



No. E2009006

2009-10

## A Chinese Way of Democratization?

Yang Yao

National School of Development

&amp;

China Center for Economic Research,

Peking University

[yyao@ccer.pku.edu.cn](mailto:yyao@ccer.pku.edu.cn)**No. E2009006      Oct. 16, 2009**

Abstract: With an equal social structure, China seems to be better prepared for a functioning democracy than other developing countries. It has stayed authoritarian because the CCP has successfully diverted the demand for democratization through tactics of economic growth, expansion of civil liberty, and selective accountability. However, the results of these tactics inevitably bring about forces and elements arguing and even fighting for democratization. As a result, there are more democratic elements in China than people usually believe and these elements are growing. China's path to democratization may prove to be appropriate taking into account China's recent history and cultural heritage.

## **A Chinese Way of Democratization?**

Democracy is regarded as a worthy value by most Chinese people including the top leadership, yet in the last several decades it seems that there has been no progress toward to a democratic China. This paper starts by arguing that China is actually better prepared for democracy than most other developing countries in terms of preparations in social structure. Social inequality and ethnical division are frequently found to be the most damaging factors for a functioning democracy (Keefer, 2006). China is the only developing country that has had a series of revolutions that eradicated the old social structure dominated by closed elite controls. The ensuing equal social structure prepares China for an open society. However, a functioning democracy --- that is, a democracy that is characterized not only by regular elections, but also by the delivery of accountability under constitutional rules --- takes time to take root in a country, very much like what had happened after the British and French revolutions. The first thirty years of the People's Republic of China were a detour in many aspects, but they might also be inevitable from a historical perspective. The second thirty years of the People's Republic have witnessed a complex path with forces searching for various directions. The ruling party, the Chinese Communist Party, or CCP, has deployed a growth-centered strategy to divert popular demand for democratization. With sustained economic growth and auxiliary expansion of civil liberty, this strategy has largely worked and the majority of the Chinese people seem to be contented with the authoritarian rule of the CCP. Along the way, the party has institutionalized itself by setting up rules for internal decisions and successions, enlarging its membership, and sharing power with its core members. Most importantly, it has transformed itself from a proletarian party to a party without a real political ideology.

However, the growth-centered strategy and expansion of civil liberty have brought about forces that have led or will lead to democratization. The CCP has had to give a considerable range of freedom to ordinary people in order to sustain economic growth. While it pacifies a large portion of the population, more freedom gives

people opportunities to develop diverse objectives. A rising middle class and a deeper civil society are planting the soil for a more tolerate political atmosphere. This trend is, paradoxically, helped by the growth-centered strategy's reliance on a powerful government to generate economic growth. Infringements of citizens' rights are common in the name of economic growth. This often leads to backlashes from the people being infringed and the rise of civil groups in the process of people's resistance. More significant but quieter changes are happening inside the people's congress, China's legislative body. Responding to people's calls to monitor the large government revenue, "following the money" has begun to become one of the central themes of the congress and has the potential to impose accountability on the government. All these developments are likely to lead to a more institutionalized relationship between the CCP and the society. Like the British monarch after the Glorious Revolution, the CCP is becoming more likely to be held accountable for what it does toward the society. The difference is that it may take a shorter time for China to move to a full-fledge democracy than it took for Great Britain --- there were 231 years between the Glorious Revolution and 1919 when British women got their voting rights.

The path to democracy is not predesigned in China; but it may turn out to be an appropriate one precisely because it is not designed. A designed path often entails abrupt changes. Democracy was imposed by the departing colonists in most developing countries. It then takes a long time for a functioning democracy to take roots in those countries. The Chinese way of democratization is "to love before getting married", and the way of democratization in other developing counties is "to marry and then to learn to love." Both ways may work, each fitting to the historical context it emerges from.

The rest of the paper is organized as the follows. Section I provides a review of the relationship between social preparations and functioning democracies and shows evidence that China is well prepared in this aspect. Section 2 discusses the formation of the CCP's growth-centered strategy and how it has led to the expansion of civil liberty and deferred the demand for democratization. Section 3 then turns to explore

the forces that the growth-centered strategy has brought about to have taken China onto the path of democratization. It will also discuss the changes within the CCP that may enhance the accountability of the government. Section 4 concludes the paper by putting China's path of democratization into an international perspective.

### **I. Social Preparations for Democracy**

Democracy can fail in many ways, but it is its failure to deliver accountability and responsiveness on the part of the government that has plagued many developing countries in peaceful times. Yet in its abstract form democracy should have a built-in mechanism to guarantee accountability and responsiveness, that is, government officials would be voted out of office if they did not follow the rules, fulfill their promises, or respond to citizens' calls. Democracy fails on this count primarily because of persistent social inequality and the dire consequences it brings to the society.

Most northern countries, Great Britain, France, Spain, and Russia in particular, had a revolution before they became democracies. Revolutions helped these countries to start a transformation from the ancient society to the modern society. This is by far the greatest transformation in human history. With it, human beings have escaped a state of tyranny, ignorance, superstition, and misery. This is an ongoing transformation; some countries have nearly completed it, but most others have barely started it. Most developing countries belong to the second category.

The consequences of the revolutions in the northern countries are profound and beyond the scope of this paper and the capability of this author to provide even a minimal account. What is relevant here is that these revolutions have served to break up the old social order centered at elite control. This was not only evident in the French and Russian revolutions, but also manifested in the British Revolution in which the fights were mainly between the parliamentarians of the newly emerged merchant class and the old elements of the king and his nobility. Although it took a long period for the old elites to recede from the stage, the revolutions had set a decisive tone for changes.

In most developing countries democracy was imposed by the colonists when they left. The old social elites had an obvious advantage from the very beginning. The colonists deliberately used the local elites to rule their colonies and thus well preserved the old social structure toward the day they left. Elite control thus becomes endemic in newly established democracies. There are important distinctions between social inequality and economic and political inequality although they are linked closely. Social inequality is the kind of inequality that is static and resilient to changes. Old social structures are characterized by identities that people carry for lifetime. Social elites thus are exclusive and stable. Economic and political inequality can be made transitory in modern times through personal endeavors and political movements. Indeed, much of the economic and political inequality is linked to social inequality in most developing countries.

Empirical studies have found that the failure of democracy to deliver accountability and responsiveness is related to the manipulation of the politicians, uninformed citizens, and marginalization of certain groups of people (Keefer, 2006). All of them are related to social inequality. Most politicians in developing countries come from the social elites that usually control the media as well as the government and economic activities. Even when they do not come from any elite social groups, it is often found that they quickly form an alliance with the elites because this is the safest way for them to gather and stay in power, or they themselves become a closed new elite group. Manipulation of votes and keeping citizens uninformed or misinformed become much easier in a society of social inequality. In addition, marginalization is often a direct consequence of social or ethnic exclusion.

