

**ECONOMIC RESEARCH CENTER  
DISCUSSION PAPER**

No.180

**“Development Policy and Slogan of Harmonious  
Society” in Modern China**

by

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December 2010

**ECONOMIC RESEARCH CENTER  
GRADUATE SCHOOL OF ECONOMICS  
NAGOYA UNIVERSITY**

# “Development Policy and Slogan of Harmonious Society” in Modern China

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## Introduction

Today, it is predicted that China would keep growing rapidly with its high GDP and leave the United States of America behind. Also, it is said that this economic development would lead China to be one of the greatest economic powers of the world by 2022. Without Chinese “Development Policy” which began in the 1990’s, China’s economic growth cannot be talked. However, it is very suspicious whether this “Development Policy” produces a fruitful future.

Chinese “Reform and Open-door” policy began when the 3<sup>rd</sup> Plenum of 11<sup>th</sup> Central Party Committee (Abbreviation: “the 3<sup>rd</sup> Plenum”) was held in the end of 1978. It was started with “Reform of Rural Society” in order to break down “People’s Commune” and also to market mechanization of agriculture that was “full responsibility system for agrarian output quotas” ( bao chan dao hu 包产到户). The concept of “Development” was not used around that time.

Deng Xiao-ping (邓小平) who was the top leader of “Reform and Open-door” policy, led the policy with his “Get Rich First Theory”, which referred “some areas must get rich before others”. Assuming that economic disparity would emerge certainly, he has considered this economic gap as the initial cost of “Development Policy”. Under this circumstance, it was presupposed that economic disparity would be contracted as the economy would continuously develop.

In October, 1984, a “Reform and Open-door” policy was expanded in 14 coastal cities. As Marketization Policy extended the coastal cities, Hainan Island was designated as one of the special economic zones. Then “Hainan Island Development” was said to be set out, and “Hainan Island Development and Construction Corporation” was established. This was the rise of the curtain of “Development Policy” in China. However, right after that, in November, 1984, leadership in Hainan Island abused its auto import privilege given to the zone and its corruption in resale was uncovered. As a result, the “Development” was criticized cold-heartedly and “Development Policy” was temporarily stopped.

In 1989, “Development Policy” resurfaced when a plan for the world’s largest hydroelectric power station, the “Three Gorges Dam Development” plan came out. However, this plan was suspended due to the “Tiananmen Square protests of 1989”.

After the “Tiananmen Square protests”, in 1992, “Development Policy” went into full swing, sparked by Deng Xiao-ping’s speech about his southern tour of China(南巡講話). In September of the following year, 1993, “China Three Gorges Corporation” was formed with the State Council’s approval, and then, “Three Gorges Dam Development” was again undertaken along with “Yangtze Basin Development”. The word, “Development” has become a frequently used term. Almost simultaneously, “Shanghai Pudong Development ”, located in Yangtze delta, started moving into high gear.

The Yangtze River flows from east to west. Thus, “Development” along Yangtze means that the economic growth developed mainly around the eastern part of coastal cities from north to south would also expand from east to west. At that time, this “Development Policy” had an impact as “Horizontal T-shaped Development”. In that way, starting from Pudong in Yangtze delta, along Yangtze, the grand vision began to move to inland and west districts to extend “Reform and Open-door”.

Before that, “Reform and Open-door” policy based on Deng Xiao-ping’s “Get Rich First Theory” (先富論) brought the remarkable economic reverse in inland and west districts, emerging economical gaps between districts, unlike the rapid growth along the east coast. Obviously, it also caused friction and inconsistency in Chinese society. From the late 1980's, numerous farmers migrated from relatively poor areas to east coastal cities to seek jobs, which brought over working-force in the cities and led increase in unemployment. This, in turn, led to the formation of slums. As a result, crime rates went up steeply in big cities such as Beijing (北京), Shanghai (上海), and Guangzhou (廣州) and public security was shaken.

“Yangtze Basin Development” was crystallized as a policy to make a major change for the Chinese economy to develop harmoniously, shrinking the economic gaps between districts and softening the over flow of immigrating manpower to coastal cities. It’s intention was to modify Deng Xiao-ping’s “Get Rich First Theory” (先富論).

