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A Sharp Debate Erupts in China Over Ideologies

By [JOSEPH KAHN](#)

Correction Appended

BEIJING, March 11 — For the first time in perhaps a decade, the National People's Congress, the Communist Party-run legislature now convened in its annual two-week session, is consumed with an ideological debate over socialism and capitalism that many assumed had been buried by [China's](#) long streak of fast economic growth.

The controversy has forced the government to shelve a draft law to protect property rights that had been expected to win pro forma passage and highlighted the resurgent influence of a small but vocal group of socialist-leaning scholars and policy advisers. These old-style leftist thinkers have used China's rising income gap and increasing social unrest to raise doubts about what they see as the country's headlong pursuit of private wealth and market-driven economic development.

The roots of the current debate can be traced to a biting critique of the property rights law that circulated on the Internet last summer. The critique's author, Gong Xiantian, a professor at Beijing University Law School, accused the legal experts who wrote the draft of "copying capitalist civil law like slaves," and offering equal protection to "a rich man's car and a beggar man's stick." Most of all, he protested that the proposed law did not state that "socialist property is inviolable," a once sacred legal concept in China.

Those who dismissed his attack as a throwback to an earlier era underestimated the continued appeal of socialist ideas in a country where glaring disparities between rich and poor, rampant corruption, labor abuses and land seizures offer daily reminders of how far China has strayed from its official ideology.

"Our government only moves forward when it feels there is a strong consensus," said Mao Shoulong, a public policy specialist at People's University in Beijing. "Right now, the consensus is eroding and there is a debate over ideology, which we haven't seen for some time."

The divide does not appear likely to derail China's market-led growth. President [Hu Jintao](#), in what Chinese political experts and party members said was a clear reference to the debate, told legislative delegates last week that China must "unshakably persist with economic reform."

China has generally stuck by its market-opening commitments to the [World Trade Organization](#). [Wen Jiabao](#), the prime minister, has allowed billions of dollars in foreign investment to flow into the once tightly protected financial sector.

Legislative officials insist that the proposed law, which has taken eight years to prepare and is intended to codify a more expansive notion of property rights added to the Constitution in 2003, will sooner or later be enacted, though possibly with some significant modifications.

But Mr. Hu and Mr. Wen wittingly or unwittingly invited the debate when they made tackling growing inequality a center of their propaganda efforts, political analysts say. The state-run news media are abuzz with calls to make "social equity" the focus of economic policy, replacing the earlier leadership's emphasis on rapid growth and wealth creation.

Since his rise to power in 2002, Mr. Hu has also tried to establish his leftist credentials, extolling Marxism, praising Mao and bankrolling research to make the country's official but often ignored socialist ideology more relevant to the current era.

He told party leaders in 2004 to study how Cuba and North Korea maintained political order, party officials say. And he has tried to distance himself from his predecessor, [Jiang Zemin](#), who invited private businessmen to join the Communist Party and was viewed as permitting well-connected officials to enrich themselves with public property at the expense of the poor.

"Hu is himself a centrist who is not really pursuing one agenda or the other," observed a party official who said he could be punished for talking about leadership politics if he were quoted by name. "But he did pull us to the left to restore balance, and that gave the old guard an opportunity it has not had in years."

As a result, analysts say, the leadership may find it harder to pursue market-oriented solutions to some pressing problems, like providing health care to rural residents, grappling with rampant corruption in the state sector, expanding access to education and overhauling banks, insurance and securities companies.

Beijing's new plan to address its rural woes, labeled "building a new socialist countryside," promises an infusion of government cash for peasants and rural areas. But it steers clear of tackling some restrictions on economic activity, like a ban on private land sales in the countryside, that many pro-market economists say have left peasants economically disenfranchised.

"My impression is that allowing an expanded role for the market in education and health care is off the table," said Mr. Mao, the People's University policy expert. "Rural land ownership is also too sensitive to consider now."

The tensions reflect rising concern that breakneck growth averaging nearly 10 percent annually over 20 years has left China richer but also dirtier and, by the standards of the one-party state, politically volatile.

