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China at the Tipping Point?

TOP-LEVEL REFORM OR BOTTOM-UP REVOLUTION?

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The People's Republic of China (PRC) has been troubled of late by widespread social unrest, slowing economic growth, and rampant official corruption as revealed by the Bo Xilai scandal. Less obvious to the outside world, however, have been the two sharply contrasting and controversial perspectives on the country's near- to medium-term future that are now locked in mutual contention. These two rival scenarios reflect fundamentally different assessments of the socioeconomic situation and likely political trajectory of the world's most populous country.

The first scenario envisions an abrupt bottom-up revolution. This assessment has recently generated much heated intellectual and political debate in the PRC. In December 2011, the thirty-year-old best-selling author Han Han (China's most popular blogger whose site has registered well over 580 million hits) posted a now-famous essay titled "On Revolution."¹ Although Han argues that "revolution is hardly a good option for China," his intriguing view of the choice between reform and revolution has pointedly reflected—and greatly enhanced—the public awareness of the risk of revolution in the country.

Additionally, one of the most popular books in PRC intellectual circles today is the Chinese translation of Alexis de Tocqueville's 1856 classic *The Old Regime and the Revolution*. One frequently quoted passage is Tocqueville's argument that revolutions usually occur not when the old regime resists change, but rather when it begins to attempt reform only to find expectations outstripping any possible rate of improvement.

The second scenario is reform from above, which Chinese Communist Party (CCP) elites often refer to as "top-level reform" or the "top-level design of reform" (*gaige de dingceng sheji*). The latter term was first

heard at a top CCP leadership meeting in October 2010.² It is related to the leaders' newfound understanding that China is now in "deep water" with regard to reform, and can no longer afford to "cross the river by feeling the stones," as the Chinese expression goes. Improvised reform, in short, needs to give way to a more methodical and more profound set of changes. Moreover, with so many of China's present-day socioeconomic problems growing out of impasses and obstacles within the political system, basic political reform will have to be part of the agenda as well.

According to those who call for top-level reform, China needs better coordination between socioeconomic policy and political development, along with structural changes that are more coherent. The older, bottom-up approach that stresses grassroots elections must yield, they say, to a new roadmap that includes intra-CCP elections to choose national-level Party leaders, enhanced institutional checks and balances, and judicial reform.³

It is critically important for foreign analysts to grasp the ongoing Chinese discourse in three key areas: 1) the impact of the Bo Xilai crisis on China's political trajectory, 2) possible triggers for sociopolitical uprisings and initiatives, and 3) institutional safeguards with which the CCP leadership may open the way to systemic change. Foreign analysts need to rethink the thesis of "authoritarian resilience," a predominant view in overseas studies of Chinese politics which argues that Chinese authoritarianism is "resilient" or "strong."⁴ This view underestimates both the inherent vulnerability in the one-party system and the growing resentment that the public feels over CCP leaders' enormous power and wealth.

1) *Bo Xilai and the Illusion of CCP Meritocracy.* In 2012, the Bo Xilai affair put the political system's deep flaws on display. Although the CCP has been guilty of political repression and grave mistakes during its long rule, its senior leaders have generally not been known for gangland-style murders. But now Bo's wife has been convicted of plotting the murder of a British business associate; and Bo's former lieutenant, the police chief of Chongqing, has also been found guilty of abusing his power. The public is left wondering: What expectations of impunity moved Bo, well known as Party chief of Chongqing and a rising star in top CCP ranks, to engage in the misdeeds alleged on his long charge sheet? How could this iron-fisted leader, most famous for cracking down on organized crime in Chongqing, have been running the city's police force in a lawless and at times outright criminal fashion?

The current CCP leadership dismisses these incidents as "isolated and exceptional," but many PRC intellectuals argue that rampant official corruption, especially when involving relatives of senior Party leaders, exemplifies an especially decadent form of crony capitalism that of late has become more the rule than the exception.⁵ In addition to the Bo scandal, another separate and pending corruption case—one that involves former top officials of the Railways Ministry taking

bribes totaling several billion U.S. dollars—has vividly shown the public that national-level elite corruption is occurring at a scale never seen before.⁶

One of the official charges against Bo is that “he made erroneous decisions in the promotion of personnel, resulting in serious consequences.” Chinese critics find this charge particularly ironic, asking why those who promoted Bo should not also be held accountable for their own even greater “erroneous decisions.” In a dramatic and astonishing way, the Bo imbroglio belies the notion—so central to the authoritarian-resilience thesis—that the CCP elite is in any way a meritocracy. In the eyes of the Chinese public, the current method of selecting PRC leaders—with its nepotism, patron-client ties, “black-box” manipulation by political heavyweights, fake academic credentials, and even the use of bribes to “purchase office” (*maiguan*)—looks to be based on anything *but* merit.⁷ The legitimacy of the CCP leadership as a whole is now in doubt. Bo’s trial (expected to occur sometime in 2013) may turn into a trial of the CCP’s monopoly on power, which made Bo’s decade of abusing his authority possible in the first place.