Then, has this full-scale “Development Policy” shrunk the economic disparity and brought a well-balanced, harmonious economic growth?

It is true that China entered an age of high economic growth after Deng Xiao-ping’s speech (南巡講話), and since 2003, China has marked an annual growth rate of more than 10%. China is up to the present date. Although China has achieved miraculous economic growth, it is suspicious to say that the development has brought a well-balanced society. The society broke up in confusion with the increase in crime rate, farmers’ disputes, labor trouble and

resident's conflicts.

We can contrast China from 1990's with NIEs which marked the rapid economic growth in the late 1970's and also ASEAN which emerged around 1980's. Both NIEs and ASEAN employed the same kind of "Development Policy" and they grew rapidly. These countries experienced their big cities' becoming slums and the inevitable social chaos that grew from residents conflicts. Going through these social troubles, now they have relatively stable societies. Then, how about China? This research analyzes China from the political economic science view of points, focusing on "Development and Harmonious Society".

( 1 ) From "Linear Development" to "Wider Development": Expand the development from Yangtze Valley to throughout the country.

As mentioned earlier, the development of Yangtze Valley, "Horizontal T-shaped Development", has moved into high gear since 1993, but its model was "Linear Development". It accelerated the development cities along the Yangtze River, including Nanjing(南京), Wuhan (武漢), Chongqing (重慶), and Chengdu (成都); however, was not efficient for inland and west districts to grow. For this reason, to achieve the new development from "Linear Development" to "Wider Development", "Development Policy" was set up. It was after that Deng Xiao-ping, the top reformer of "Reform and Open-door" policy, died in February, 1997. In July, after the transfer of Hong Kong from the United Kingdom to the People's Republic of China happened, Jiang Zemin(江沢民) built the political foundation the late 1990's. During that time, "Development Policy" was just started to be handled. In 1999, Jiang Zemin stressed the significance of the wide range "Development in West Areas" three times that year. "West" here meant not only around the upper river basin of Yangtze, but also it included northwest and southwest areas. The "West" referred a broad range of area.

In 1998, a massive plan for water conveyance began. The plan was to transmit the Yangtze water to drought areas in northwestern of China. The plan, "South-North Water Transfer Project" was originally raised as a part of "Development Policy" and the substance of the plan had been examined until the project was actually started in 1998.(郭開·梁季陽·張琢 'South-North Water Transfer Project', with concerns about planning "The Great West Route" "China 21" Vol.8, 2000.5, Fubaisha.)

The upper river basins of two major rivers in China, the Yellow River and the Yangtze River were in the west area. In the early 1990's, desertification became serious in the northwestern part around the upper river basin of the Yellow River. This caused the river drought, "The Yellow River Shear Flow", and showed a serious problem, a lack of water. "Wider Development" for the west had to come in to fulfill an enormous amount of water demand for both

industrial and daily use, however, at that time, the Yellow River could not do meet the need. In order to solve the problem efficiently, a plan to construct big canals to transfer the water of the Yangtze River to the northwestern drought areas began.

Even with these water supply issues, in January, 2000, “National Development and Reform Commission” belonging to the State Council of the People's Republic of China, officially raised “the Great Western Development” as a development strategy and it gained momentum. Along with this, in the following year, 2001, the tenth five-year-plan was started. As a result, about 420 billion Chinese yuan (6.5 trillion Japanese yen) of development type fixed asset investment (mainly for the infrastructure development) was used as the Government expenditure solely for “Development in West Areas” during the 5 years.

After that, from 2006 through 2010, about 800 billion Chinese yuan (12 trillion Japanese yen) was disbursed as well. Adding private enterprise investments to these public investments from the coastal cities, the net development for the “Development in West Areas” spent this past ten years was about 1.5 trillion Chinese yuan (about 20 trillion Japanese yen) .

