Antoine Kernen, *La Chine vers l’économie de marché. Les privatisations à Shenyang*

Gilles Guiheux
Antoine Kernen, La Chine vers l’économie de marché. Les privatisations à Shenyang

Gilles Guiheux

NOTÉ DE L’ÉDITEUR

Translated from the French original by Jonathan Hall

1 Antoine Kernen is a teacher and researcher at the University of Lausanne. This work is the fruit of ten years’ of investigations in Shenyang, the provincial capital of Liaoning. Some of his findings have already been published in China Perspectives. The work as a whole is a monograph focused on Shenyang, a large industrial city in northeastern China where the withdrawal of the state from direct management of the economy has created an unprecedented crisis.

2 The author relies extensively on the local press, with which he is very familiar. He has also made use of research by his Chinese colleagues, and has enjoyed access to a certain number of internal Party documents. In addition, he has included interviews with some local protagonists, such as the unemployed, entrepreneurs and city officials. Kernen has chosen to study the transition from a planned to a market economy not from the standpoint of public policy but from the point of view of the individuals affected by it. This leads him to take an interest in the strategies adopted by the inhabitants of Shenyang throughout the 1990s, which he labels “privatisation from below”.

3 His work takes a stand against the idea that the state is obsolete, by showing that on the contrary it has retained a central role in the transition, even if its means of intervention are being transformed. The privatisations are giving a major role to a new kind of state. The latter is no less interventionist than in the past but acts in a less direct and
centralised manner. On the one hand the government is privatising, while on the other it is developing new interventionist social policies.

The work is divided into two sections. The first is the longer, and covers the actual process of privatisation. The author starts with a sociological study of the provenance of the private entrepreneurs, showing—as is now well known—that the private sector was at first composed of people excluded from the socialist economy, before it expanded to include groups that were better integrated into urban society. Leaving aside the purely ideological issues, throughout the whole of the reform period the state and its administrators succeeded in keeping the private sector surrounded by uncertainty, and this in turn became a management strategy. By such means, the authorities kept the development of the private sector under control, and were able to select its main beneficiaries. The hesitations and uncertainties in policy which marked the development of the private sector impeded any real institutionalisation of its management by the state, but allowed carefully chosen entrepreneurs to profit from their favoured status. This system of distributing favours on a case-by-case basis, however, has prevented the emergence of any group consciousness.

The author’s next step is to address the slow pace in the privatisation of the state enterprises. Here he carries out a sociological analysis, focusing on the participants themselves as they transform their practical conduct. The fact is that the running of these enterprises has improved. Far from being resistant to change, they have been a leading force driving the reforms forward. Even when running at a loss, the state enterprises have sustained and contributed to the transformation, largely by fostering many new enterprises under their protection. The state enterprises have developed productive sidelines, and these have become platforms for individual enterprise and self-enrichment.

The second part of Kernen’s book deals with the role of the state in the transition period. As an agent in fomenting technological modernisation, the central state controls the flow of investments (particularly those from abroad) as well as bank loans. One of the aims of the Shenyang city council has been to develop industrial conglomerates capable of standing up to foreign competition. In addition to their interventionist industrial policy, the city authorities practice economic “localism”, regulating the markets in favour of the local producers.

Finally, the author analyses the means whereby the state manages poverty. Policies to encourage re-employment are at the centre of the city council’s concerns, so the loss of job security due to privatisation is matched by a new commitment on the part of the authorities. In Kernen’s view, the interventionist activity of the Chinese authorities is even more apparent in the way that it takes control over social security than in the field of economic modernisation per se. The state has assumed responsibility for some of the former social obligations of the enterprises, and it is attempting to introduce a more comprehensive system of social security. Its entry into this field arises less from a residual communist consciousness than from a concern with social order. It is a matter of forestalling any potential working class mobilisation.

There are several points that should be emphasised. First among these is the richness afforded by Kernen’s monographic approach. Admittedly, his analysis is narrowly focused on the specific situation of Shenyang, or more broadly that of northeastern China, while other studies have shown that the dynamic forces in play in the new focal centres of Chinese expansion (Zhejiang or Guangdong) are different. But Kernen shows quite clearly
the importance of the local level within the overall Chinese administrative apparatus. Local officials are no longer there simply in order to echo the orders issued from on high, but have now become “leading protagonists in the new methods of rule”. Insofar as the activity of the different administrations varies from province to province, the local level becomes a prerequisite for studying the general re-organisation of the state.

Under the strong influence of theories which emphasise dependency on a prior situation, the author insists on the historical rootedness of the transition. He shows that the individual practices which have contributed towards the building of the market economy are deeply embedded in organisational structures already in place. For example, even amidst their decline, the danwei work units still retain a major role in giving a sense of identity to the urban population, and are still at the intersection of a large number of their social networks. Many city dwellers have relied on this economic and social institution to enable them to work out their own strategies for change.

The high quality of Kernen’s investigation should be emphasised, for it gives a voice not only to the political and economic decision-makers, but also to the victims of their social and economic reorganisation. As an example of this one could cite the pages describing the workers’ demonstration and march to the Shenyang city hall to demand payment of their overdue retirement benefits (pp. 246-247). So the daily activities of the underprivileged, no less than the decisions of the officials in charge, are shown to contribute to the changing nature of the state.

This rich study incorporates many different voices. Even if he does not attach the same importance to it as other writers, Kernen does mention the re-reading of the past on the part of the Liaoning authorities. In Shenyang, just as in the other cities and provinces of China, history is put to work to serve as the basis for projected economic developments. Moreover, the author makes use of Michel Foucault’s ideas on the nature of rule. This allows him to think about the heterogeneous forms of power, and to grasp the privatisation process both as a mutation in the procedures of government and as the formation of a new subjectivity. However, the nature of this new “subject” still needs to be specified. Although Kernen allows us to grasp the new modes of government adopted by the Chinese state, he has unfortunately not given sufficient attention to what he means by the “market economy” or the “private sector” (even though he does stress on several occasions the to-and-fro movements between the private and public sectors, and the difficulty in sticking to a legal definition of private ownership based on the possession of shares). This is most probably because the perspectives with which he began his study were of a political order, but they ended up as analyses in urban and economic sociology. Both of the latter seem to me to be particularly apt approaches to an analysis of the dynamic processes which are transforming contemporary China.

NOTES