It should be noted that Bo still has a significant number of supporters in China. His strongly nationalist views, his tendency to use violence to resolve socioeconomic conflicts, his pronounced hatred of the rich, and his reputation as a leader who can get things done are traits that resonate deeply with some groups in Chinese society. Furthermore, unless China profoundly changes its method of governance, demagogues even more brazen and despicable than Bo may well arise in the future.

2) A Bottom-Up Revolution in the Making? The CCP legitimacy crisis that the Bo incident has sparked is, of course, not the only factor that could lead to a sociopolitical uprising. After more than two decades of remarkably rapid economic growth, China has recently experienced a slowdown. This downturn is not only born of political bottlenecks, but will further reveal flaws in the PRC’s authoritarian system and thus become a trigger for political crises. The growing oligarchic power of state-owned enterprises, especially gigantic flagship companies, is widely viewed as driving massive corruption, crowding out private investment, shrinking the middle class, and stalling the innovation that China must achieve if it is to make the transition from an export-led economy to one oriented toward consumption and innovation.

The sense of political uncertainty—and fear of socioeconomic and other disasters—is on the rise in China. Many worry about environmental degradation, public-health hazards, and all manner of public-safety problems. Anxiety and discontent touch all socioeconomic classes. The large flow of capital leaving China in recent years is a signal that the elites themselves lack confidence in the country’s political stability.

According to a 2011 report by Global Financial Integrity (GFI), from 2000 to 2009 China's illegal capital outflow was the world's highest at US\$2.7 trillion.⁸ The latest GFI report, released in October 2012, showed that cumulative illicit financial flows from China totaled a massive \$3.8 trillion for the period from 2000 to 2011.⁹

Middle-class anger at government policies has become increasingly evident in recent years. An unemployment rate of about 20 percent among recent college graduates (who usually come from middle-class families and are presumed to be members of China's future middle class) should send an alarming signal to the Chinese government. Given how hard it is to get a small-business loan, the opaque and poorly regulated nature of the Chinese stock market, and the general lack of investment opportunities, middle-class savings have flowed heavily into real estate. The nightmare of a bursting property bubble is a real possibility: Some regions are dotted with massive but tenantless areas of new construction known as "ghost cities." A study conducted by the Beijing Municipal Security Bureau revealed that there are 3.8 million vacant housing units in the capital alone.¹⁰

Lower down the social scale, the manual-labor shortage that has hit some coastal cities in recent years reflects the growing awareness of individual rights among "vulnerable social groups." Migrant workers especially will move from job to job seeking better pay. Yet China's urbanization policy is noticeably unaccommodating to migrants. Such workers resent seeing middle-class families with multiple homes and corrupt officials or rich entrepreneurs who buy costly villas for their mistresses.

Given the CCP elite's interest in preserving its own grip on power, it is no surprise that the police have become more powerful, with an influence over socioeconomic policy that matches their bigger budgets. The total sum spent on "maintaining social stability" now exceeds the amount spent on national defense.¹¹ The growing power of the police has also created a vicious circle in which the more fiercely the police suppress unrest, the more violent and widespread it grows. With all the sources of social resentment, possible triggering factors, and disturbing trends, one should not be too quick to disregard the scenario of a bottom-up revolution.

3) Will Intra-Party Democracy Work? Given the ominous portent of the Bo Xilai crisis and its airing of the CCP's dirty laundry, as well as many other sources and triggering factors for bottom-up revolution, what are the prospects that the CCP leadership will act to save itself by undertaking systemic political reform? Does the Party have a chance?

Since the era of Deng Xiaoping (and especially in the last ten years), a few institutional reforms designed to promote intra-CCP democracy have been gradually put into place. Authorities and the state-run media

often speak of “intra-Party democracy” as a byword for institutionalized checks and balances within the CCP. In September 2009, the Fourth Plenary Session of the Seventeenth Central Committee called for promoting democracy within the Party and characterized intra-Party democracy as the “lifeblood” of the Party and the principal determinant of whether the CCP would be able to maintain its position of primacy in the future.

It is understandable that CCP leaders and their advisors are inclined to pursue democratic experiments within the Party, or in other words, to carry out political reform in a way that is incremental and manageable. The CCP is the world’s largest ruling party, consisting of 4 million grassroots branches and 83 million members. In the absence of any organized opposition, one can hardly expect China to suddenly adopt a multiparty political system. Under these circumstances, a form of intra-Party democracy—one characterized by elite competition, balance of power among factions, and links to distinct interest groups in Chinese society—may well be a more realistic way to promote democracy in the country.