Another factor that hinders the delivery of accountability and responsiveness in developing countries is the prevalence of populist movements. This sounds an odd assertion because populist movements press the government to attend to the interests of common people. Yet a minute's pondering would make sense of it. Populism often leads to excessive redistribution which in the long run reduces the ability of the government to redistribute. This often presses the government to take damaging moves, such as nationalization, inflation, and even blunt expropriation, to

keep up with the demand of redistribution. Populist movements also give politicians chances to manipulate elections. Riding the tide of populist movements often provides the ticket for shrewd politicians to get elected. Yet one has to realize that populism finds the most fertile soil in a socially unequal society. Ordinary people want to have redistribution not because they are poorer than the rich, but mostly because they feel that the rich accumulate their wealth without much of their own endeavors, but rather based on their advantageous social positions, initial ownership of assets (especially land), or unlawful behavior. Worse than that, future gains of investment are also likely to be controlled by the rich. As a result, immediate redistribution becomes an optimal choice of ordinary people.

In summary, social inequality undermines democracy because it leads to a government that either serves the interests of the social elites, or is prone to be hijacked by populist movements, or both. In this regard, China is better prepared than other developing countries. China is the only developing country that has had a substantial social revolution. The *xinhai* revolution led by the nationalist Sun Yet-sun in 1911 overthrew the Qing dynasty and ended two thousand years of absolute despotism. The 1919 May-fourth Movement then shattered the moral and cultural foundations that despotism rested on. Finally, the 1949 communist revolution overturned the Chinese social structure upside down, completely leveling off the social ground. The ensuing thirty years of the People's Republic had reinforced social equality in almost every front. The land reform, although it was bloody, had realized the Sun Yet-sun's dream of "land to tillers", and the subsequent communization, with all its dire consequences in other aspects, had made every rural resident completely equal in terms of asset holding. Through legislation (noticeably the Marriage Law), education, and participation in employment, women had substantially elevated their status. Education used to be a factor defining a person's social status, especially in the countryside; the spread of primary education had brought people to a considerably equal footing. This also happened in health care, thanks to the establishment of an almost universal, albeit preliminary, health care system in the countryside. Last but not the least, the egalitarianism built in the socialist

remuneration system had instilled a strong sense of equality in the mind of the Chinese people in addition to creating an economically equal society. This sense of equality, with all its possible connotations associated with jealousy and other detrimental effects, has constrained the emergence of extreme inequality in China.

Conservatives in China argue that China would have been a much better place if the revolutions of the first half of the twentieth century had not happened at all. They believe that a constitutional monarchy was about to emerge when *Xinhai* Revolution erupted. Indeed, the royal family of the Qing dynasty announced a plan to establish a constitutional monarchy in 1908. In addition, the Chinese legal system was more in line with the British common law system than with the continental legal system that China eventually adopted through Japan. However, a revolution was inevitable at the time. China had been humiliated by foreign powers for decades and the Qing government had not shown any signs of improvements. The fact the Qing dynasty was a Manchu dynasty only fueled up nationalist sentiments among the Han elites. Indeed, *tong-meng-hui*, the predecessor of the *Kuo-ming-tang* (The Nationalist Party), both led by Sun Yet-sun, was a nationalist party whose aim was to overthrow the Manchu rule.

If China is better prepared for democracy, then the inevitable question is: Why is China not a democracy today? First we have to realize that the absolute rule of the CCP in the first thirty years of the People's Republic was not unusual among the aftermaths of revolutions in other countries. Both the British and French Revolutions had episodes of absolute rules. The chaos created by a revolution often invites absolute rules. Then the question is why democracy has not come today after thirty years of reform and the erosion of the CCP's absolute power. In the next section I will try to answer this question from several aspects.

## II. Why Is Popular Demand for Democratization Low in China?

### ***Democratic movements in the 1980s***

The Chinese economy was at the verge of an eminent collapse after Mao's death in 1976. The growth rate of the national economy declined steady in the first half of

the 1970s and finally became negative in 1977. More seriously, agricultural output declined in both 1976 and 1977 causing serious problems in food supply. It looked quite likely that another famine --- after the unprecedented Great Famine in the period 1959-1962 --- was looming large onto China. The urgency of a major crisis had definitely played a role in leading to the rural reform that ultimately dismantled the commune system in 1984 (Yang, 2006). On another front, the normalization of the Sino-American relationship since Nixon's visit to China in 1972 had opened a window for the Chinese leadership to observe the achievements of the advanced capitalist countries. The observations brought back by visiting government officials showed a decisive defeat of China in the race between socialism and capitalism. Even the radical elements in the party realized that the CCP's legitimacy was in danger if people's living standards were not raised. Economic growth thus became a consensus within the party.

A spontaneous democratic movement began in the same time when the party began to depart from its radicalism. The famous Xidan Democratic Wall appeared in this period. People put posters on one wall close to the commercial street Xidan to discuss democracy. Inside university campuses, democratic elections were being held to elect student union leaders and people's delegates to the local people's congresses. One theory believes that this movement was able to survive for a period of time because the moderates inside the party wanted to use it to force the party radicals, who were in power at the time, to step down. Indeed, the movement was quickly cracked down after the moderates dominated the party in the third plenary of the 11<sup>th</sup> party congress, now widely regarded as the starting point of economic reform in China.

However, popular demand for democracy continued in the 1980s. The most significant economic growth came from agriculture in the early 1980s because real reform only happened in the countryside. The urban-rural income gap dropped from 2.7 times in 1978 to 1.8 times in 1985.<sup>1</sup> Urban people grew increasingly

---

<sup>1</sup> The official website of the National Bureau of Statistics (NBS), China: [www.stats.org.cn](http://www.stats.org.cn).



disenchanted. The demand for more political freedom was encouraged by the political transformation happening in the Soviet Union under Gorbachev. In the meantime, the strategic alliance between China and the United States brought a side effect to the Chinese society, especially among young students; the American model was increasingly taken by young people as the ideal political system. Starting in 1986, university students began a series of demonstrations, first to show self determination and then to demand for democracy. The two party secretaries at the time, Hu Yaobang and Zhao Ziyang, were largely sympathetic with the democratic movement. But their management of the economy did not yield satisfactory results; China had an inflation rate of 18% in 1988,<sup>2</sup> an unprecedented number reminding the Chinese people of the hyperinflation at the end of the 1940s under the Nationalist rule facing a decisive defeat by the Communists. Altogether, these events ultimately led to the 1989 student movement. In the meantime, great changes were happening in Eastern Europe and Soviet Union; the communist regimes collapsed one after another and some of their leaders were even executed. The reaction within the CCP was split. Some insisted to go back to the old system, others called for further reform. The two years after the student movement thus witnessed economic stagnation and political setbacks. It was Deng Xiaoping's tour to the south in the spring of 1992 that pushed reform to resume and move ahead. For moderates like Deng, economic prosperity was the only way for the party to hold on.

