1 China at a Crossroads

SRL Leather was upsetting its neighbors. Leather processing is not the cleanest business, and SRL Leather, like tanneries everywhere, was prone to emitting noxious odors and waste gases. The problem got so bad that exasperated residents filed multiple complaints with the local government in the early 2000s. The town's Environmental Protection Bureau responded by listing the company as a pollution standards violator from 2004 to 2009 and ordering the company to rectify the problem. SRL Leather undertook some measures to mitigate its pollution, but they were not sufficient and were not communicated to the residents—and so the complaints and unhappiness continued. In April 2009 an environmental nongovernmental organization (NGO), Friends of Nature, helped a resident to file a lawsuit demanding that the company disclose its environmental data, as required under national environmental disclosure guidelines. When SRL Leather took no action, a group of environmental NGOs called the Green Choice Alliance sent another letter again requesting that the company disclose its emissions. And when the company again failed to respond, two of the NGOs in the alliance took their complaints to the CEO of the international shoe company Timberland, one of SRL Leather's major clients.

Under this combined onslaught of citizen, government, NGO, and commercial pressure to stop its polluting activities, SRL Leather finally acted. In July 2009 the company disclosed its emissions records. Two months later, the CEO sat down with residents, representatives from Timberland, and the local media to listen to community complaints, and

organized an open house for residents to visit the factory. A community representative was appointed to engage with the company regarding future environmental issues, and a direct hotline was established for pollution complaints. In addition, SRL Leather started publishing daily data on its wastewater discharge and was audited by an environmental NGO to confirm that it had indeed taken corrective actions to address its polluting practices.[1]

To North American and European readers, for whom NGOs and lawsuits are par for the course, all this sounds quite ordinary. But these events took place in Dachang, a township in the sprawling, bustling metropolis of Shanghai. China is seen by most Westerners as a very different kind of country, ruled by a Communist Party in power for more than sixty years, not a place where lawsuits and citizens groups hold sway.

Headlines about China usually tell three sorts of stories. One set focuses on China's roaring economic success over the past thirty years—and indeed, the transformation of cities such as Shanghai and Shenzhen, China's new economic clout on the world stage in forums from the International Monetary Fund (IMF) to the G-20, and the explosion of Chinese-made products in the world's marketplaces are visible for all to see. A second set of stories peers inside the country to catalog the social and environmental costs this sweeping economic transformation entails, from the tens of thousands of protests and demonstrations every year to the multiple suicides at the Foxconn iPhone factory in 2010 to the notorious pollution that had China ranked at number 121 out of 163 countries in a recent assessment of environmental performance.[2] Finally, headlines on the governance front lead abundant accounts of arbitrary arrests, censorship, and covering up of widespread official misbehavior, seeming to show a country lacking any effective political channels for feedback, participation, or dissent. Overall, the stories create the widespread impression that while the face of China has changed since Deng Xiaoping's opening up and reform policy of 1978, the political wiring within the system remains largely untouched.

Tales like that of SRL Leather, however, reveal a more deeply buried but extraordinarily important story: the rapid evolution, despite the persistence of the authoritarian one-party state, of multiple channels through which citizens can now—sometimes—express grievances and seek to solve problems. Dachang's residents started by filing complaints

directly with the government, and then brought in a network of environmental NGOs. These NGOs were able to use new transparency regulations and an emerging legal system to pressure SRL Leather to improve its practices, and also leverage the international supply chain to raise the stakes on the polluting company. In the end, SRL Leather's problems were resolved not just by using formal policy rules, but through community-based discussion, and by giving citizens a stake in the management of their environment.

This story opens a window to the multitude of complex political developments that have taken place at China's subnational level, beneath the more visible transformations. The opening up and reform policy that Deng Xiaoping launched in 1978 did not simply unleash market forces on the planned economy. It also reconfigured the state's involvement in economic affairs, creating space not just for private entrepreneurship but also for subnational (or local) governments to try out different reforms.

The initial stages of reform led to what has been termed "fragmented authoritarianism"—authority divided both horizontally across different locations and vertically across different agencies and administrative levels.[3] In the ensuing years, the party-state apparatus has also gradually altered the nature of its involvement in the social sphere, allowing for more personal choices and, over time, greater scope for citizens to voice their concerns, participate in public issues, and form associations. The state structure itself has become far more decentralized, allowing for local government initiative and transforming the dynamic between central authority in Beijing and local provincial and subprovincial levels of party and government. And, crucially for a Leninist Communist system where power resides with the Communist Party far more than it does with the formal institutions of government, changes have also taken place within the party system, with the gradual emergence of some mechanisms of checks and balances, as well as restraints on the arbitrary use of power through a slowly developing system of the rule of law.

But this is not a straightforward, linear evolution toward more accountable and effective governance. The evolution of China's governing system is a story buried in layers of overlapping old and new structures, uneven implementation of intended reforms and regulations, and pushback by vested interests. On the one hand, the Chinese Communist Party (CCP) has placed increasingly strong restraints on its power in economic and

social affairs and in many ways is moving incrementally toward the rule of law. On the other hand, the party's number one priority is to hold on to its monopoly of political power.

Such complexity makes it possible for observers to argue that an extraordinary range of political futures is possible for China: the triumph of authoritarian-style capitalism; the coming collapse of a nation unable to hold together in the face of rising tensions and contradictions; prolonged stagnation as a result of partial reform; or democratization as a growing middle class gains power and pushes for more rights. Where, in fact, is China heading? What kind of country is China becoming?

Through the Lens of Local Experiments

This book tries to make sense of the multitude of political changes taking place across China. In contrast to other books that focus on the party and/or elite politics,[4] our approach is to delve deeply into China's experimental approach to change at the local level—in townships, counties, and provinces. By taking this ground-level view, we aim to uncover clues about what sorts of foundations are being laid that could support future political transformations.