The path to democracy varies from nation to nation, and depends largely on a country’s historical and sociopolitical circumstances. Chinese leaders and public intellectuals have every right to argue that the PRC’s version of democracy will, and should, have its own distinct (or even unique) features. After all, the democratic regimes that one finds in India, Indonesia, the United Kingdom, and the United States are distinct from one another in significant ways. Moreover, it is even possible for a democracy—Japan is an example, as is Mexico—to undergo lengthy stretches of one-party government without losing the right to be called a democracy. A dynamic interplay of checks and balances among ruling-party factions is often a key to this achievement.

In China today, intra-CCP democracy is more than just rhetoric. A number of important institutional developments have already changed the way that China’s political elite does business. Holders of top posts in both the Party and the state now serve terms capped at five years, and no official may serve more than two terms. Leaders above a certain level cannot exceed a set age limit. For example, all CCP Central Committee members who were born before 1940 retired from that body at the 2007 Party Congress. Similarly, all Central Committee members who were born before 1944 retired from that body at the 2012 Party Congress. The CCP has endorsed a method known as the “more candidates than seats election” (*cha’e xuanju*) in order to choose members of the Central Committee and other higher bodies. These rules and norms not only spawn a sense of consistency and fairness in the selection of leaders, but also speed up turnover within the elite.¹²

Such experiments in intra-Party democracy, however, have made little progress since 2009. The scope and scale of intra-Party competition have not increased much over the past two decades. Despite promises to

the contrary, top posts at various levels are still not filled by means of multicandidate elections.

Yet it remains important that the CCP leadership is now structured around two informal coalitions or factions that check and balance each other. This is not the kind of institutionalized system by which, say, the U.S. government's executive, legislative, and judicial branches check

The CCP leadership is now structured around two informal coalitions or factions that check and balance each other, a major departure from the strongman traditions of the Mao and Deng eras.

and balance one another. But it does represent a major departure from the strongman traditions of the Mao and Deng eras, and it is reshaping the inner workings of high-level intra-Party politics in China.

The two groups can be labeled the "populist coalition," led by outgoing president Hu Jintao, and the "elitist coalition," which emerged during the Jiang Zemin era and is currently led by Jiang's top protégés. At the Eighteenth Party Congress in November

2012, Xi Jinping from the elitist faction became the secretary-general of the Party, and Li Keqiang from the populist faction was designated to become China's premier. This division of power is sometimes referred to as the "one party, two coalitions" political mechanism.

These two coalitions represent different socioeconomic and geographical constituencies. Most of the top leaders in the elitist coalition, for instance, are "princelings" from families of veteran revolutionaries and high-ranking officials. These princelings often began their careers in rich and economically well-developed coastal cities. The elitist coalition usually represents the interests of China's entrepreneurs.

Most of the populist coalition's leading figures, by contrast, come from less-privileged families. They also tend to have accumulated much of their leadership experience in less-developed inland provinces. Many of these leaders began their respective climbs up the political ladder via leadership in the Chinese Communist Youth League (CCYL) and are known as the *tuantai* (League faction). The populists often voice the concerns of vulnerable social groups such as farmers, migrant workers, and the urban poor.

Leaders of these two competing factions differ in expertise, credentials, and experiences. Yet they understand that they must find common ground in order to coexist and govern effectively, especially in times of crisis—and now is such a time. A factional leader such as the princeling Bo Xilai may fall due to scandal, but the factions themselves are too strong to be dismantled.

The rise of a subdued form of Chinese "bipartisanship" within the leadership may still not be enough to save the CCP, however. Cutting

deals, sharing power, and arriving at compromises can be hard. Moreover, the presence of more candidates than there are seats to fill naturally creates a sense of winners and losers. Nor are contentious issues lacking: There are serious disputes brewing over how best to distribute national resources, the optimal methods for fighting corruption, the establishment of a public healthcare system, the construction of more affordable housing in the cities, and the reform of finance and of rural landownership. Can a consensus on these matters wide and strong enough to support effective governance be formed? The question remains an open one.

China's much-needed political reform may be delayed due to the strong resistance from some conservative leaders and vested interest groups such as state-monopolized large firms. Public demand for a more competitive, more institutionalized, more transparent political system will, however, only become stronger. Factional competition and cooperation in the top leadership may be all the more consequential because they are in accord with what important new stabilizing forces—none of which existed in 1989—desire for China. Along with a larger middle class, the country has a more assertive legal profession that argues for constitutionalism and strong measures to curb corruption and abuses of power. The media, too, are more commercialized and influential, and social media have achieved a level of pervasiveness that no one could have imagined only a few years ago.