### ***Economic growth and the lack of demand for democracy***

Tough reforms all happened in the 1990s. The price reform concluded in 1994 when the dual exchange rates were unified to one; most commodities began to be sold in and priced by the market. The state-owned enterprise (SOE) reform finally reached the stage of privatization after unsuccessful attempts in the 1980s to improve SOEs' efficiency without altering their ownership. Privatization has prolonged for more than one decade and is still an ongoing process although only a

---

<sup>2</sup> *Abid.*

handful of large SOEs exist. The SOE reform was a particular tough one because millions of workers lost their jobs due to the reform. In the late 1990s, the government underwent a reform that downsized the government by 15%, streamlined its administration, and cut fees it charged on businesses. As a result of the reform, the costs of business were reduced substantially. In the same time, China also accelerated its pace of global integration, which ultimately led to China's accession to the WTO in 2001.

The market-driven reforms in the 1990s gave Chinese people, ordinary and intellectual alike, an opportunity to test their talents and make them rich. *Xiahai*, or going to business, became a buzz word at the time. Suddenly, people found that making money was more real and more exciting than asking for democracy. The economy has since not failed their expectations; its growth has accelerated since 1992. China was a poor country with a per-capita income of 200 dollars in the early 1980s; by the mid-2000s, it jumped over the bar set for lower-middle income countries, and today, its per-capita GDP has reached 3,300 dollars. In coastal regions, income has grown even faster. Per-capita GDP in most coastal cities has passed 6,000 dollars.<sup>3</sup> The growth is not confined to numbers; people's living standards have had real improvements. They are moving into bigger apartments, owning cars, buying trendy clothes, and even travelling abroad. Although the countryside lags behind the city in income growth, real improvements are also happening to rural residents. Almost all villages have access to electricity; most villages have paved roads linking to major regional and national freeways; most families have a TV set; most young people have mobile phones; some of them can afford a motorcycle. Most importantly, about 300 million rural residents have escaped absolute poverty. Indeed, surveys have consistently found that rural residents are more pleased with their life than their counterparts in the city, basically because they perceive more relatively improvements in their life quality than their urban counterparts (Knight, Song, and Gunatilaka, 2007).

---

<sup>3</sup> *Abid.*

Notwithstanding the large urban-rural income gap --- standing at 3.3 times, it is the largest in the world --- income is fairly equally distributed if the city and the countryside are considered separately. The overall Gini coefficient is about 0.47, the same level of the US', but is 0.37 within the city and within the countryside, respectively (Riskin, Zhao, and Li, 2002). To the extent that people's perceived inequality is more related to their immediate surroundings, this level of inequality does not warrant popular revolts against the rich or the government. This of course does not mean that there are no cries for changes, but most of them are directed toward corruption and unlawful gains of the rich. As in any developing country, corruption is a serious issue in China. But corrupt government officials are being constantly purged and prosecuted. For example, a recent study finds that between 2001 and 2008, 104 government officials of the rank of vice minister (provincial governor) or above were prosecuted. Among them, 8 were executed, 11 were sentenced to death with two-year probation, and 21 were sentenced more than 10 years in prison (Duan and Rao, 2009). Although they are insufficient to stop corruption, these numbers give people some confidence in the government.

Increasingly, failing government officials have been subjected to investigation and dismissal. For example, the party secretary, the mayor, and several other top officials in Shijiazhuang, the city where poison milk was first found, were dismissed. The same thing happened to Meng Xuenong twice, one when he as the mayor of Beijing failed to take quick actions against the outbreak of SARS in 2003, and the other when he, as the governor of Shanxi province, failed to take actions against child labor in some of the coal mines. Although there are no formal rules, people are now expecting the key government officials to resign or to be removed when the government fails to take right actions in time.

Social protection had been eroded for a period of time as economic reform proceeded. The current Hu Jintao-Wen Jiabao administration, however, has begun serious programs to rebuild the social safety net. In the city, the pension system was reengineered and its coverage has been improving; the subsistence maintenance program covers about 20 million low-income people; and the health care system is

being under a new round of reform aiming at a wider and more effective coverage. In the countryside, a new cooperative health care system has been built; a subsistence maintenance program is being experimented in many provinces; and a pension system is being tried out.

Together with rising income and welfare is improved civil liberty. Before the reform, the state was everywhere controlling everyone's daily life. The reform has largely been a process in which the state retreats from the society. People have a fair chance to reach their potentials if they strive to do so; in most areas they can make decisions on their own terms; accumulating wealth is no longer a sin and under most circumstances people can expect the state to respect their ownership of properties. Even in the most contentious area of land acquisition, the state has made significant concessions since 2003 when the Hu Jintao-Wen Jiabao administration began. The Property Law passed in 2007 has empowered citizens to guard their properties including their real estate ownership. The government is not shy to issue laws and regulations to bind its own hands. The *Administrative Litigation Law* provides power to ordinary citizens to sue the government for wrongdoings, and the *Information Disclosure Decree* obliges governments to disclose insensitive government information including budgetary numbers to the public. Although their implementation is far from satisfactory, their existence at least indicates a gesture of the government to be willing to subject itself to the monitoring of the public and for that matter, serves as a deterrent keeping government officials not to cross the line for too far. In reality, there have been cases in which ordinary citizens used the laws either to ask the government for compensations for its wrongdoings or to demand the government release budgetary information.

This by no means says that Chinese people are enjoying the same level of civil liberty as people in advanced democracies are. But people are generally contented because of two things. The first is that people compare what they have today and what they had thirty years ago. People may complain, but not many would deny that their wellbeing has been improved. The second is that the state is either not around there or avoidable for most people. The state is seizing land without proper

compensation, but most people do not own land; the state is monitoring speeches and the Internet, but people can speak at private gatherings and avoid state censorship over the Internet, thanks to fast technological advancements in the IT industry; the state may place arbitrary charges over enterprises, but most people do not own enterprises; the state places tight controls on political gatherings, but people have large room to form private gatherings, ranging from spontaneous singing groups in parks to religious practices in their own houses; even in the area of family planning, many families find that having one child has become a norm instead of a result of coercion. Civil liberty in advanced democracies provides background rights to their citizens, that is, rights that citizens can invoke when they feel that they have been infringed by the state. They are important for long-run stability and a fair and orderly society. In China, most people are still preoccupied by the enlarging economic pie and the freedom coming with it and tend to ignore the rights that are important for long-term wellbeing.

### ***Accountability without democracy?***

By the conventional wisdom, accountability is a reserved word for democracy. But the Chinese state, authoritarian as it is, has managed to deliver some accountability and respond to people's calls for improvement, especially in non-political arenas. As we have shown in this section, the Chinese government has been quite effective in raising people's income, providing social protection, and maintaining subsistence of the poor. It has also granted civil liberty to the population in selective areas. In addition to the discussions in the People's Congress (PC) and People's Political Consultation Conference (PPCC, equivalent to the British upper house), people can make their voices heard by calling the mayor's office, sending petition letters, writing in the press and on the Internet, staging demonstrations, and even taking on revolts. Although persecutions are prevalent, we have also seen that the government has been responding, albeit very slowly and reluctantly in many cases, to popular calls. It is thus a question why the CCP is doing this although it seems to maintain unchallengeable power.