Corruption, pollution, land seizures and arbitrary fees and taxes are among the leading causes of a surge in social unrest. Riots have become a fixture of rural life in China — more than 200 "mass incidents of unrest" occurred each day in 2004, police statistics show — undermining the party's insistence on social stability.

Many Western and some Chinese experts have argued that these problems stem from China's authoritarian political system, and that they will not easily go away until people have a greater say in how they are governed. But the Communist Party and many left-leaning scholars reject that view. They say the ills are caused by capitalist excesses and rising inequality, which they say requires that the government reassert itself in economic affairs.

One measurement of inequality, the gap between the average incomes of urban and rural residents, has risen to about 3.3 to 1, according to the United Nations Development Program, higher than similar measures in the United States and one of the world's highest. A study by the party's Central Research Office estimates that the ratio could rise to 4 to 1 by 2020 if current trends continue, a level some Chinese economists say could incite wider social turmoil.

Such political fears seemed to give an opening to critics who felt economic policies had strayed too far toward capitalism. The strength of leftist opposition had faded throughout the 1990's after [Deng Xiaoping](#), who called economic development "hard truth," and later Mr. Jiang tolerated little ideological discussion of the direction of changes.

Liu Guoguang, a Marxist economist and a former vice director of the Chinese Academy of Social Sciences, stimulated an outpouring of opinions about inequality last summer when he gave a private talk that was transcribed and posted on the Internet. His talk supported the emphasis on growth and development but called for a much larger role for the government in managing economic affairs.

In a subsequent interview with *Business Watch*, a state-run magazine, Mr. Liu said, "If you establish a market economy in a place like China, where the rule of law is imperfect, if you do not emphasize the socialist spirit of fairness and social responsibility, then the market economy you establish is going to be an elitist market economy."

He has been joined by other scholars, including Mr. Gong, whose incendiary polemic on the property law prompted a succession of sympathetic essays and study sessions.

Also contributing to the response is the Hong Kong-based economist Lang Xianping, who has used a television show to pillory what he describes as raids on state assets by managers and foreign investors.

One top official who has come under scrutiny is Zhou Xiaochuan, the central bank governor and a promoter of market initiatives. Mr. Zhou attracted foreign investment to the financial sector, partly delinked China's currency from the United States dollar and steered the three biggest state-owned banks toward stock market listings overseas.

Mr. Zhou was attacked directly in a widely circulated Hong Kong newspaper article and indirectly by commentators in Beijing, who accuse financial officials of selling China's most valuable assets too cheaply.

Ji Baocheng, president of People's University in Beijing, criticized Mr. Zhou's banking changes in a public session of the legislature last week. He cited the big Hong Kong stock market listing of China Construction Bank, which was completed after the government injected billions of dollars to clean up its balance sheet.

Mr. Ji said the government priced shares in the bank too low, given the fresh infusion of capital, and he accused officials of "blindly sacrificing the interests of China and its people."

The government defends the overseas listings as a necessary step to raise capital, attract foreign experts to the boards and executive offices of the troubled banks and put the financial system on sounder footing.

Some pro-market economists, who seemed ascendant in the 1990's and early in this decade and now often sound defensive, have denounced the leftist revival as dangerous. Many also criticize the Hu-Wen administration for micromanaging investment and bank loans, tinkering with property and stock markets and declining to extend market-oriented policies to the countryside.

Zhou Ruijing, a retired newspaper editor associated with the pro-market camp, captured the sentiment in a January magazine essay.

"A widening gap between rich and poor is not the fault of market reforms," he wrote. "It's the natural result of them, which is neither good nor bad, but quite predictable."

Correction: March 16, 2006

An article on Sunday about the ideological debate over socialism and capitalism at the current session of China's legislature gave an incorrect university affiliation in some copies for Mao Shoulong, a public policy specialist who was quoted discussing the erosion of a consensus about ideology. He is with People's University in Beijing, not Tsinghua University.