Various other interest groups, including foreign business lobbies, have become more numerous. Most important, there is a widespread perception that China, its current economic problems notwithstanding, is on the rise rather than the decline. All these factors should enhance public confidence that a political transformation could go well and point in the direction of a freer and more open China.

The competitive dynamics within the collective CCP leadership, meanwhile, should have the effects of making lobbying more transparent, factional politics more legitimate, rules and laws more respected, elections more genuine, and elites more accountable and representative. Could the CCP itself split formally into elitist and populist camps? It is not difficult to imagine this happening. In the best case, the split will be more incremental than traumatic, violence will be absent or minimal, and the example of elections and competition within the CCP will, via a classic "demonstration effect," promote the cause of general elections for the whole country.

Over the next decade or so, the Middle Kingdom's future will hinge on the dynamic between the fear of revolution and the hope for political reform. The threat of revolution from below may push the elite to pursue incremental yet bold political reform. Should reform fail, however, revolt may well be the upshot. And the unfolding drama, wherever it leads, will undoubtedly have profound ramifications far beyond China's borders.

NOTES

1. “On Revolution” was one of the three articles of Han Han’s series, which he wrote on the eve of 2012; the other two were “On Democracy” and “On Freedom.” http://blog.sina.com.cn/s/article_archive_1191258123_201112_1.html. For more discussion, see Eric Abrahamson, “Han Han’s U-Turn?” *International Herald Tribune*, 26 January 2012, available at <http://latitude.blogs.nytimes.com/2012/01/26/blogger-han-han-controversy-on-democracy-in-china>.

2. Zou Dongtao, Zhou Tianyong, Chi Fulin, and Li Zhichang, “Dingceng sheji—Gaige fanglie de yige zhongda fazhan” [Top-level design: Reform’s important strategic development], *Beijing ribao* [Beijing daily], 24 January 2011, available at <http://theory.people.com.cn/GB/13796713.html>.

3. Liu Junxiang, “Jingying minzhu—Zhongguo dingceng zhenggai xiwang” [Elite democracy: The hope of China’s top-level political reform], *Wenzhai* [Digest], 22 October 2012, available at www.21ccom.net/articles/zgyj/xzmj/article_2012102269487.html.

4. David Shambaugh, for example, observed that the CCP is a “reasonably strong and resilient institution.” *China’s Communist Party: Atrophy and Adaptation* (Washington, D.C.: Woodrow Wilson Center Press, 2008), 176. See also Andrew J. Nathan, “China’s Changing of the Guard: Authoritarian Resilience,” *Journal of Democracy* 14 (January 2003): 6–17; and Alice Miller, “Institutionalization and the Changing Dynamics of Chinese Leadership Politics,” in Cheng Li, ed., *China’s Changing Political Landscape: Prospects for Democracy* (Washington, D.C.: Brookings Institution Press, 2008), 61–79.

5. In March 2012, for example, Renmin University political scientist Zhang Ming launched a strong critique of widespread official corruption. It would take the foreign media another few months to begin tracing the “family trees” of crony capitalism among the Chinese leadership. See Zhang Ming, “Zhongguo xiang he chuqu?” [Whither China?], *Ershiyi shiji* [Twenty-first century], 3 March 2012. For the CCP authorities’ effort to make the Bo case “isolated and exceptional,” see Sina News, 25 May 2012, available at <http://news.sina.com.hk/news/1617/3/1/2673095/1.html>.

6. See Evan Osnos, “Boss Rail: The Disaster That Exposed the Underside of the Boom,” *New Yorker*, 22 October 2012, available at www.newyorker.com/reporting/2012/10/22/121022fa_fact_osnos#ixzz2Abq3Ok1l.

7. See Minxin Pei, “The Myth of Chinese Meritocracy,” *Project Syndicate*, 14 May 2012, available at www.project-syndicate.org/commentary/the-myth-of-chinese-meritocracy.

8. *Shijie ribao* [World journal], 20 April 2012, A4.

9. Dev Kar and Sarah Freitas, “Illicit Financial Flows from China and the Role of Trade Misinvoicing,” *Global Financial Integrity*, Washington, D.C., October 2012, iv.

10. Jia Lynn Yang, “As China’s Growth Lags, Fears of a Popping Sound,” *Washington Post*, 3 October 2012, A16.

11. In 2009, the regime spent 532 billion yuan to defend against foreign threats, and 514 billion to keep domestic order. In 2012, the figures were 670 billion yuan for the military and 702 billion for “stability maintenance.” See “Kanshou Chen Guangcheng” [Watching Chen Guangcheng], *Shijie ribao* [World journal], 3 May 2012, A4.

12. On these political experiments, see Cheng Li, “Leadership Transition in the CPC: Promising Progress and Potential Problems,” *China: An International Journal* 10 (August 2012): 23–33.