into place regulatory institutions that could restrain such behaviors. The Labor Contract Law introduced under Hu Jintao and the anti-corruption purges under Xi Jinping were cases in point. However, insofar as local government officials were obsessed with GDP growth, law courts were instructed to overlook the violation of the Labor Contract Law (Lee, 2007). Similarly, in order to preserve the domination of the communist party-state, it was difficult if not impossible to introduce institutional mechanisms that could comprehensively and regularly check the conducts of local state officials as well as the money-grabbing behaviors of the business enterprises. Until then, Xi's purges of corrupt officials, which were given great hopes by the general public, would inevitably become limited and partial attempts that many observers had put down only as partisan struggles.

Similarly, whereas *guanxi* (personal relationship) is a crucial social institution in Taiwan to facilitate the development of trust and control *horizontally* among small-and-medium enterprises, *guanxi* in post-socialist China is cultivated *vertically* between businesses with officials because the party-state monopolizes most of the resources (monetary, but above all, regulatory). Thus, instead of a mechanism of social control among equals in a situation where regulations were in deficit, the *guanxi* institution in post-socialist China has been turned into a device to curry favor with the powerholders, which thus undermines the integrity of the rule enforcers in a situation where regulations were already in deficit. In short, not only does post-socialist China face a situation where public trust (in the institutions) is lacking; state-neoliberalism in which the party-state monopolizes most resources

also led to the degeneration of interpersonal trust found on Confucian ethic.

VI. Concluding Thoughts

To conclude, the central party-state attributes blame for morally suspect actions to the *individual* officials rather than the *structural* contradictions of neoliberal policies. This displacement may help to draw attention away from systemic issues that discourage altruistic behavior and the party-state's retreat from providing welfare and social services. In addition, this displacement helps to deflect the social conflict of workers and peasants. Although there is an explosion of protests in post-socialist China, the central party-state continues to receive widespread support from the Chinese people (Whyte, 2010). Protesters only blame the *local* officials, not the *central* communist party-state, for their hardship and suffering at work and at home. Indeed, the protesters often seek help from the central party-state to investigate the wrong doings of local officials. Although this displacement helps to enhance the political stability of the present communist regime (So and Chu, 2016), this short-term political instability is taken place at the expense of long-term political legitimacy and the moral crisis in Chinese society.

Tu (2014) concludes that the lack of effective moral regulation in post-socialist China means that people's daily activities are easily exposed to the anomic consequences of profit-making, hedonistic values, and unrestrained desires. State officials have not tackled the systemic, structural factors that produce cultural contradiction and moral ambivalence at the local level. Thus, the communist party-state need to pay full attention to the commercialized culture and the cultural contradiction of state neoliberalism before it can solve the moral crisis in Chinese society.

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