A related plan to “the Great Western Development”, called “The Eurasian Land-Bridge Plan” was started around 2000. “The Eurasian Land-Bridge Plan”, called “The Eurasian Continent Bridge Construction Plan (歐亞大陸橋建設計畫)” in Chinese, was originally raised as an international cooperation project in 1992. It started as a plan to lay optical cable from Shanghai in the Eurasian Continent going through Xinjiang, central Asia, Turkey, and the Balkans to Frankfurt in Germany. After that, when Mr. Ryutaro Hashimoto served as the Prime Minister of Japan from 1996 to 1997, the Japanese government was supportive about this global project and started to cooperate. “The Eurasian Land-Bridge Plan” has gained importance as a very significant construction plan to connect the Eurasian Continent with good communication and transportation. Xinjiang, Qinghai, Gansu, and Ningxia, located in the northwest of China, were in the center of the geopolitical and were very important development areas with abundant resource reserves such as oil, natural gas and rare metal.

About the same time, another cooperation project, “Yunnan Development and River Mekong Integrated Development(Asia Land Bridge Area Project, 亜細亞陸橋帯)” also came up. Its focus was not on the “West”, but

rather on the southwest, including Thailand in the lower Mekong River and Indochina. Thus, a policy was necessary to narrow the economic gaps between the rich and poor between districts by achieving the integrated development throughout the country, not only areas along the Yangtze River and in the west, but also other areas, North China, North-East, North-West, and the South China area. It was the idea of “Harmonious Society” which was brought up to meet the need.

The concept of “Harmonious Society” was first brought up when the regime transition occurred from Jiang Zemin and Zhu Rongji’s to Hu Jintao and Wen Jiabao’s administration at the 16th Party Congress held in October, 2002. At that time, Hu Jintao’s report brought up “Democratization” as the most important issue because “Harmonious Society” and “Democratization” complement each other both politically and economically. At the 3rd Plenum of 16th Central Party Committee (the 3rd Plenum) held in October, 2003, the necessity of “Democratization” was stressed while the importance of the concept of “Harmonious Society” was reconfirmed.

After the 3rd Plenum, in December of the same year, Hu Angang (Center for China Study Tsinghua University) noted about the concept of “Harmonious Society” that, “The Great Western Development is a transition from Deng Xiao-ping’s ‘some areas must get rich before others’ theory, and the ‘Get Rich Together’ theory (「從 “先富論” 到 “共同富裕論”」『南風窓』, electronic version, December 2, 2003)”. At the 4th Plenum of 16th Central Party Committee held in September, 2004, the realization of “Harmonious Society” was important to enhance the administrative ability of the Party.

While “The Great Western Development”, was linked to narrowing the economic gaps between districts, has been focused to achieve “Harmonious Society” and “Get Rich Together Society”, Development Research Center of the State Council divided China into “Four Main Economic Plates” and “Eight Main Integrated Economic Districts” for the national development along with the eleventh five-year-plan starting the following year. As a result, “Development Policy” for all of China was accelerated, having modified the previous policy focused on the development of coastal cities.

## (2) Vast Public Spending and Demands of “Harmonious Society”

After Deng Xiao-ping’s speech about his southern tour of China, as “Development Policy” started to move, the destruction of forest ecology and pollution caused by the big scale “development” increased, and forced emigration was seen in many places in order to secure land for the development.

Because of this, protests by farmers, laborers and residents whose property was damaged have greatly increased in various places in China. According to the statistics in 1994, about 10,000 of these conflicts occurred, and the total number of people who joined in disputes reached 7.3 million. This number increased rapidly with the determination of “Development Policy” in 2000, and the transition from “Linear Development” to “Wider Development” started. The statistics in 2003 showed that the increase in the number of disputes up to about 60,000, and 30.7 million people have joined in total. These numbers are the ones officially opened to public. Adding the non-public numbers, the numbers of conflicts and people who joined will go up greatly. Obviously, it is said that the acceleration of “Development Policy” and the aggravation of social inconsistency have some cross-correlation.

