

Minxin Pei, *China's Trapped Transition: The Limits of Developmental Autocracy*. Cambridge, Mass.: Harvard University Press, 2006. 294 pp. ISBN 0-674-02195-9.

In which direction is the current reform process taking China? This fundamental question is the subject of a host of recent works on China. The general consensus seems to be that China is moving away from excessive state control in the economy and patrimonial rule in the political realm towards a market economy and a more pluralistic political order. Some analysts (e.g. Bruce Gilley, *China's Democratic Future*, 2004) argue that this process will eventually bring democracy to China. They maintain that the CCP is doomed and is bound to wither away or will be abolished by new social forces. This thinking is the logical outcome of the so-called transition paradigm, which posits that once a country moves away from dictatorial rule, there is a linear process towards pluralism and democracy.

Minxin Pei's book provides a sophisticated picture of another possible scenario for China's transition. In fact, he argues that there is no transition to speak of, as China is trapped in a system which he alternatively labels a development autocracy, a decentralized predatory state or a cleptocracy. This is a system where the agents of the state are engaged in rent-seeking, corruption and collusion to benefit themselves, their families and their friends. Collusive networks of corrupt officials, often working together with organized criminal groups, are emerging in many parts of China. They form local mafia states that undermine the central state power and will ultimately cause the regime to collapse.

Minxin Pei highlights what he calls the erosion of state capacity in China by discussing the Chinese government's performance in several critical areas: taxation, health and education, enforcement of laws and rules, etc. In all these areas he sees a decline of state capacity. He also argues that the CCP is suffering a decline. He sees this evidenced in the shrinkage of the Party's organizational penetration, in the erosion of its authority, and in the breakdown of its internal discipline.

Minxin Pei is only the latest of a long row of analysts who maintain that the CCP is undergoing atrophy rather than adaptation. However, he seems to overlook the fact that in recent years the Party has introduced a number of internal reforms designed to make it better equipped to rule China in a modern globalized world. Thus a number of measures concerning recruitment, appointment and supervision have been implemented to reform the cadre management system. In 2002 alone, six major documents to reform and regularize cadre supervision and dis-

cipline were published. In 2005 a new civil service law was published further regulating the work of state cadres. As a result of these measures, Chinese cadres are in general much better educated and much younger than during Mao's and Deng's time. There are now strict age and educational criteria for advancing up the various rungs of the career ladder. That the Chinese leadership takes all this very serious was evidenced at the important 4th Plenary Session of the 16th Central Committee in September 2004, where the Party adopted an important 'Decision of the Central Committee of the Chinese Communist Party on Strengthening the Party's Ability to Govern'. A few days later, Vice-President Zeng Qinghong in a lengthy article in the *People's Daily* discussed "the painful lesson of the loss of power" by the communist parties in the former Soviet Union and Eastern Europe. Zeng stressed that improving the governing capacity of the Party and upgrading the quality of the cadre corps would determine whether the CCP would survive or perish. There are many other examples of how the regime debates state and party capacity. In sum, Minxin Pei overlooks the fact that the Party has been engaged in a process of renewal and reform that dates back to the mid-1990s. In this sense, Minxin Pei's study breaks no new ground.

Reading Minxin Pei's book, one wonders how China and its leaders have been able to spearhead an unprecedented economic growth trajectory that has turned China into an economic superpower and lifted millions of Chinese out of poverty. Pei reluctantly admits that this is the case, but he argues that the costs are enormous. The growth rate has been pumped up by high savings and massive shifts of population from agriculture to industry. Such high investments rates can propel growth 'even though the economic system remains relatively inefficient'. In his mind, Chinese growth is not high-quality growth but low-quality growth, since it is achieved at the expense of rising inequalities, underinvestment in human capital, damage to the environment, etc. Pei predicts that the 'pathologies of a trapped transition will have a material impact on macroeconomic performance in future years' (p. 209), i.e. China will not be able to sustain the current economic hypergrowth for very long.

As indicated above, Pei's book reminds us that perhaps the academic discourse on China operates with the wrong paradigm. This is a paradigm (the transition paradigm) that is rooted in the assumption of China's inevitable political change brought about by rapid economic development and the concomitant development of new social groups. Some scholars within this paradigm even predict that when countries reach a certain income level, democratization is bound to occur. De-

mocratization processes in South Korea and Taiwan and other emerging economies seem to substantiate these assumptions. In the 1990s, the paradigm of a China headed for political change also attracted the business community. Thus many multinational corporations defended their increasing business with China by arguing that increasing economic interaction and trade would be the key that would unlock the door towards liberalization and democracy. Similarly, when the George Bush and Bill Clinton administrations extended most-favoured nation trade benefits to China, they argued that increased trade would integrate China in the world economy and thereby help bring political liberalization to China.

China's Trapped Transition would argue that this is not a likely scenario. First, the economic gains in China will be appropriated by a layer of rent-seeking party and state officials. Second, the instability of the regime will prevent economic gains from being translated into political gains. The present leaders are primarily interested in rent-seeking and will seek ways of securing their profits in time. Says Minxin Pei: 'One of the lessons many Chinese elites learned from the fall of the Soviet Union was that they should have an exit strategy and insurance policy' (p. 154). Therefore, by implication, China will collapse before it becomes democratic.

What if Minxin Pei is wrong? What if China manages to continue on its current economic path and its political system does not change in any fundamental way? What if the Party manages to revitalize itself and succeeds in improving its governing capacity? What if, thirty years from now, a wealthier China continues to be run by a one-party regime that continues to refuse open and organized political dissent, and yet is even more intertwined with the rest of the world in terms of trade, investment, and other economic ties? This is what James Mann recently has called the Third Scenario and what Thomas Carothers calls 'dominant-power politics'. Carothers maintains that most existing transitional countries are stuck in a grey zone where they are neither clearly dictatorial nor clearly headed towards democracy. They get stuck in the transition process, so to speak. In this sense, neither the transition paradigm nor Pei's version of China's trapped transition will come true and the world will be faced with new theoretical and practical challenges in coming to terms with 'China's rise'.

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