The answer is that the CCP is doing this to gain legitimacy from the populace. In a democracy, the government gains legitimacy from people's consent following a set of procedures governing elections and their auxiliary institutions. In an autocracy, the government has to look for other ways for its legitimacy because it is not popularly elected. In history, military power and superstitions were commonly used by the ruler to gain legitimacy; some modern dictators tried to do the same but all failed miserably. More commonly found among modern authoritarian regimes is for the ruler to gather supports from a small group of people who are potential challengers. These regimes may also promote economic growth, but they allow the gains from growth to concentrate in the hands of this small group of people. In many cases, like Latin American countries under the military juntas, government policies are engineered to help the rich and leave the poor out. Clientilism is the rule instead of exception in the developing world. The fact that CCP is willing to allow the benefits of economic growth to reach a wide spectrum of population and to provide civil liberty to ordinary people has a lot to do with the Chinese social structure and the CCP's own political base.

As I emphasized in Section 1, China has come out as a socially equal society after a series of revolutions in the first half of the twentieth century. A socially equal society does not have strong elite groups; interest groups are less needed and tend to have equal power when they do emerge. As a result, the ruler does not face serious challenges from specific groups and clientilism becomes unattractive to him. To gain legitimacy, it is much better for him to appeal to the population as a whole than to specific groups. In other words, he becomes disinterested relative to the society. The Chinese government has been largely disinterested with regard to the society. This by no means says that it is an altruistic government; instead, it has strong self interests. It is disinterested only because it does not intrinsically favor different groups. It is readily admitted that the Chinese government adopts selective policies that favor certain groups now and then, here and there; the wide urban-rural income gap is but one result of those selective policies. However, selective policies do not imply selective intentions. It is perfectly possible that the government aims at overall

economic growth but has to adopt selective policies in order to reach that goal. For example, urban biases may arise from the government's concerns of efficiency --- the city has strong agglomeration effects --- instead of its preferences for urban residents. A test of preferences versus results is to see whether the government's biases persist. The Chinese government passes this test in the last thirty years. Reform has been a process to devolve power from the state to ordinary people; that is, the CCP leadership has not been held back by its own elites. Reform also reconfigures interests among different groups of people; in some cases, like the privatization of state-owned enterprises, a large fraction of the population loses. It requires that the government hold on to its feet against populist calls to stop the reform. The CCP has done precisely that. To countervail the decline of the countryside, the current administration has started the New Countryside Movement to boost investment in rural infrastructure, education, and health care. Overall, the CCP has managed to walk on the middle road in the last thirty years.

This has been helped by the CCP's own political base. Its members used to come from the working class in the Mao era. In the reform era, its members have come from all walks after several rounds of ideological shifts of the party. An important development has been that private entrepreneurs are now allowed to join in the party. In the meantime, many western trained intellectuals have begun to assume important jobs in the party hierarchy. For example, both the president and the party secretary of Peking University, the most prestigious university in China, got their Ph.D.'s from American universities. In the end, the party becomes as diverse as the society, which helps the party adopt a middle road in its policy making.

However, the search for legitimacy does not lead to full accountability; nor does it guarantee the sustainability of the current level of accountability. Because economic growth is the top task, performance-based accountability and responsiveness is often delivered in a selective way. For example, Bhide and Yao (2008) find in a study comparing Beijing and Rui'an of Zhejiang province that the provision of education to migrant children is quite different in those two cities. Rui'an has a manufacturing-based economy and qualified workers are in high demand. As a result,

the city opens up local schools and provides subsidies to migrant children for their primary as well as professional education. Beijing in contrast aims at building a knowledge-based economy and does not welcome migrants. As a result, the city deliberately charges high fees for migrant students to enter local schools so migrants are deterred from staying long in the city. Even in Rui'an, the accountability is not delivered on an institutionalized basis; rather, it is goodwill from the local government. This is true in other cases. That is, accountability is handed out by the government as one of its tactical moves to advance its own goals rather than a built-in mechanism in a social pact. As a result, the sustainability of accountability is questionable. The task for China is to transform the tactic-generated accountability to institutionalized accountability.

### **III. Opportunities for Democratization**

Despite the CCP's spearheaded efforts to diffuse popular demand for democratization, forces driving for or paving the way for democracy have been accumulating in China. Some of these forces are, curiously, results of the CCP's growth-centered strategy to put off the demand for democratization; others are results of the CCP's own efforts to institutionalize the party itself; and the rest are results of the interplay between the CCP and the society. In this section, we concentrate on the discussion of two of these forces, the development of the middle class and the civil society, and changes in the establishment itself. These two forces may not lead to popular elections or multiple party politics, but they are strengthening the institutional foundation for the Chinese people to hold their government accountable and responsive. To the extent that government accountability and responsiveness is one of the key features of a functioning democracy, China is on the way to democracy.

#### ***The middle class and the civil society***

Economic growth has created a large middle class in China. Using the international definition of 2 dollars to 8 dollars a day, there are 800 million people in the Chinese



middle class. The number could be much smaller if we use other definitions considering people's living amenities such as housing and ownership of cars. Whatever definition we use, however, it is unquestionable that the size of the middle class is increasing fast in China. There has been a long debate as to whether the middle class helps democratization. The consensus emerging from this debate is that the existence of the middle class is not a sufficient condition for democratization but is critical for democracy to consolidate (The Economist, 2009). The middle class is intrinsically conservative. People in this class gain their wealth and status under the current regime, so there is no reason for them to be strong opponents of it. They may complain about the current regime and demand for changes, but will never join the forces fundamentally against the current regime because they know that their own status may well be put under danger once the current regime is gone. As a result, the middle class becomes an ally of the ruler when the regime is authoritarian and becomes a defender of the system when the regime is democratic. In China, middle class people understand well that they are gainers under the current regime. That is why the government always gets an approval rate of 70 plus percent in opinion polls done by both domestic and international organizations. It is true that the approval rates are lower in higher income brackets, but this does not mean that higher-income people are more determined for democratization than for changes within the current regime. Indeed, there is a strong commitment to meritocracy at the top tier of the middle class --- high-income professionals, government bureaucrats, managers, and even private entrepreneurs and some intellectuals --- who are vigilant of democracy's tendency to release the destructive forces of populism. Therefore, the middle class is unlikely to become a key force pushing China toward to a full democracy.

This has been said, however, one needs to realize that the middle class' demands for changes and their vigilance of their status quo can serve as a driver to enhance the accountability of the government. While they may not favor democracy because the empowerment of low-income people may erode their positions, middle class people do want to hold the government at bay, especially in areas where the

government is likely to infringe their rights. This is clear in two areas, free access to the Internet and home ownership. China is now the largest country in terms of the number of Internet users. Most of these users are middle class people and young students. They hate government censorship over the Internet and have developed a wide range of means to break it. Numerous chat rooms and forums have become important venues for them to speak out their minds. When some of them are closed by the government, new ones mushroom in other places. The Internet has democratized the spread of news and ideas to an extent that government officials have begun to treat opinions floating over it as a test for popular satisfaction of their policies. Although it is still miles away from the media in an institutionalized democracy, the Internet has placed a strong constraint on the government.