Local experiments are the hallmark of how China has undertaken all sorts of reforms since the end of the Mao era in the late 1970s. China's massive transformations over the past three decades are the result of multilayered and incremental change rather than top-down shock therapy–style reform. The Chinese approach is less Big Bang and more "learning-by-doing," an incrementalist spirit often captured as "crossing the river by feeling the stones."[5] This approach is possible both because the center has actively encouraged localities to experiment with different ways of development,[6] and because of the decentralization of fiscal and administrative functions that took place in the late 1970s and early 1980s.

Decentralization brought about sweeping transfers of authority from the center to lower levels across a range of issues. Decisions over social security, health care, education, environmental protection, city planning, and so forth increasingly became the domain of local governments, by default giving local authorities a wider scope in promoting change. While overall policy objectives continued to be set by the center, localities were

de facto given greater leeway to explore the specific approaches and possible instruments through which these central objectives could be met.[7]

The benefits of this experimentalist approach are clear: Given the size of the country and the relatively underdeveloped nature of its governing institutions, the repercussions of implementing a policy and getting it wrong are massive, and not easy to correct. The socioeconomic variations across the country also demand flexibility rather than a one-size-fits-all approach. The decentralized, experimentalist strategy allows the center to set an overall objective, but also allows localities to test ideas through pilot projects in different places, to gain experience from the ground up. The pilots that end up being nationalized are first endorsed by central authorities, and their adoption is then promoted through official announcements and press conferences, as well as visits and exchanges with other regions. This style of reform has been called "experimentation under hierarchy,"[8] requiring a tricky balance between control and freedom.

In practice, there is great variation in the degree to which successful experiments are the result of national orchestration, which ones end up being scaled nationally by design or simply by default, and how the national policies differ from their local models. In the early 1990s, for example, Jiangsu province started privatizing township and village enterprises (TVEs), while Shandong and Sichuan provinces experimented with the privatization of state-owned enterprises. These successful local practices were eventually endorsed by the center and spread nationwide, with tremendous impact on the trajectory of China's economic growth. However, this development was more a result of central authorities responding positively to local innovations that the former had had no role in fostering, rather than part of a larger economic design.

Continued economic growth over the past three decades has brought about increasingly complex governance challenges, from inequality and growing demands for social insurance to pollution and corruption, creating a demand for broader and stronger institutions. In response, the range of policy innovations being pioneered at local levels has expanded beyond the economic sphere, into administrative, social, and political realms. These experiments are the subject of this book. Through a series of case studies and broader analyses, we investigate how local governments across China, from provincial down to township levels, are actively

experimenting with reforms to guide and adapt to, rather than resist, the broader forces of change emerging across China.

These experiments reflect a growing range of approaches to local governance that defy common assumptions about authoritarian rule. Some experiments, such as those in streamlining administrative processes, are aimed at boosting the bureaucracy's efficiency and capacity. Others, such as those dealing with social organizations and NGOs, explore ways of harnessing nonstate actors to deal with social issues and complement weaknesses in state-led approaches. Still others are trials in rewiring the innards of the party, by introducing semi-competitive elections from the township level all the way to the very top of the country's power structure. Finally, the government has experimented with using transparency as a governance tool to curb corruption and improve accountability through the proactive release of information, as well as by allowing citizens the ability to request information.

We explore the motivations for such experiments and their effects, considering how these innovations in local governance may spread, and what the implications of those experiments would be if they did spread. Thus far, the dynamic between local experimentation and central response has been different with each of type of innovation. The reform process has been spontaneous and uneven, with ideas and initiatives from provinces and cities sometimes cohering and sometimes clashing with central government interests.

The key issue we explore in this book is whether these efforts will become entrenched in the ruling regime (even while the nature of its authoritarian rule continues to evolve) or create space for significant political reform. We recognize that there is no immediate prospect for democratic rule in China, in the sense of freely contested multi-party elections backed by fully realized freedoms of press, assembly, and voice. Fundamental protection of citizen rights remains weak, and the state retains control over many aspects of society that it fears could lead to instability. These include intense media policing and control and the explicit use of force to dissipate debate or shut down dissent over a range of issues, from human rights to corruption scandals.

Nonetheless, looking beneath the surface, it is still possible to find important and interesting trends with regard to information flows, participation mechanisms, and accountability mechanisms. Those trends

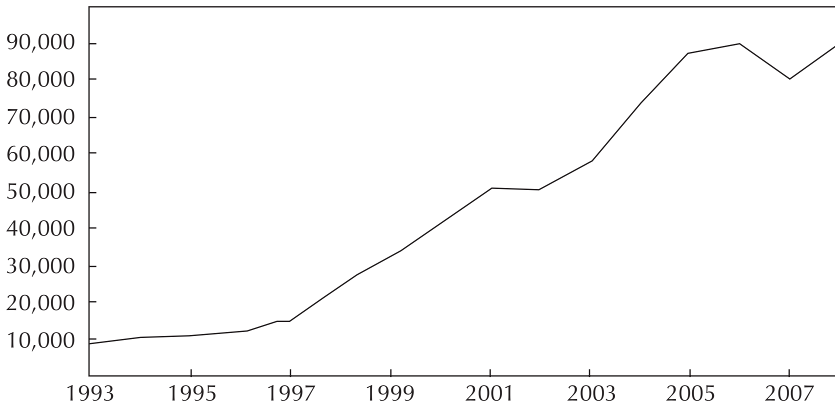
raise questions about what form a more democratic regime in China might take—clearly any democratic structures would necessarily grow out of China's unique historical and sociocultural context. And as the brief description of the experiments already under way makes clear, the very nature of CCP rule and the foundations of the authoritarian regime are shifting and evolving. This means that even if the CCP succeeds in entrenching its rule in the long term, it is likely to do so in ways that challenge conventional understandings of what constitutes authoritarianism. Rather than try to guess at the end state, we are more interested in whether China is developing the necessary institutions and capacity for political reform in the direction of greater voice and accountability.