It is not only that. The acceleration of “Development Policy” started noticeably before the 2008 Beijing Olympics, achieving 1.2 trillion Chinese yuan (about 18 trillion Japanese yen) in development investments. The development included public infrastructure related to the Olympics. Additionally, security spending required due to Tibetan unrest occurred in March, 2008 and the disaster assistance and revival construction from 2008 Sichuan earthquake also hurt the national finances. According to the National Development and Reform Commission’s estimation in October of the same year, government expenditure for Tibetan unrest and Sichuan earthquake was about 1 trillion Chinese yuan (about 15 trillion Japanese yen). Moreover, to deal with the global financial crisis led by Lehman's fall in September, 2008, China tried to maintain its 8% growth rate. Thus, about 4 trillion Chinese yuan (about 60 trillion Japanese yen) went to domestic-demand expansion policies set by the 3rd Plenum of 17th Central Party Committee (the 3rd Plenum) in October, 2008. Around that time, 6.2 trillion Chinese yuan (about 93 trillion Japanese yen) was spent in total.

Obviously, such a large scale fiscal action is not played out only domestically. In fact, its purpose was to gain worldwide leadership while China strived to lead the world economy, maintaining rapid domestic growth during this world crisis when the developed countries such as America and Japan are in the failed state.

The fundamental issue was that such a large fiscal action was not practiced just by the central leadership and the central government. It was obvious and significant to assign tasks to the related departments of the State Council and the local governments. For the east coastal governments especially, it was impossible to avoid tasks such as the transfer of financial and tax revenue sources. As a result, some departments of the State Council and the local governments’ authority to give permission on task ordering and accepting orders became bloated and the concession network expanded. Because of this, some departments and sections of the State Council and local governments have pretended to obey but secretly betrayed the central leadership. Problems

concerning the bribery and corruption of power abuse have become worse.

The 3rd The Plenum held in October 2008, mentioned earlier was not officially reported, but it explained these issues well. Hu Jintao reported the conditions, titling, “Face inside and outside challenges by being aware of fear and crisis”. The report pointed out about the current situation as bellow.

( 1 ) The belief in socialism of 70 million members of the party has been swaying and weakening.

( 2 ) Sectarianism, localism, king of the mountain principles, and concession leading conspirators have been formed.

( 3 ) In some departments and sections of the State Council and the local governments, the superficial obedience toward the central leadership has grown thick.

( 4 ) The bribery and corruption of power abuse by bureaucrats in some departments of the State Council and the local governments is becoming more obvious.

( 5 ) The conflicts between the departments in State Council and the local governments, especially such as public safety, judicial, prosecutor departments and the public are also becoming more common.

The issue (1), called a crisis of belief or faith, has become more serious since the late 1970’s, around the termination of the Cultural Revolution. This phenomenon started 35 years ago and since the beginning of 21st century it has gotten more severe.

When the increase in public spending and decentralization of the transfer of financial and tax revenue sources are demanded at the same time, the maintenance of unity of the nation by the Parties is a key factor. If the economical controls do not work efficiently, clamping or centralization of authority in politics and ideology is required. However, after the dismissal of Deng Xiao-ping, the central leadership that practices collective leadership system cannot handle the ideological centralization of authority practiced during Mao's days. For this reason, political controls were needed instead of economic controls. As a result, this gives too much power to public safety and prosecutor departments, leading to heavy security controls over protests by farmers, laborers and residents. The conflict between the public safety department and the public increases and the situation gets more serious as mentioned in Hu Jintao’s report. Hu Jintao strongly emphasizes the realization of “Harmonious Society” as well as “Being aware of fear and crisis” because the political controls seek more conciliatory and harmonious solutions rather than the aggravation of social conflicts and inconsistency.

### ( 3 ) Conclusions : Theoretical Reflection

In China, “Self-examination” and “theoretical” study about the concept

of “Development” has not been commonly investigated until today. As already mentioned, When “development” became a part of the concept of policy in the 1990’s, differences between this concept of “development” and the concept of “development” in the 1980’s were not “theoretically” discussed at all because Deng Xiao-ping’s speech did not mention the concept of “development.” He just said, “Development is the most undeniable logic”.

Deng Xiao-ping’s words came from “Declaration on the Right of Development” proclaimed by the United Nations in 1986. It stated that "every human person and all peoples are entitled to participate in ... development, in which all human rights...". Inspired by this, “White Paper on Human Rights”, was officially published by the Chinese government in 1991, and emphasized the “right to development” as well as the “right to exist”.