Home ownership is doing the same from another direction. With about 80% of families owning a home, China is one of the countries with highest rates of home ownership. By the Chinese constitution, residential land is owned by the state. This creates ambiguity regarding people's home ownership. The government has announced a 70 year lease for the land occupied by houses and apartments and most home owners have separate titles for their land and their houses/apartments. However, local governments often do not honor those titles and have taken land back from home owners with a nominal compensation under the name of faster economic growth. Most of the seized land is auctioned out to commercial developers, though. This has generated tremendous resistance from home owners. In urban peripheries, this often leads to mass protests and even riots; inside the city, people have begun to take more tactical moves to make the government comply. For example, the *dingzihu* --- nail household, a family who resists government seizure of its land --- in Chongqing staged a drama in front of television and other media coverage in early 2007, taking advantage of the newly approved *Property Law*, to demand for more compensation from the local government. With the surrounding area dug into a huge hole preparing for the construction of a building, the family's house stood on top of a spike of soil. The husband lived in the house while the wife was mobilizing the media. The incident drew wide attention in the media and

became a national drama. The Chongqing municipal government showed considerable restraints and finally reached an agreement with the family through the mediation of the court. This incident gave a strong boost to the *Property Law*; there are signs that governments at various levels have since become more cautious in dealing with land acquisitions. Home ownership has led the conservative middle class to venture into the rights movement. Their apolitical starting point sets them apart from people at core of the movement, most of which are lawyers, but has actually enabled them to win more concessions from the government.

Perhaps the most enduring but often neglected force that the middle class is being creating for a functioning democracy is the rise of a vibrant civil society. This is more prominent in the coastal cities. In Mao's era, people were organized around their working units, or *danwei*, be it a factory, research institute, or a hospital. People got housing from their *danwei* and lived in a compact area or even a big courtyard; their social life did not go beyond their *danwei*. The thirty years of relentless reforms have reordered the society; the housing reform has a particular effect to sever the tie between people and their *danwei* and to create new communities with people coming from different *danwei*. Many of these new communities, usually called *xiaoqu*, or a small residential community (in fact, many of them are not small), have their own home owner committees that deal with the developers and manage community affairs. Most of them also have chat rooms over the Internet. Although politics is usually not allowed, people discuss a broad range of social issues in those chat rooms. In most cases, decent ideas prevail. More importantly, people get connected through those chat rooms; they step out of the virtual community and organize events in their real community. For example, in Century Town, a large residential community on the west side of Beijing, activists organize events ranging from group purchases of fruits and a children's Olympic game to a petition to the district government to stop a commercial project in the area.

On a larger scale, a revival of the traditional culture is being underway. Most noticeably, the revival of Confucianism has become a movement. Leading young scholars are converting to neo-Confucianism; Confucian classics have become a core

component of the curriculums of top universities like Peking University and Renmin University; many private schools have been set up to teach only Confucianism; and Confucian doctrines are being made popular by TV programs and several famous lecturers whose books sell in millions. It is noteworthy that the revival of Confucianism is largely out of the realm of the government although it does support some projects to compile and restore Confucian classics. The government has certainly felt the pulse of the revival, one indication being that several traditional holidays other than the Spring Festival have been recently designated as national holidays. On the ground, local governments have begun to set up serious plans to preserve old communities. This certainly comes late because ruthless destruction has happened in the last two decades, but the move signals a potential reversal of the government in its attitude toward China's own history.

The revival of the traditional culture itself may not help China move toward a democracy --- in fact, the intellectual movement of Confucianism has the danger to undermine democratization, but it does enhance the independence of the civil society. It shows that the society can organize itself without the interference of the state. This is not novel at all in a democracy, but comes as a surprise to Chinese officials. At the minimum, they have to think twice when they plan to do something toward the society.

The civil society is helped by popular resistance and the rights movement against government infringements in the name of economic growth. Economic growth has brought prosperity to Chinese people, but the relentless pursuit of growth has also created conflicts and degradation of people's life beyond the realm of income. The most significant cost of economic growth has been environmental degradation. There is not a single river flowing through a city that has not been polluted or dried up. The vast countryside is being heavily polluted by pesticide and fertilizer residuals. In the coal-rich province Shanxi, coal mines are causing large land sinks, driving people out of the villages where their families have lived for generations. The situation is so bad that a scholar describes it as an "environmental war" (Zhang, 2007). Another kind of costs caused by relentless growth is people's losses caused by government

infringements. Under the name of growth, local governments seize people's land without proper compensation, force peasants to plant certain crops, and break promises made before. To beautify the city, street peddlers are being forced into the underground and rural migrants are being driven far away from the city center. Most significantly, migrants, both rural and urban, are denied of residential status in the recipient cities; some provinces, noticeably Guangdong, are deliberately driving away migrants. This is perhaps the most serious human rights issue in China. While some people want to provide rationales for it, the rejection of migrants is no more than local protectionism. Popular resistance and the rights movement are natural responses to the government's infringements. While mass protests are spontaneous, the rights movement is more organized. Most of the activists are lawyers who have a clear political agenda to push for the rule of law. While arrests and prosecutions happen often, there is no sign that popular resistance and the rights movement are going to die out as long as the government continues its infringements. In the end, local governments have to understand that compromises have to be made between growth and other aspects of people's life. But to reach compromises, it is better to involve ordinary people in the decision process, which can only be guaranteed by democratic institutions.

### ***Transformation of the CCP***

Along with the great yet uneven transformation in the society, the CCP itself has quietly transformed from a proletarian party to an all-people's party. The third plenary of the 11<sup>th</sup> party congress held in 1978 opened the door for changes. The party gave up its rigid ideological convictions and began to adopt a pragmatic approach in its own ideology and economic policies. The 13<sup>th</sup> party congress held in 1987 formally gave up communism as the immediate goal for the party; instead, it believed that China was still at the primary stage of socialism. The most dramatic change happened in the third plenary of the 14<sup>th</sup> party congress held in 1993 when the party set the goal for reform to establish the socialist market economy. "Socialist" was only decorative, though. The party quickly finished the price reform ending more

than four decades long of planning. Then SOE privatization knocked down the second pillar of the Stalinist socialism, public ownership of firms, and China has since become a mixed ownership economy. Finally, the 16<sup>th</sup> party congress held in 2002 concluded the CCP's ideological transformation. Instead of a working class party, the CCP now claims that it represents the most advanced productive forces, the most advanced cultures, and the essential interests of the vast majority of the Chinese people. This is a vague definition of the party because one really does not know what the most advanced productive forces are, what the most advanced cultures are, or what the essential interests of Chinese people are. The CCP is deliberately using an ambiguous language to make itself a party of an ambiguous identity. This allows for future changes but in the same time does not engender the party's legitimacy.

