

China's new development agenda

Democracy Beijing-style

China has reached a critical point in its development. Widespread poverty and growing social inequality are posing daunting challenges for social stability. The Chinese government seems aware of this, but needs to do more to empower the people to participate in the reform process.

By Yongjun Zhao

The Chinese government has managed to lift tens of millions of people out of poverty in recent decades. Yet eradicating poverty completely – about 130 million Chinese still live on less than one dollar per day – remains a daunting challenge. China's development is uneven and unbalanced, with growing divisions between urban and rural areas, men and women, and different population groups. Yifu Lin, a leading Chinese economist, has warned that both low- and middle-income groups have become poorer, indicating the widening disparities in the distribution of national wealth. This trend is further exacerbated by the lack of effective governance. According to the 2007 Corruption Perceptions Index (CPI), compiled by Transparency International, China ranks 72 out of 180 countries. Former President Jiang Zemin admitted that up to 20% of the state budget went missing in 2000, while the National Audit Association revealed that 10% of the funds earmarked for poverty alleviation go astray.

Since 2002, China's development policy has shifted away from an over-emphasis on rapid economic growth towards sustainable development and deepening governance reform. In the 11th five-year plan for national economic and social development (2006–2010), the agenda for building a prosperous and harmonious society includes the adoption of a scientific or people-centred approach to development. This blueprint was endorsed at the 17th Communist Party Congress in October 2007, demonstrating the party's concerns about the overheated economy and the widening social inequalities.

In his political report to the congress, President Hu Jintao expressed his willingness to deepen the political reform process by prioritizing democratization within the party and gradually increasing citizen participation in public affairs, especially at the grassroots level, under the rule of law. For the first time he made it clear that he regards grassroots democracy as the fundamental engine of socialist-style democracy. He also pointed to corruption as a major threat to the future of the party/state, and called for more effective measures to tackle it by building more decentralized government to enhance accountability.

China's transition trapped?

These policy changes may signal the determination of China's top leadership to tackle the tensions and problems confronting the country, although scholars are divided on this. Some do not believe it is likely that the state will seriously undertake democratization, while others see the 17th congress as a good sign for action. They hold the view that China's economic development will eventually lead to greater democracy in the long run, as the social, economic and cultural conditions are now ready for it. They believe that centralist regimes like those of China and Russia can achieve democracy, with the growing middle class as a driving force for change. With the impact of globalization on Chinese society and polity, the quest for democracy is inevitable. The question is to what degree the party/state has the capacity to deepen its experimentation with political reform, and what role society can play in this process.

Minxin Pei, director of the China programme at the Carnegie Endowment for International Peace, remains pessimistic, however. In a recent book, he describes China's transition as being trapped in partial economic and political reforms. He views the state as neo-authoritarian in nature, and thus self-destructive, and claims that improving its governance and representing societal interests will eventually exhaust its economic and political vitality. This is because the state has no effective means to address the current problems, given its inherent institutional weaknesses, characterized by pervasive corruption and the lack of mechanisms to enhance political accountability. Corruption could also exacerbate the existing problems of poverty and social inequality, with unpredictable consequences. The gradualist reform strategy centred on the state's goal of political survival cannot lead to a fully fledged market economy under the rule of law. In his recent comments on the 17th congress, Pei stated that the Chinese leaders' obsession with political stability can only hinder the overdue reform, which could be exacerbated by the likely economic consequences – falling consumer demand, diminished household wealth, rising bad bank loans and reduced corporate investment. His arguments resonate well with those of Cheng Li, professor of government at Hamilton College in New York. Li argues that although there are some mechanisms of checks and balances within the party, it cannot survive in its current form indefinitely because of the societal demands for

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increased access to and representation in political processes.

Will Hutton, chief executive of the Work Foundation and governor of the London School of Economics, also warns that 'China is running up against a set of daunting challenges from within its own political and economic systems that could well derail its rise, leading to a massive shock to the global economy'. For Hutton, the state still imposes arbitrary, sometimes totalitarian ideological interventions on society, which has no effective means to participate in the political deliberation process. Consequently, the state faces a crisis of ideological and political legitimacy. The party is, according to Hutton, 'a moral and ideological empty vessel' that is unable to confront the escalating social protests and its own corruption. For instance, a growing number of social protests are now officially reported. Labour disputes increased more than fivefold, to 181,000, between 1993 and 2002, and 'public order disturbances' reached 87,000 in 2005. Some protests where people voiced specific grievances were violent, but they have not posed a direct and fundamental challenge to the legitimacy of the state. To address this, Hutton argues that China needs to develop independent and pluralist public institutions built on the rule of law, an independent judiciary, freedom of the press and authentic representative government. 📍

These perspectives on China's transition remain highly controversial. Andrew Nathan, professor of political science at Columbia University, contends that Minxin Pei fails to provide ample evidence to support his thesis. He argues that China may not need Western democracy and full marketization apart from reforms to streamline public administration based on controlled consultation processes. Yet Hutton does not view the institutions of democracy as unique to the West, but as universal principles underpinning any successful market economy. To Nathan, it is an open question as to whether the mounting social unrest is threatening the regime. He refers to the state's achievements in bringing about change through policy reorientation to redress the negative consequences of economic growth. And he sees unity within the party in deepening the reform process.

Democratic practice in China

Democracy in China is a borrowed concept, according to Yong Xu, director of the Centre for Chinese Rural Studies of the

Central China Normal University, and a leading expert on village elections. The 1998 Organic Law on Village Committees provided the first institutional basis for China's grassroots democracy. This form of rural self-governance is based on the separation of collective ownership of village property such as land, from individual user rights. This means that ownership *per se* is in the hands of the village committee, which is supposed to represent the collective interests of the villagers, rather than the villagers themselves. As such, farmers' demands for village governance are inextricably linked with their interactions with the village committees over the management of common property.