In this regard, generally, the “right to development” has been understood as a countries’ socioeconomic right.

As already seen in detail, Deng Xiao-ping’s speech genuinely sparked “Development Policy” in China. Thus, “Development” referred to “undeniable logic”, and was the sign for the beginning of the “Development Policy.”

Since then, the concept of “to grow” and “to develop” have been mixed up and often used as synonyms. As a result, from Deng Xiao-ping’s speech, “Development is the most undeniable logic” caused a misinterpretation of the facts. Because of this, “to develop”, as well as “to grow”, is affirmed as “human rights”.

Originally, the concept of “to grow” and “to develop” are translations of the English word development. As a verb, “grow” is used as an intransitive verb, while “develop” is used as a transitive verb. In English, the verb, develop function both as intransitive and transitive, and translated as, “to grow” and “to develop”. Of course, English does not have such a distinction. These translations were done first in Japan after World War II, and around 1960 when “Development Assistance” was to be talked about in the world, the distinction became remarkable.

In order to distinguish them, it was important for the transitive verb, “develop” to accompany a subject, a person who develops and an object, a person who is developed. The object “which is developed” cannot show its identity in development process, and then, it is forced to depend the subject “who develops”. That is a problem. On the other hand, the intransitive verb, “grow” obviously has no need to have an object, so it does not cause the “dependency” problem. For these, as Deng Xiao-ping stated, “development”, the “undeniable logic”, was understood as a basic “human right” in the world.

As explained earlier, around 1960, the English transitive verb, develop, was started to refer to “Economic Assistance” for the poor countries and areas and to be translated “develop” in Japanese. To examine the true meaning, it is necessary to go over the international situation from the mid 1950’s.

After World War II, Asian-African Nations(AA), that were under colonial rules, became independent from the western powers and started to become members of the United Nations. Also, at the same time, emerging independent nations in AA were forced to choose to join either the east or the west because of the East-West standoff known as the Cold War.

Then, in April, 1955, the first Asian-African Conference also known as the Bandung Conference took place in Bandung, Indonesia. At the conference, AA emerging independent nations declared not to take part in either the East or West and to be “Non-Aligned”. Since then, AA independent nations are known as “third-world” nations.

However, around 1959, the initiative nations, China and India started to have friction, causing border disputes. AA third-world’s “Non-Aligned” was shaken. In 1960, while tensions between China and India were high, 17 nations in Africa became independent and joined the United Nations. The west nations led by America assisted AA third-world for “development” and prevented these countries from turning red (Communization or socialization), presenting a plan to get the third-world nations into the West. This idea took off, taking advantage of the “United Nations Development Decade (attention: The word, ‘development’ was used)” by John F. Kennedy at the 16th United Nations General Assembly held in September 1961. A similar idea was seen in the “Marshall Plan” employed by the United States soon after World War II as an emergency aid for Greece and Turkey to prevent their turning red. “Development Assistance” was a policy that embodied the Cold War Theory with the leadership of G. Kennan who was the U.S. ambassador to Moscow.

One of the features of the “United Nations Development Decade” is that “Development Assistance” is provided from the west developed countries to the third-world poor countries. Obviously, the third-world emerging nations were included in the countries to receive development assistance; however, they did not meet the conditions to be bearers. “Development” focused on large scale infrastructure development such as building dams and harbors, and the development fund and development facilitation agencies (enterprises to accept orders) were provided by the west developed countries. As a result, hardships and inconsistency explosively came up just like G. Myrdal pointed out as “underdevelopment” problems in his book, “Asian Drama (officially published in 1968), in 1963. AA the third-world nations have specificity in their histories and structures. The discriminatory international trading system and the gaps between developed and undeveloped countries (the gaps between the south and the north) existed for a long time since when they were under the controls of the developed nations. These gaps have been on-going even since their political independence. The “Development” assistance downplays cumulative effects (the

negative legacy). The criticisms said that “Development” assistance could expand gaps between the south and the north and it made it hard for an undeveloped country to escape from poverty.