Yet the CCP's transformation does not stop at the ideological level. It has also changed its mode of organization. In the past, China had a party-state, that is, a state that was under the direction and disposal of the party. Now, the CCP has deliberately transformed the Chinese regime into a state-party, that is, the party dissipates into the state and mingles together with the state. This is the model created by the People's Action Party in Singapore. The CCP gives up its ideology and tries to recruit as many elites as possible into the party. From the early 1980s, party membership has increased from 35 million to 68 million. In an influential paper published in 1989, Victor Nee predicted that the communist party would dissolve as the realm of the market continued to enlarge (Nee, 1989). The CCP, however, has not dissolved in the way Nee predicted, but disappeared in another way, that is, it has taken off its ideological dresses and dissipated into the state apparatus and the society at large. For ordinary members, the party is no longer an organization that facilitates the realization of their political convictions; nor is it a place for endless political studies and conversions. Instead, it is a convenient vehicle preparing them for possible promotion in the government hierarchy or association with the powerful elements of the society.

Ideological changes and a larger membership make the party appeal to a wider spectrum of the society. Inside the party, institutionalization has also happened in

the last thirty years. The party is no longer a one-man party like it was under Mao Zedong, but has developed a rather sophisticated system, in either formal or informal forms, for its decision making, succession, and cadre promotion. As Gehlbach and Keefer (2008) show theoretically and empirically, party institutionalization is one of the keys to successful economic growth in autocracies, including China. That is, the institutionalization of the CCP helps divert popular demand for democracy by promoting economic growth.

The organizational structure within the government had been planning oriented until the late 1990s. There were many line ministries in charge of different industries; the state planning commission was powerful; and the ministry of finance was more like an accountant of the government than a ministry in charge of public finance. However, a major government reform at the end of the 1990s trimmed off most of the industrial ministries and made the government more or less like the Japanese government in the 1960s. In the meantime, the economy was heavily deregulated; government procedures for business approvals were greatly simplified; numerous charges were abolished; and taxation became more regular and transparent. The decision process of the government has been shifted toward a more institutional fashion. One of the changes is that, under the current Premier, Wen Jiabao, decisions of the State Council, the executive branch of the government, are no longer made in the Premier Working Meeting, an informal decision platform, but are instead made in the State Council Regular Meeting, a platform instituted by the Constitution. Another change is the abolishment of the Beidaihe meeting. Beidaihe is a summer resort and used to be the place for an annual informal meeting of major party officials to make decisions on important government policies. The abolishment of this meeting shifts the power back to the institutional sides of the party and the government.

One of the important factors that gear government officials to care about economic growth has been the high-powered promotion system. In Mao's era, especially in the Cultural Revolution period, officials were promoted by their political loyalty; only those loyal to Mao's radicalism were able to be promoted. In the last thirty years, promotion has been increasingly based on performance although

clientilism also plays an important role. Evidence shows that the promotion of provincial governors is highly correlated with the rates of economic growth in their provinces (Li and Zhou, 2005). In effect, officials are players in a promotion tournament; there are fewer and fewer positions when one moves up the government hierarchy, so one has to constantly outperform his/her peers in order to get promoted. This tournament thus ties officials' careers to local economic growth, which is largely favored by both the central government and the populace.

One quiet but significant change of the CCP is that it has secured peaceful successions in the last thirty years. Mao had great difficulties in picking up his successors. He dumped three of them. One of them died from prosecution, another died in a plane crash when he fled the country in a rush, and the third was later purged after Mao's death. Under the leadership of Deng Xiaoping, however, an implicit two-generational succession rule has been gradually developed. In the 1980s, Deng was apparently the person who was making the final decisions although he only assumed the position of the chairman of the military committee in the party and left the positions of party general secretary, president of the country, and premier to the younger generation. After the 1989 Tian'anmen student movement, he dumped Zhao Ziyang and picked up Jiang Zemin as the party's general secretary. In the meantime, he made it clear that Hu Jingtao should be the successor to Jiang. In his fourteen year tenure, Jiang had gradually consolidated power in the party and the army and taken the positions of the president of the country and the chairman of the military committee in addition to being the general secretary. In his tenure, another implicit rule was developed regarding retirement: top leaders in the Politibureau have to retire by the age of 70. When he retired in 2003, he lingered on as the chairman of the military committee for two more years, but then gave the post to Hu Jingtao. It seems that a trinity has now been established for the top leader to assume the three most important positions of the country: the party's general secretary, the nation's president, and the commander of the military. The two-generational succession rule continues, however. The retired members of the standing committee of the Politibureau all installed their own men in the Hu's new committee. To



accommodate different factions, the size of the standing committee increased to nine people whereas it was five in the 1980s. In addition, Hu will have to accommodate the opinions of the retired generation when he chooses his successor. This seemingly irregular two-generational succession rule actually introduces stability to the system. Because the old generation, or even two old generations, of leaders are still alive and have stakes in the current leadership, the new leaders will not be able to deviate dramatically from the policies adopted by the older generations.

The CCP has also introduced competition in the central committee. Elections have become more real than before by allowing more candidates than the number of seats in the committee. In the meantime, new blood has been constantly brought into the committee. The turnover rate has been close to one-third in the last several party congresses (Table 7.1, Shambaugh, 2008). Recently, Hu Jintao has called the party to strengthen its “ruling capacity” under the guidance of two concepts, scientific development and harmonious society, both aiming at the balance of growth and equity and environment-friendly development. This new initiative is not rhetoric but a response to the declining morale within the party. As steps to depoliticize itself, the party has opened up its membership to all walks of the society and put paramount emphasis on economic growth. Together with its positive implications that we touched upon in the last section, this move has also blurred the party’s old moral convictions that require its members to serve as moral models for the people. The leadership has realized it and tried to find a substitute for moral persuasion. By requiring party members to tend to social harmony and balanced growth, the call to strengthen the party’s ruling capacity is such a substitute.

### ***Institutionalizing the party-society relationship***

To the extent that state building is a process of state institutionalization, China has not finished its state building. Institutionalization within the party is only one of the necessary steps of state building; more seriously needed is the institutionalization of the party-society relationship. This touches one of the fundamental issues in the

Chinese regime. Fortunately, there have been encouraging changes at various levels, some of which are dramatic.

The most significant change is the spread of village elections. The 1982 Constitution defines the village as a self-governing body independent of the government hierarchy. In 1988, the National People's Congress (NPC) passed an experimental version of *The Organizational Law of the Village Committee* that required the members of the village committee to be elected. This law triggered wide spread of elections across China. In 1998, the NPC passed the formal version of the law. The most significant feature of this formal version is that it requires that the candidates for the village committee have to be nominated by villagers. By now, almost every village has begun democratic elections. Although there are vote buying and corruption, the outcomes of the election are quite encouraging. Studies have found that it has enhanced the accountability of the village committee. In particular, it has increased the share of public spending and reduced the share of administrative spending in the village budget, led to more public investment, and improved income distribution (Zhang et al., 2004; Wang and Yao, 2007; and Shen and Yao, 2008).