The repercussions of China's gradualist approach to reform are far from straightforward. The Chinese party-state is actively attempting to address the factors that could lead to collapse, stagnation, or challenges to the party's authority, including via quite deliberate experiments in local governance innovation. We believe that it is too early to know how the extraordinary complex of factors described above may come together. Instead, what is clear is that as the party tries to walk the tightrope to reform and retain its legitimacy while maintaining its monopoly over political power, the range of actors being empowered to act and influence decisions is multiplying, and the competition between these various interests is heating up. Nothing like modern China has ever existed before. The rapidity of sustained economic growth under conditions of authoritarianism, the sheer scale of everything to do with China, and the deliberate (if not always controlled) experimentalist approach to governance all represent conditions that test the limits of social science.

The Massive Challenge of Governing China

A critical question is whether this incremental and experimental approach can sustain China in the face of the country's extraordinarily dire challenges, which would strain the capacity of the best of governments. Sustaining rapid economic development alone requires adjustments from urbanization policies to building more advanced capital markets and reforming state-owned enterprises, as well as harmonizing domestic rules with those of the global trading and financial regimes. All this must be done in the face of daunting social disruptions that the state is struggling to

Figure 1-1. ***Number of Demonstrations, 1993–2008***



Sources: Books—*Yufang yu Chuzhi Quntixing Shijian* (Preventing and Dealing with Demonstrations) (People's Daily Press, 2009), p. 43. Chen Jinsheng, *Quntixing Shijian Yanjiu Baogao* (An Investigation on Demonstrations) (Mass Press, 2009), p. 62. Song Weiqiang, *Shehui Zhuanxingqi Zhongguo Nongmin Quntixing Shijian Yanjiu* (Peasants' Demonstration in China during Transformation) (Central China Normal University Press, 2009). Liu Zifu, *Xin Quntixing Shijian Guan* (A New Perspective on Demonstrations) (Xinhua News Agency Press, 2009), p. 1. Periodicals—Li Zhongxin, "Guanyu Shijichu Jingji Fazhan yu Shehui Wending Wenti de Taolun" (A Discussion on Economic Development and Social Stability in the Beginning of New Century), *Jiangsu Gong'an Zhuanke Xuexiao Xuebao* (Journal of Jiangsu Public Security College), no. 12 (2001), pp. 10–12. Liu Xudong, "Quntixing Shijian Shendu Pouxi (A Deep Analysis on Demonstrations)," *Dangzheng Luntan* (Forum over Party and State Issues), no. 1 (2009), pp. 44–46. In addition, data for 2000 and 2001 were based on data provided by Hu Lianhe, Hu Angang, and Wang Lei, "Yingxiang Shehui Wending de Shehui Maodun Bianhua Taishi de Shizheng Fenxi" (An Empirical Study on the Changing Trends of Social Contradictions That Affect Social Stability), *Shehui Kexue Zhanxian* (Social Science Front), no. 4 , 2006, pp. 175–85.

keep up with, from widening income disparities across and within regions, to the rapidly aging population structure, to multiplying health problems. China's economic gains have also come at the cost of catastrophic environmental degradation.[9] Pollution problems are straining not just the long-term sustainability of China's development, but also social stability, as environmental issues increasingly become a daily burden in people's lives.

As a result of all these problems, tens of thousands of (sometimes violent) protests wrack the country every year, as citizens vent their frustration over everything from labor abuses to degraded land and water to official corruption. The pace of economic growth has outstripped that of administrative (and political) adaptation. As figure 1-1 shows, the sharply rising number of demonstrations taking place across China between 1993 and 2008 reflects the growing social dislocations and strains on the existing system of governance.

For the CCP leadership, sustaining high rates of economic growth remains at the top of these competing priorities, given that economic development undergirds much of the CCP's claim to continued legitimacy. As China moves toward middle-income status, however, many questions arise as to whether the growth can be sustained, and if not, whether it will be interrupted by collapse or stagnation.[10] If such interruptions to the economy do occur, the question then is whether there are resilient institutions of social mediation that can manage the conflicts and disruptions that will hit all segments of China's state, society, and economy.

The Global Implications of Local Reform

China's future political development matters far beyond its own borders, both because of China's growing geopolitical heft, and also because of the multiplying issues on the global agenda—from nuclear nonproliferation to climate change and global economic stability—that cannot be managed without China's support and cooperation. With globalization, domestic and external challenges are becoming increasingly intertwined on multiple fronts, from resource competition and energy security, to infectious diseases and financial stability. Even as China's membership and involvement in global forums to address these issues steadily deepen, it has to deal with entrenched suspicions from the rest of the world as to its intentions, as well as domestic worries about foreign hostilities.

The question is not just whether China will choose to be a status quo power that is basically content with the rules of the existing order, or a rising hegemon out to remake the world order according to its vision and interests. The question is how the nature of the regime governing the country will shape China's global role. Would a more democratic China share values with the world's other leading powers that would make it far easier to adjust to what is seen to be an inevitable shift of power from the West to Asia? And although debates about a "democratic peace" will probably occupy scholars for decades, democracies, while not averse to waging war in general, tend not to wage war against each other, raising the crucial question of what implications the nature of China's domestic regime has for war and peace.[11]

In our view, the global implications of China's domestic political development are perhaps not so straightforward. The Chinese government's

decisions about external issues will be driven in part by its willingness and ability to undertake domestic trade-offs, while its strategic calculations of external interests are in turn partially determined by domestic politics. A more democratic Chinese government may find itself with less freedom of action on the international stage if its decisions have to respond more tightly and be more accountable to domestic interest groups. A more authoritarian government could also conceivably be more supportive of the current Westphalian order if China sees sovereignty as a valuable principle to be protected and retained, so as to protect its position vis-à-vis democratic nations.