Yoichi Itagaki expressed the negative legacy, mentioned by Myrdal, as the historical colonial system (“Nationalism in Asia and Economic Development” Toyo Keizai Inc., 1962). The problems in cumulative negative legacy can possibly be solved if “Development” is promoted under the controls of the third-world nations. However, in reality, “Development Assistance” did not make these nations independent.

Myrdal’s argument criticized the Kennedy administration’s economic brain, the “take off” theory reported by W.W. Rostow in 1960. Rostow theory typically emphasized the universal law mechanism in the economic “development”, expressing that “development” can be achieved by going through several phases in terms of time. From this point of view, the gaps between the south and north “development” were caused by time wise gaps, and the countries experiencing the slower “development” would achieve the “take off” phase at some point. The fact that there were some existing historical and structural gaps between the side that “developed” the development and the side to be “developed” were definitely ignored. Rostow and Myrdal’s theories were distinct. Rostow stressed the universal status of “development” while Myrdal focused on historical and structural specificity of “development”. However, the big “trap” was that they both used the English word, develop. The word which had two meanings was mixed-used without understanding the distinct meanings. This confusion can be clearly seen in translations of “to grow” and “to develop”.

Around the same time, the issue, “underdevelopment” was brought up by Andre Gunder Frank and Samir Amin who were critical on “Development Assistance”. This grew “Dependency Theory” in early 1970 and “Peripheral Theory” by I. Wallerstein and others later in 1970. In other words, in “Development Assistance”, the third-world countries which are “developed” are actually forced to “depend” on the west industrialized capitalist nations which develop the third-countries. As a result, the third-world nations are structurally marginalized.

In the field of international economy theory, “Dependency Theory” and “Peripheral Theory” have been generalized as common sense since the late 1970’s. However, China has been fully ignoring “Dependency Theory” and “Peripheral Theory” and trying to enforce large scale “Development Assistance” towards underdeveloped areas inside the country. Why is this?

This was influenced by the big changes in the global economy since the late 1970’s soon after Frank, Amin and Wallerstein’s theories got a lot of attention. Particularly, the third-world countries and areas such as Hong Kong, Taiwan, Korea and Singapore that were underdeveloped and receiving

“Development Assistance” from the developed countries and international organizations have entered the Rostow’s “take off” phase in the economic growth since later 1970’s. These countries and areas have started to be called “Newly Industrializing Economies (NIEs), and are experiencing rapid economic developments. Later in the 1980’s, most of the ASEAN countries including Thailand, Indonesia, Malaysia and the Philippines which were once underdeveloped and getting “Development Assistance” achieved the “take off” phase just like NIEs (Economic Planning Agency of Japan, “The Asian economy 1997”).

These achievements obviously reinforced the idea that “Development Assistance” implemented by economic growth with some inconsistency can be seen on the process of it. This idea has become influential, and was proposed by Kaname Akamatsu (Hitotsubashi University) before the war in the mid 1930’s. After the war in the mid 1960’s, it was proposed with some modifications as “The Flying Geese Paradigm Development Theory”. This idea grabbed the spotlight again, proposed by Akamatsu’s followers, Kiyoshi Kojima and Toshio Watanabe, and became internationally influential in the 1980’s while ASEAN gathered strength. With the influence of “The Flying Geese Paradigm Development Theory”, China tried to adopt this theory.

On the other hand, the United Nations Conference on Environment and Development (UNCED) known as the Earth Summit that took place in Rio de Janeiro, Brazil, in 1992 strongly warned that “Development” destroys “Environment”.

Since China’s “Development Policy” after the 1990’s inevitably caused “dependency” and “marginalization” in extensive regions even before the entire country achieved development because China’s economy is larger than NIEs or ASEAN’s. It is clear that the environmental destruction and the damage to farmers, laborers, and residents will be great. It is possible that this Chinese domestic problem will grow into a worldwide issue. Then, the destruction and the sacrifice may be unrecoverable.

In conclusion, China’s “Development Policy” is a serious issue in countries all over the world, including Japan.