It has been a question why the CCP decided to introduce true democracy into the village in the 1980s. The answer to this question has a lot to do with the rural reform happening between 1978 and 1984. This reform was the first among a series of reforms that would ultimately transform China from a planning economy to a market economy. It dismantled the commune system that had been in place for twenty years. One of the key features of the commune system was excessive extraction of surplus from the peasants through the state grain procurement system called *tongguo tongxiao*, or uniform purchasing and uniform selling. The most conservative estimate puts the total amount of extraction at 200 billion RMB (Wu, 2001). To a large extent, the commune system was established to facilitate the state's extraction (Bo, 1992). The fall of the system, however, was not enough to assure the peasants that the state would stop extracting from them, because the state could deploy means other than the commune system to conduct extraction. As a signal to show the state's decision to retreat from the village, the 1982 Constitution stipulated that the village is a

self-governing body outside the government hierarchy. However, an ensuing question then was how to monitor village cadres if they continued to be appointed by the government. This was a formidable task for the government because there are more than a million of villages. Village democracy then was a convenient device deployed by the government to solve the monitoring problem. On the other hand, village democracy is confined within a very local setting defined by the village and does not constitute a challenge to the one-party rule.

But the ramifications of village democracy cannot be underestimated. People learn from village democracy. Encouraged by its success, some localities have begun to experiment direct elections of township governors. Although this move contradicts the Constitution and has been stopped,<sup>4</sup> the impetus has been instilled. More substantial changes are happening within the people's congress (PC), China's legislative body, and the people's political consultation conference (PPCC), the equivalence of the British upper house. Although they remain largely rubber stamps in most cases, these two bodies have begun to play a role in checking the government. It has now become regular in some localities for the PCs to have hearings on key budgetary issues for which the executive branch is demanded to give explanations. The PPCC does not have legislative power, but serves a consultative role. But its members, including those from the CCP, are especially harsh in criticizing the government. Their opinions do not become laws, but can become resolutions that demand the government to look into them and come with results when the PPCC meets again in the next session. At the minimum, PPCC members --- two thirds of whom are non CCP members --- bring voices from different walks and enable the government to know what the concerns are in the populace. As it opens its membership to a larger population base, the CCP shows willingness to give more seats of the PC and PPCC to non-CCP elements, such as the other eight parties that have been preserved as part of the united front strategy adopted by the CCP when it took power. These parties usually recruit members from the intelligentsia. Although

---

<sup>4</sup> By the Constitution, China has a parliamentary system and indirect elections of people's delegates. Popular elections are held for the delegates to the township and county/district people's congresses, but delegates to higher level people's congresses are elected indirectly by the country/district delegates.

they always vow allegiance to the CCP openly, their members in PCs and PPCCs play a role to bring different views into the two bodies. The PC and PPCC are especially active at the county level in some of the coastal provinces. This has a lot to do with the participation of business people who have begun to realize that the two political bodies are important venues to advance their own interests. This may have the danger of elite capture, but so far competition among business people seems to be dominating and does place constraints on local governments' behavior.

The role of the delegates, however, has been limited in legislation. One of the impediments is the size of the NPC and the short time of the annual session --- with more than 2,000 in number and only two weeks in session, it is hard for the delegates to put serious efforts into legislation. The power rests within the standing committee of the NPC. However, encouraging signs are emerging in local people's congresses. "Following the money" has gradually moved into the core agenda of the annual sessions. This, ironically, is a result of the CCP's growth-centered strategy to diffuse the demand for democracy. This strategy brings about high economic growth, which in turn has led to even faster growth of government revenues. Tax revenues account for about 20% of China's total annual GDP of 30 trillion yuan.<sup>5</sup> Local governments also have large quantities of non-tax income, mainly from selling land. The size of government revenues is by far the largest among developing countries. In addition, the share of people paying personal income taxes is also the highest among developing countries. Virtually every peasant paid income taxes before the agricultural taxes were abolished in 2006. The amount of deductible is set low for wage earners. For example, an average wage earner in Beijing can only deduct 1600 yuan out of his monthly salary of 3700 yuan. With all their possible negative implications, the burgeoning government revenues and a large number of taxpayers, however, have led to loud calls for closer monitoring of government spending. Although budgeting is not the whole of what governments do, monitoring

---

<sup>5</sup> NBS official website: [www.stats.gov.cn](http://www.stats.gov.cn).

government spending provides a handler for people to hold the government accountable.

Another development is more prudent legislation. A standard process to create a law is the follows. Several drafts of the law are first solicited from groups of law experts who are often of different ideological persuasions. Based on these drafts, then, a taskforce within the NPC writes its own draft for circulation among experts. It is in this stage that the law is widely discussed and contested. Although the process is confined among the elites, their different ideological persuasions help articulate the voices of ordinary people. The law could be revised several times before it is turned into a draft for public discussions and suggestions, which often takes half a year. After a final round of revision, the law is sent to the annual session of the NPC for a vote. The whole process could take several years --- in the case of the *Property Law*, it took seven years --- and there have been last-minute stoppages due to fierce protests from certain groups of people. For example, the *Property Law* was initially planned for a vote in 2006 but it did not happen because a conservative Peking University law professor's strongly opposed the law's liberal views on private property and his view was echoed in the Internet and newspapers. The law of equalizing the tax treatments of domestic and foreigner-invested firms had been postponed several times due to the strong opposition of the foreigner-invested firms. The legislative process has a strong meritocratic flavor, but is not free of contests of different interests and different ideologies, neither is it free of the pressures from the general public. The combination of expert inputs, NPC's own efforts, interest group contests, and popular participation may prove to be a way to help the Chinese government become disinterested relative to the society in the sense that it tends not to represent the interests of specific groups of the society (Yao, 2008).

### ***The way ahead***

Judging by the review of this section, democratization in China, if it exists, is by way of strengthening the accountability and responsiveness of the government. Will this trend, as some people hope, lead to a stationary state where a new form of state

governance emerges with people's consent? The ideal is that this form of state governance does not need popular political participation --- in particular, it does not need voting --- but still deliver accountability of the government. A "no" answer seems to be more promising than a "yes" answer, though. The first reason is what I presented in the last section, that is, accountability and responsiveness will be selective without popular participation. The second reason is that a regime devoid of popular participation is cumbersome to accommodate different opinions and different pursuits that are becoming increasingly diverse as the society becomes more complicated. The third reason is that there are no institutional guarantees for accountability and responsiveness. Although institutionalization has been happened within the CCP, the relationship between the CCP and the society is skewed, giving the CCP power over the society. In the end, popular participation is inevitable. This is so not only because it would be demanded by the people, but also because it is necessary for the CCP to strengthen its rule. For example, under the prevailing emphasis of local government officials on economic growth, it is hard for the CCP to implement the campaign of "strengthening the party's ruling capacity" because its aims are different from economic growth. It is a better approach to subject local government officials to the supervision of local people, just like village democracy has accomplished, than to use political persuasion to control them.