Clearly, the Chinese authorities face enormous challenges in determining how they want their relationship with society to evolve domestically, and what kind of major power they want China to be globally. These two decisions are closely interlinked, but it is not clear how much maneuvering space the party-state has to make these decisions, given the rapid changes being brought about by globalization, economic advancement, and rising social mobility within China. However, it is illuminating to examine the changes taking place within the state itself, and particularly to look beyond Beijing to the ways in which local governments are experimenting in response to multiple governance challenges. This subnational view allows for a richer set of evidence with which to consider the trajectories that the Chinese political system might take.

Understanding the implications of these experiments, however, requires some background, to which we now turn. In the rest of this chapter, we explain the context for the changes taking place within China's governance architecture and look broadly at the existing intellectual debate regarding China's political future. We then consider the various forces and experiments in new governance tools that are driving change, and explain how the subsequent chapters provide a way of understanding China's domestic changes and what factors will affect the shape of China's political future.

China's Changing Governance Architecture

China's economic rise has been accompanied by far more extensive politically relevant change than is immediately obvious. The economic structure has been utterly transformed. Citizens are now far more educated

Box 1-1. ***Overview of China's Political and Administrative Structure***

Understanding the politically relevant changes in China requires a bit of background on the country's basic governance structures. China's governing system has two parallel hierarchies: a state hierarchy and a party hierarchy. These two hierarchies operate on all five administrative levels of the system: the political center (Beijing); the province; the prefecture (or municipality); the county; and the township. There are 34 provinces, autonomous regions, and special administrative regions (including Hong Kong, Macau, and Taiwan, whose distinctive political evolution is not covered in this book); 333 prefectures; 2,862 counties; and 41,636 townships.

The state hierarchy is similar to that of governments in most countries, made up of an administration, a judiciary, and a parliament (in Chinese terminology: a People's Congress is equivalent to the lower house and a People's Political Consultative Conference is equivalent to the upper house). These three different branches are in theory meant to serve as checks and balances within the state hierarchy. This parallel set of hierarchies is duplicated in each level of administration, in a fairly decentralized manner. This means that provincial and subprovincial parliaments, known as congresses, are not subordinated to the national congress but rather are parts of local states. Likewise, local judiciaries are not subordinated to the judiciary at the center but report to the local government.

This division of power and the relative autonomy of local units from the center means that local objectives often diverge from national priorities. It is the Party, which transcends all branches and levels, that brings consistency to the various levels of government. While the Party makes strategic decisions, the state implements these decisions and manages daily or routine issues. At each level of the hierarchy, a Party Committee sits parallel to the state. For example, a provincial government, a provincial judiciary, and a provincial parliament are matched by a provincial party committee. Heads of the major state organizations are usually members of the provincial party committee. The Party's main tool for managing the state organizations is its control of the leadership positions of the state through a "nomenklatura" system that reserves to the Party the right to select who is eligible for such posts. Many state officials are not Party members, but officials in decisionmaking positions (particularly at higher levels) are by and large Communist Party members.

The notion of the people's sovereignty is written into the Constitution, with the National People's Congress (NPC) as the representative body of the people. In theory, the heads of major state organizations are elected by People's Congresses at different levels. However, since only the CCP nominates candidates to these positions, and People's Congresses are largely made up of CCP members, the CCP in effect commands the appointment and dismissal of state officials. The NPC is formally China's legislative body, but the State Council, China's chief executive organ, is far more influential, with the power to submit draft

(*continued*)

Box 1-1 (*continued*)

laws to the NPC and its Standing Committee. The Legislation Law passed in 2000 restricts the power to pass laws on human rights, litigation, and taxation to the NPC, allowing the State Council, local governments, and congresses to legislate in other areas. In addition, local government legislatures are allowed to pass laws when national laws do not exist, but these must be harmonized once national legislation is established.

Aside from the Chinese Communist Party, there are eight other political parties in China, formed before the CCP took power in mainland China in 1949. Before 1949, these eight parties were aligned with the CCP in opposition to the then-ruling Kuomintang (KMT) Party. These eight parties were largely composed of and led by intellectuals and businessmen, and were fairly influential in the 1940s. Prominent figures from these eight parties took high-ranking state positions in the early 1950s, but the parties were suppressed between 1956 and 1976. The parties were restored after 1978, but their role in Chinese politics has been greatly diminished. Although the party system has been described in China as a "system of multi-party cooperation and political consultation led by the Communist Party of China," the CCP's political dominance has been essentially absolute.

and have far more scope for making choices about where to live and what to do with their lives. China has significantly (albeit somewhat haphazardly) decentralized authority over a whole host of public policy arenas, a development that brought both advantages and challenges to the task of managing a rapidly modernizing country with more than four times the U.S. population.

With a series of reforms first launched in 1978, following the upheavals of the Cultural Revolution and the death in 1976 of Mao, the CCP's role and the roles of other actors in the Chinese system began to change. Up until the end of the 1970s, the Chinese state, like its counterparts in the former Soviet Union and Eastern European countries, controlled almost every aspect of socioeconomic life. Jobs were allocated by the authorities, not chosen by individuals. Agriculture was collective, with individual farmers unable to reap individual rewards from their individual efforts. Chinese citizens had virtually no options for organizing in pursuit of their own interests. But starting in the late 1970s, China began to experiment with wide-ranging economic, social, and (to a lesser extent) political alternatives. In the past few decades, the state has greatly withdrawn its

control over and intervention in economic activities, as well as greatly reined in its control over and intervention in the lives of citizens.