To a certain extent, the system of direct election of village committee leaders, established in the early 1980s to enhance political accountability, has strengthened citizens' right to legal justice to tackle the issue of infringement of villagers' rights by the village committees. Nonetheless, argue Ching Kwan Lee and Mark Selden, professor of political science at Cornell University, 'there is little evidence to date ... that these efforts by the central government and the citizenry have had significant effects in curbing the arbitrary powers of local officials, still less that they have empowered villagers in the face of the party's monopoly on formal power. Party manipulation of village elections, in communities where they do take place, is rife. In any event, village committees are incapable of providing a significant counterweight to officialdom' 📍 The lack of internal conditions such as democratic rules, procedures and skills of the villagers are further hindering the village governance reform process. These issues must be addressed first, according to Xu. In order to succeed in village elections, the higher-level township government must also undergo such a process; but he admits that this will be a tough task. Yet, he notes, one has to understand that in such a large country, the state will have to play a proactive role in guiding democracy. It would not matter much if democracy develops slowly; if it comes too quickly, there may not be appropriate theories and institutions to support this change.

Keping Yu, director of the China Comparative Politics and Economics Centre (CCPEC), a central government think-tank, has proposed a concept of incremental democracy for China, which was endorsed by the 17th congress. The prerequisites ➤

for this pattern of democracy are a strong economy and modern political and legal frameworks. Given its complex social and economic realities, China can only adopt a gradual approach to democracy by pursuing 'inner-party' and grassroots democracy first. His view resonates with those of other Chinese scholars, such as Tianyong Zhou, professor at the China Central Party School, and Xinjun Gao, senior fellow at the CCPEC. In recognition of the current governance structure, characterized by top-down administration and supervision, they claim that local governments lack accountability to the poor, and that the latter actually have few incentives to participate in public affairs. To Zhou and Gao, mechanisms for improving inner-party democracy will have to be explored and institutionalized in parallel with grassroots experimentation. Only when the party itself becomes democratic will the centralized governance structure become more decentralized. Reflecting on the 17th congress, Yu points out that President Hu's report signals the significance of decentralization in building a public service-oriented government under the strict oversight and supervision of citizens.

A wide range of civil society organizations has emerged since 1978 when China opened up, according to a study by Jude Howell, director of the Centre for Civil Society at the London School of Economics. She finds that since the early to mid-1990s a new wave of civil society organizations has come to the fore. These organizations, both formal and informal, have strong links with the state and have largely managed to avoid strict state surveillance in the provision of social services to the needy, especially to marginalized and vulnerable groups. Informal groups of rights activists have also emerged. While the majority of their activities take place at the village or factory level, activists have managed to build networks across villages, and even counties. 'This reflects both the changing nature of the economy and the party/state's recognition of the need to liberalize spaces for association to facilitate the development of the market'.¹³ However, Howell notes that while the current governance processes appear to be more pluralist than before, public participation remains quite limited. The processes are fragmented, localized and messy. Civil society has not yet become a social force with a collective voice that is able to hold the government to account.

Agents of change and the way forward

Culture also plays a role in societal and political change. Michael Johnston, professor of political science at Colgate University, New York, argues that despite the increasing awareness of democratic values, principles and practices among the public and politicians, the majority of the population are still overwhelmed by Confucian values. As a result, Chinese society, to certain extent, is organized in strong networks in which patron-client relationships play an overriding role in social and political relations. It is in these spheres that people are inclined to rely on consensus making and the power of the authorities, which inhibit the development of a pluralist society and further undermine the power of the citizenry in holding the state into account.

This situation is exacerbated by the failure of education, says Willy Lam, senior fellow at the Jamestown Foundation in Washington DC. '27 years after Deng Xiaoping began his reforms and open-door policy, academic institutions still encourage conformity and frown on potentially heretical – and politically incorrect – experimentation'.¹⁴ Lam doubts that the growth of markets can necessarily democratize a society, or even pluralize it in fundamental ways. But it does give rise to new groups and interests, who seek both the scope to act and a more favourable

and predictable relationship with the state. This interaction between society and state has been a long and difficult process.

Indeed, political change in China hinges not only upon the state itself, but also on society as the agent of change. People are not entirely constrained by the binding superstructures; rather, they are active agents whose culture, ideas, values and knowledge play an important role in driving the process of change. The roles of the state and society in political and social transformations are mutually reinforcing. This highlights a number of issues that require further study. What and how can power be transferred from higher- to lower-level authorities and newly elected village committees, villagers and the wider public? What will this mean for the elected village committees, which are fettered by their lack of control over resources and have little say in village administration, as the nomination of their leadership is controlled by the higher-level authorities? How does society see the social, political and economic changes and the governance reform measures that are now taking place? Who are the champions of change and how are they driving it? And finally, in the context of the lack of democracy, as seen by the West, what model of democracy do the Chinese people themselves need?

Policy makers need to be convinced with viable options for tackling poverty and social inequalities through improvements in governance. The realization of sustained growth coupled with democratic governance can only be a protracted process. It is in this process that the promoters of democratic governance will have to confront resistance from different groups of actors with vested interests and identify and seize opportunities again and again, according to Jesse Ribot, senior associate at the World Resources Institute. All of this will require a viable programme that addresses the poverty and social divisions in a society that is dominated by a hierarchical and compartmentalized state. The state, however, will have to act swiftly in order to defeat the forces that obstruct the trend towards reform. Perhaps the roadmap is there, but societal demands for measures to implement the new development agenda, and the reactions to them, require further studies. ■

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