More importantly, the growth-centered strategy has hit the CCP's own toes because it leads to the dissipation of the party itself. Taking up this strategy, the CCP has greatly depoliticized its ideology. Instead of being a proletarian party, it now wants to be an "all-people" party. Indeed, it is following the Singaporean model to mix the party and the government. However, supervision of the party members is not a serious issue in Singapore because it is a small city state and the membership of the party is limited. With a membership of close to 70 millions, the CCP would have a hard time to monitor its members if the party were not organized around a set of solid political convictions. Worse than that, people with different political persuasions come into the party when the party's ideology withers away so the party becomes more or less a platform for people to advance their own agendas. This is

bad for the CCP, but may be good for democratization in China. Indeed, within-party democratization has been deepened in recent years; more cases are found for center-appointed candidates to fail in the elections to the central committee.

Nevertheless, radical changes are unlikely under the current conditions in China. A more realistic roadmap for further democratization in China is perhaps the follows. First, the dynamism in the people's congress, especially the drive to follow the money, strengthens the power of this legislative body. Second, the party moves its gravity from the executive branch to the people's congress because the most crucial decisions are made over there. This move is critical because it endorses the role of the legislative body and opens a door for multiple-party participation in it. Third, competitive and transparent elections are held for people's delegates to the township and county/district people's congresses. Fourth, the Constitution is revised to allow for direct elections of delegates to all levels of the people's congress. Lastly, independent multiple parties are allowed. This is a stretching roadmap and perhaps will take a long time for China to finish. But it is realistic.

#### **IV. Conclusions**

The Chinese path of democratization looks very much like the paths experienced by most mature Western democracies, that is, it is a process controlled by the elites. Acemoglu and Robinson (2006) provide an economic theory for the explanation of democratization in the West. By their account, ordinary people constantly challenged the rule of the elites by threats of revolution. To sooth them, the elites could have given them more economic concessions; however, the elites could not make their promises credible because they would always have incentives to renege if ordinary people had believed them. To make a credible commitment to more economic concessions, the elites extended voting rights to groups of people who posed immediate challenges to their rule. This theory is intellectually interesting, but is unnecessarily twisted. In essence, it is consistent with Marx's theory of class struggle. China is different from the West of the 19<sup>th</sup> century in that the political elites and economic elites are separate in China whereas they were the same in the 19<sup>th</sup>

century West. Politically, China is controlled by the CCP; economic power, however, is quite dispersed across the social spectrum. One of the consequences of this separation is that continuous delivery of economic growth by the CCP can be made credible because it does not need the CCP to suffer any losses --- to the contrary, economic growth also benefits the CCP leadership. As I have shown in this article, this at least partly explains why popular demand for democratization is low in China. The other side of this implication is that democratization has to come from areas other than economic gains. Indeed, the working class fought for more political rights in the 19<sup>th</sup> century West not just because workers wanted to have better economic treatments, but also because they wanted to determine their own fates in general. The impetuses for democratization in China have a lot to do with the inability of the growth-centered strategy to mitigate its many side effects including the infringement of people's rights, the inflation of government power, inequality, environmental distress, and the erosion of the CCP itself.

The controlled nature of Chinese democratization determines that China will take a long and gradual path to full democracy. Along this path, there have been and will be a lot of adaptations happening on the part of the CCP as well as the country. As we have seen in this article, government accountability and responsiveness have been strengthened through the interaction between the CCP and the society; in addition, government and party institutions are moving toward the direction where the government is held more accountable to ordinary people. Although more accountability does not necessarily lead to democracy, the establishment of strong institutions supporting accountability lays a solid foundation for a functioning democracy. In this sense, China's road to democracy is also different from those taken by most developing countries. While democratization is endogenous in China, democracy in most developing countries was imposed by colonists when they left those countries. Many of those countries had not prepared for democracy either socially or politically. As a result, they had to learn, and are still learning, how to run a functioning democracy after a nominal democratic framework was erected. To use a metaphor of love and marriage, the Chinese case is "to marry after falling in love



with each other” and the case of most developing countries is “to learn to love after getting married.” Neither is superior to the other --- after all, many love affairs end up with tragic marriages, but many reluctant marriages turn into happy families. It takes time to establish a functioning democracy in both cases.

## References:

- Acemoglu, Daron; and Robinson, James. *Economic Origins of Dictatorship and Democracy*. New York: Cambridge University Press, 2006.
- Bhide, Amita, and Yao, Yang. "The State at Work." Working paper, India-China Institute, the New School, 2008.
- Bo, Yibo. *Reflections on Some Important Historical Events (ruogan zhongda lishi shijian de huigu he sikao)*. Beijing: Renmin Publishing House, 1992.
- Duan, Yuhong; and Rao, Zhi. "A Survey of Commutations among Mainland Corrupt High-ranking Officials." (dalu tanfu gaoguan jianxing diaocha) *The Writer's Digest (zuojiawenzhai)*, July 10, 2009.
- Gehlbach, Scott, and Keefer, Philip. "Investment without Democracy: Ruling-Party Institutionalization and Credible Commitment in Autocracies." World Bank, 2008.
- Keefer, Philip. "Does Democracy Help?" World Bank, 2006.
- Knight, John; Song, Lina, and Gunatilaka, Ramani. "Subjective well-being and its determinants in rural China." Department of Economics, University of Oxford, paper 334, June 2007.
- Li, Hongbin; and Zhou, Li-An. "Political Turnover and Economic Performance: The Incentive Role of Personnel Control in China." *Journal of Public Economics*, v89. n9-10 (2005): 1743-1762.
- Nee, Victor. "A Theory of Market Transition: From Redistribution to Markets in State Socialism." *American Sociological Review*, v54.n5 (1989): 663-681.
- Riskin, Carl; Zhao, Renwei; and Li, Shi. *China's Retreat from Equality*. Ann Arbor: The University of Michigan Press, 2002.
- Shambaugh, David. *China's Communist Party: Atrophy and Adaptation*. Berkeley, Los Angeles, and London: University of California Press, 2008.
- Shen, Yan; and Yao, Yang. "Does Grassroots Democracy Reduce Income Inequality in China?" *Journal of Public Economics*, v92.n10-11(2008): 2182-2198.
- The Economist. "The Other Moore's Rule." *The Economist*, February 12, 2009.

- Wang, Shuna; and Yao, Yang. "Grassroots Democracy and Local Governance: Evidence from Rural China." *World Development*, v29.n10(2007): 1635-1649.
- Wu, Li. "A Study of the Size of the 'Price Scissors' in China in 1949-1978." (1949-1978 nian zhongguo "jiandaocha" cha'e bianzheng) *Researches in Chinese Economic History (zhongguo jingjishi yanjiu)*, 2001, No. 4: 3-12.
- Yang, Dali. *Calamity and Reform in China*. Stanford: Stanford University Press, 2006.
- Yao, Yang. "The Disinterested Government: A Political Economy Explanation to China's Economic Growth in the Last Thirty Years." WISER, 2008.
- Zhang, Xiaobo; Fan, Shenggen; Zhang, Linxiu; and Huang, Jikun. "Local Governance and Public Goods Provision in Rural China." *Journal of Public Economics*, v88.n12 (2004): 2857-71.
- Zhang, Yulin. "The Environmental War in China --- Shanxi as an Example." (zhongguo de huanjing zhanzheng --- yi shanxi weili) Paper presented in "Transition and Social Justice" symposium, Beijing, August 2007.