State Separation from the Economy

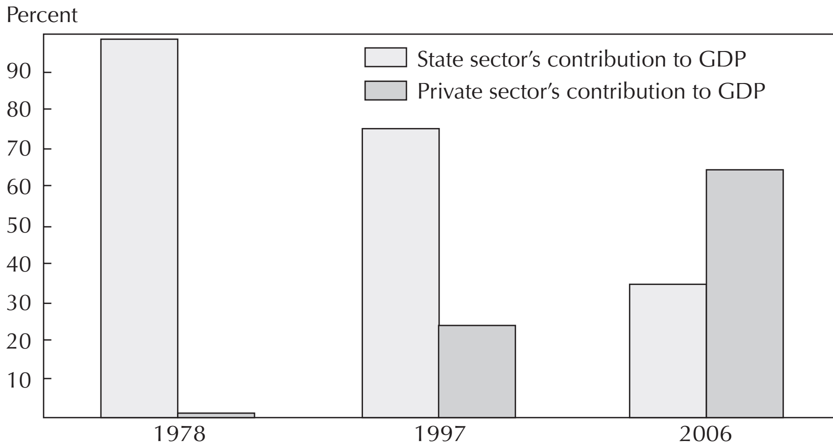
The state's changing role in economic activities includes two mutually reinforcing dimensions.[12] First came the state's retreat from central planning, starting in the 1980s with a series of steps to deregulate prices. Initially, the reforms introduced a dual-track pricing system that allowed goods produced above planned quotas to be sold at market-determined prices. Today, most prices have been deregulated, save the prices of goods and services such as oil, electricity, and railway transportation. A parallel movement away from the planned-economy model took place on the production side, with the abolition of production plans in the 1990s. Many state-owned enterprises (SOEs), which had dominated China's economy, were privatized as the government, in particular local governments, found themselves unable to continue subsidizing enterprise operations. Today there are few SOEs subordinated to local authorities. Even the large SOEs today are operating under very different conditions. While the state retains formal ownership, some are partially privatized by listings on domestic and international stock exchanges, and some of the management practices of these SOEs increasingly resemble those of large private multinational companies.[13]

The second dimension is a dramatic rebalancing of the size of the private sector relative to the state, as China's central authorities began to allow and even encourage the expansion of privately owned enterprises, foreign direct investments, and joint ventures. Figure 1-2 shows how dramatically the ownership structure of the economy changed over the three decades after the late 1970s, as the state stepped back and a private sector emerged.

Changed Citizenry

Parallel with its retreat from the planned economy, the state also rolled back its control over and intervention in the daily lives of China's citizens. The marketization of the economy meant that the state lost control over employment—people now choose their jobs and careers rather than being assigned. Mobility has greatly increased, and housing is increasingly being privatized. Well over 100 million workers have migrated from

Figure 1-2. ***Changing Ownership Structure of the Economy, 1978–2006***



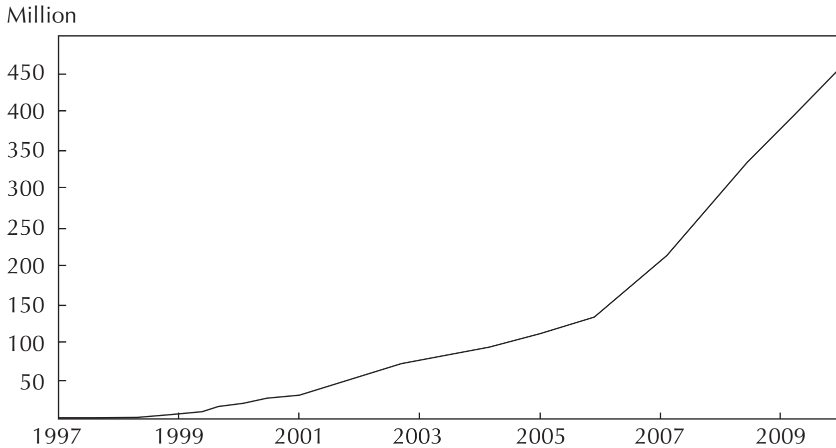
Sources: For 1978 and 1997 data, see *Jingji Ribao* (Economics Daily), November 5, 2002. For 2005 data, see Li Xinxin, "Zhongguo feigongyouzhi jingji fazhan bizhong buduan zengzhang" (The Increasing Contribution of the Non-State Sector to GDP in China), *Liaowang Xinwen Zhoukan* (Outlook News Weekly), October 1, 2007.

Note: Figure data compiled by Lai Hairong. "State sector" includes state-owned enterprises, shareholding companies where the government holds the biggest parts of the stocks, and collectively owned enterprises, which are usually run by township governments or branch administrative organizations at the upper levels. All others are included in "Private sector."

rural areas to the cities to fill jobs in China's factories. With the development of private schools and the commercialization of public schools, state control over education has decreased as well, and overseas options are rapidly expanding.

One powerful change is the degree to which China's citizens can now learn from and communicate with one another and with the outside world. The statistics are nothing short of stunning. The literacy rate rose from 66 percent in 1982 to 94 percent in 2009. The percentage of the population living in urban areas more than doubled, from 20 percent in 1981 to 44 percent in 2009. The number of Internet users rose from 2,000 in 1993 to 457 million in 2010 (see figure 1-3). A country that had one telephone line per 100 persons in 1990 had 24 lines per 100 persons in 2009, while mobile phone subscriptions per 100 persons grew from zero in 1991 to 56 in 2009.[14] With the freer flow of information and China's continuing integration into the world community, world events, new values, and mentalities are increasingly accessible and part of the

Figure 1-3. ***Number of Internet Users in China, 1997–2010***



Source: "Di 27 Ci Zhongguo Hulian Wangluo Fazhan Zhuangkuang Tongji Baogao" (The 27th Statistical Report on the Development of the Internet in China), issued by China Internet Network Information Center (http://research.cnnic.cn/html/1295343214d2557.html).

lives and awareness of citizens. Equally important, events and dialogue taking place in one part of China are increasingly accessible to citizens in other localities, adding up to an increasingly rich and multi-layered national consciousness.

These developments are in part reflected in rapidly changing consumer trends and lifestyles—particularly in urban areas. Fashion designer Miuccia Prada staged her spring/summer 2011 collection for the first time in Beijing in January 2011, adapting the version staged in Milan a few months earlier to the tastes of Chinese consumers.[15] New markets are also expanding. The skin care product market for Chinese men is estimated to have reached $269.6 million in 2010, outstripping the North American market of $227.4 million.[16] Pet ownership has also exploded in recent years, with 900,000 dogs officially registered in Beijing alone. This has been accompanied by the development of online dog social networks, even luxury items such as swimming pools for dogs.[17]

But China's social transformation extends far beyond flashy fashion and pampered pets. There has been a growing awareness of rights among the citizens, as witnessed by the escalating number of lawsuits against local and central government organizations. One lawyer, Hao Jinsong,

has drawn public attention for his efforts to build up the rule of law in China by filing lawsuits against the authorities on small, politically non-sensitive issues. He has won a lawsuit against subway authorities, forcing them to issue (legally required) receipts for people paying six cents to use public toilets. He has also won a lawsuit against the Ministry of Railroads for its failure to issue tax receipts. His compares his brand of activism to a running track, saying "A few of the elite are leading the pack, but if ordinary people see that the track leads to jail they won't dare to get on it. My way is a way ordinary people can imitate."[18]

The expansion of the social sphere is also reflected in the rapid development of civil society and NGOs. As we explain in detail in chapter 4, NGOs were banned before the late 1970s, but the retreat and changing role of the state increased the need for organizations to step in and fill gaps in service provision and social coordination. While formal regulations exist to curtail the activities of NGOs, and the sector does not have formal autonomy, more and more NGOs have been formed to facilitate all kinds of activities: business associations, education, job finding, care of the aged, community upkeep, folk arts preservation, and trickier categories such as labor rights, environmental protection, and religious activities. According to a recent survey, the number of NGOs, including the majority that are not registered with the authorities, is about 3 million.[19]

The growth of such social organizations and evolving consumer preferences also interact with changes in social values and improvements in communications technology that have swept the country, resulting sometimes in instances of citizen activism. In April 2011, Beijing pet lover An Lidong devised a plan to disrupt the practice of eating dog meat in hotpot restaurants. He waited at a highway toll booth along a route that he knew was used by trucks transporting dogs to restaurants. Once he spotted a truck loaded with dogs, he turned on his lights, stopped the vehicle, and posted the information on his micro blog. Two hundred netizens responded and joined in his blockade, leading to a fifteen-hour standoff between the trucking company and the animal activists. Eventually, Lee Pet Vet animal hospital and an animal rights charity (Shangshan Foundation) agreed to pay 115,000 RMB to the trucking company in exchange for the dogs, and the animals were transferred to the China Small Animal Protection Association (CSAPA) shelter. Media coverage of this event sparked a nationwide debate about the long-standing practice of eating dog meat.[20]

In short, citizens are much more economically independent, mobile, and resourceful than they were in the late 1970s, with growing means to engage and even confront the state. A private sphere for citizens has gradually emerged and expanded, with the diversification of values, lifestyles, and moral codes. These changes are now deeply embedded, making China a far more complex society, in which state intervention is no longer a simple or straightforward option.

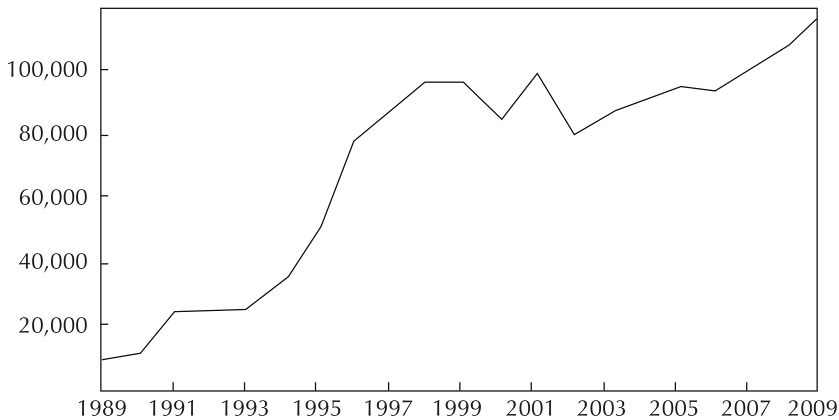
Emerging Checks and Balances

Historically, the political system in China has been considered monolithic, marked by an absence of any checks and balances. After decades of evolution, however, some variations have emerged in balancing power and regularizing power transitions. But these political changes are more limited and gradual than the transformations in economic decentralization or in the state-society relations discussed above.

One emerging check on state power comes from the long-dormant parliamentary sphere, illustrated by an increasing number of abstentions and negative votes in the National People's Congress (NPC). Because the delegates to the NPC are selected by the party, one would expect to see no divergence between these two institutions, and indeed until recent decades the NPC was purely a rubber stamp for CCP decisions. However, starting in 1990, a small number of abstentions and negative votes began to appear in almost all the major NPC voting sessions. For example, about one-third of the NPC either abstained or voted negatively in April 1992 on the construction of the Three Gorges Dam,[21] a startling and unprecedented expression of opposition at that time. At local levels, more party-nominated candidates are being vetoed by local people's congresses.[22] Although in most cases the legislature as a whole has voted consistently with the position of the administration and the party, abstentions and negative votes now seem to have become a normal part of the legislative process.

Second, the judiciary, while still not independent, is gradually becoming more professionalized. Before the late 1980s, most judges and prosecutors were recruited from among demobilized military officers who had no formal legal education and were more inclined to make judgments on the basis of political criteria rather than legal standards, leading citizens to be highly suspicious of the judiciary. As the selection process changed

Figure 1-4. ***Number of Administrative Litigation Cases Filed by Individuals against Government Organizations, 1989–2009***



Source: Data for 1997–2009 are from *Zhongguo Tongji Nianjian* (China Statistics Yearbook), China Statistics Press; data for 1989–1996 are from *Zhongguo Falu Nianjian* (China Legal Yearbook), China Legal Yearbook Press.

in the mid-1990s, judges and prosecutors with higher education gradually replaced those former military officers. In parallel, the status of lawyers in society also shifted with the privatization of law firms from the early 1990s onward. Most lawyers now hold the status of independent professionals, and their reputations depend on their capacity to argue on behalf of their clients. Court debates have therefore become more intense and more professional. That said, these improvements remain incremental and marginal. Major problems with judicial independence persist, as local courts are still part of the local governments, with their budgets and personnel decided by those governments.

Third, citizens now have more legal rights with which to check the exercise of state power. Before the late 1980s, citizens had little legal recourse in cases of government mistreatment. In 1990, the Administrative Litigation Act came into effect, granting citizens the right to sue government organizations. About 10,000 such cases were filed nationally in initial years, and the number increased steadily to about 120,000 in 2009 (see figure 1-4). Survey data reveal that around 30 percent of these cases are won by the citizens.[23] In the mid-2000s, government organizations at the central level began for the first time to lose suits brought by individual

citizens, with examples including the National Industry and Commerce Administration Agency in 2004, the Ministry of Land and Resources in 2005, and the Ministry of Finance in 2006.[24]

The 1994 State Compensation or Indemnity Law requires the state to provide either compensation or indemnity to a citizen in the event that a citizen wins a case against the government. This law places further constraints on government organizations, making them more cautious in dealing with individuals. A well-known case of state compensation occurred in Hubei province in 2005 when She Xianglin, who had been found guilty of killing his wife and sentenced to fourteen years in prison in 1995, was released after his wife reappeared. She Xianglin sued the court for the mistaken judgment, and the court ruled that the Jinshan County Government should pay him 460,000 RMB in damages.[25]

The revision of the Criminal Procedure Law in 1997 also enhanced legal rights, removing the "presumption of guilt," under which the prosecution was inclined to extort confessions by torture. However, while the 1997 revision denounced the principle of "presumption of guilt," the "presumption of innocence" was not written into the Criminal Procedure Law.

Finally, as chapter 3 explains in detail, the spread of semi-competitive elections at the village and township levels has created another layer of checks on the government. Elections in countries run by Communist Parties are usually single-candidate elections. There is no competition, and people have no choice but to accept the candidate nominated by the party. In a semi-competitive election, citizens are able to choose between multiple nominees—though from the same party, or no party at all, rather than between the ruling and opposition party. The implementation of these semi-competitive elections means that local officials have to take the needs of the residents into stronger consideration when making decisions. These bottom-up dynamics mean that local governments tend to have become more autonomous in their interactions with higher-level agencies. In addition, election campaigns can facilitate horizontal networking among the citizenry, providing another locus for social interaction and potentially strengthening deliberative processes at the local level.

Institutionalizing Transfers of Power

One merit of an electoral democracy is that mechanisms are in place to facilitate the peaceful transfer of power. However, in the former Soviet

Table 1-1. *Proportion of Peaceful Power Transfers (Generational) since 1997*

Year	*Standing Committee of the Politburo (7 or 9 members)*	*Politburo (20–25 members)*	*Members of the Central Committee (190 members)*	*Alternate members of the Central Committee (130 members)*
1997	2/7	50 percent	n.a.	n.a.
2002	6/7 (including the general secretary)	70 percent	Around 50 percent	Around 50 percent
2007	4/9	40 percent	Around 50 percent	Around 50 percent

Note: Data compiled by Lai Hairong from a database on all Party Congresses from 1921 through 2007, available on the official website of the Party at www.people.com.cn.

n.a. = Not available.

Union and most other Leninist countries, leaders held power for as long as they could. Most stayed in office until they died, or until they were demoted through cruel political struggles that often involved mass imprisonments. This was also true in China before the late 1970s.

In the early 1980s, the Chinese leadership made the crucial decision to institutionalize power holding and power transfers. Officials at all levels now have term limits: five years per term and no more than two terms. The implementation process proved to be very difficult and encountered periodic setbacks, but by the late 1990s the practice was increasingly institutionalized. The year 1997 saw a peaceful partial political succession at the very highest level in China's power pyramid, the Standing Committee of the Politburo, without any externally evident political struggle. In 2002, there was another peaceful and full transfer of power at the Standing Committee of the Politburo. In 2007, yet another peaceful and partial transfer of power at the highest level took place. Table 1-1 shows the scale of peaceful power transfers since 1997, and the ability of the party to rejuvenate its ranks with younger members through increasingly predictable and institutionalized processes.

Two factors contributed to the success of this process. One was the political will of the party elite, especially those represented by Deng Xiaoping, who had learned a lesson from the tragedy of the Cultural Revolution and the early disasters in party history. The other factor was the declining need and possibility of mobilizing the masses in power

transfers, as the growing separation of politics from the economy and the separation of the state from society undermined the ability and legitimacy of would-be charismatic leaders to rule according to old-style mass mobilization. We turn now to these two trends.

Ideological Reconfiguration

Underlying the multiple shifts in the relationships between state, economy, and society is a gradual evolution in state ideology, from "Mao Zedong Thought" to "Socialism with Chinese Characteristics." This evolution has at least half a dozen dimensions.

First, the mission (and thus the legitimacy) of the Communist Party and the political system shifted from ensuring the purity of the proletarian dictatorship via class struggle to ensuring economic development and social stability. This change sparked institutional restructuring intended to facilitate individual economic initiative and to coordinate and mediate various interests to achieve social peace and "harmony."

Second, the ruling party's perception of the outside world has changed substantially. While deep suspicions remain, the outside world is increasingly viewed not solely through the lens of an enemy, but rather as consisting of potential partners from which China can benefit through peaceful and reciprocal interactions. Before the early 2000s, such mutually beneficial partnerships were struck mainly in economic affairs, but more recently, cooperation has extended to the political sphere as well. It is significant that official party messages have acknowledged this shift in perceptions, even while instances of hostility and mistrust between the Chinese government and other nations continue to take place. The political report to the 16th Party Congress in 2002 proposed the concept of "political civilization," implying an understanding of the advantages and merits of the political system in the advanced world. The party program was revised in 2002, with the important deletion of the phrase "capitalism will inevitably be replaced by socialism." The political report to the 17th Party Congress in 2007 further advocated peaceful coexistence and mutual learning between socialism and capitalism.

Third, the party-state's approach to socialism evolved in parallel with these ideological adjustments in relation to capitalism. Before the 1990s, the fundamental features of socialism were perceived to be (1) public

ownership, (2) the planned economy, and (3) to each according to his work. From the early 1990s onward, the fundamental features of Socialism with Chinese Characteristics, at least, included: (1) mixed ownership (protection of private ownership was written into the 2004 constitutional revisions), (2) a market economy, and (3) mixed principles of welfare distribution, from a planned economy system of public ownership and compensation according to one's labor, to a market-based system that permits income from other sources.

Fourth, the profile of the party has changed. According to the party program before 2002, the Chinese Communist Party was the vanguard of the Chinese working class. According to the newly revised party program, the party is the vanguard of the Chinese working class, and also the vanguard of the Chinese people and the Chinese nation. In short, the CCP is moving from a class-based party to an all-encompassing party. The composition of CCP members has likewise evolved to become far more diverse, reflecting in part the growing complexity and heterogeneity of Chinese society. The first two generations of CCP members, led by Mao Zedong and Deng Xiaoping respectively, comprised mainly soldiers and peasants who were veterans of the Communist revolution. In the third and fourth generations, led by Jiang Zemin and Hu Jintao respectively, the elites who found their way to the top of the party were increasingly well educated and technocratic, schooled in engineering. The elite of the fifth generation that will replace Hu Jintao and much of the rest of the core leadership in 2012 come from even more diverse backgrounds (class, age, birthplace, and occupation—including the private sector) and are schooled in a range of disciplines including law, economics, and other social sciences.

Fifth, political values have also been changing, in part owing to decades of increasingly deeper engagement and dialogue with the international community. One notable if still evolving example is the concept of human rights, which was viewed as counterrevolutionary before the 1990s. In 1991, China issued its first White Paper on Human Rights, stating cautiously that "the evolution of the situation in regard to human rights is circumscribed by the historical, social, economic and cultural conditions of various nations, and involves a process of historical development."[26] In 2004, the protection of human rights was written into the revised constitution, with Article 33 of Chapter 2 stating that "[t]he state respects and

guarantees human rights." That said, the practice of upholding human rights has lagged behind the formal changes in the constitution, and progress can seem painfully incremental and uneven. In 2009, China issued a Human Rights Action Plan for the first time, stating that "[t]he realization of human rights in the broadest sense has been a long-cherished ideal of mankind and also a long-pursued goal of the Chinese government and people," but came under criticism in 2011 for failing to meet many of the goals stated in the Action Plan.[27]

Finally, the exercise of power has also been undergoing changes. Before the 1980s, power was exercised based on revolutionary principles conducted by revolutionaries. From the 1980s onward, the ruling elite tried to replace the practice of "rule of man" with "rule of law," regarding the law as a more efficient instrument to regulate state and society. While the party-state has increasingly regularized its functions through major government reorganizations and the passage of laws and regulations, moving somewhat toward a modern bureaucratic state, such developments alone amount more to rule *by* law.[28] That is, while the exercise of power increasingly operates according to legal and regulatory guidelines, the law is used as a tool rather than a principle of governance. A "thicker," more substantive approach to governance requires that other actors, such as citizens, be able to hold the state to account and have their rights protected through the legal framework—rule of law rather than rule by law.[29] As described earlier, these changes are taking place slowly, and most observers would still characterize the situation in China as one of rule by law rather than rule of law.

Predicting China's Future

Of all the new practices, structures, laws, and values that are shaping China's political evolution, some have become firmly rooted in society, but most are still primitive, weak, and fragile. This messy transition process has led to a coexistence of the new and old, producing inconsistencies wherever one chooses to look. Norms of Confucianism sit side by side with those of socialism and capitalism. Large gaps exist between newly introduced regulations and their actual implementation in different parts of China. Income and social disparities are widening between and within regions, and even the ruling elite itself is increasingly made up of groups

with different backgrounds and interests. Thus, one can find support for almost every observation and prediction about China. How can we sort through this mixture of conflicting elements to forge a relatively balanced understanding of China?

To start, it is helpful to take a look at how leading China scholars have tried to make sense of the myriad cleavages and forces of change cutting through Chinese social, economic, and political life, to forecast China's trajectory. Their thinking can be broadly grouped into four areas:[30]

(a) authoritarian resilience—the current system is adapting successfully through the creation of new institutions to manage the changes brought about by globalization and economic growth;

(b) collapse—the system cannot hold together the multiplying contradictions in society and is inherently unsustainable;

(c) democratic evolution—economic growth and the creation of market institutions will lead the way toward political reform, and eventually Chinese democracy;

(d) trapped transition—various forces have combined to impede political reform in China, leading the system to be "trapped" partway through the reform process.

Authoritarian Resilience

Andrew Nathan believes that the Chinese system is resilient (and indeed coined the phrase "authoritarian resilience"). He argues that China has successfully transitioned from a totalitarian regime to an authoritarian one, and that this authoritarian regime is becoming increasingly stable and entrenched as it institutionalizes and regularizes its processes:

—Shared norms, rather than arbitrary exercises of power, are increasingly coming to guide the process of political succession, as we describe above.

—Meritocratic criteria rather than factional identities increasingly determine the promotion of elites, a process that started with Deng's "four-way transformation" of the cadre corps, emphasizing the recruitment of candidates who were not only revolutionary, but also younger and more educated, and possessed more technical skills. This, along with the gradual fading away of personality cults or promotion based on personal loyalties, raised the use of meritocratic criteria in selecting officials at the top ranks of the party.

—Specialized functional agencies have developed over time to build up both professional expertise and technical authority and are increasingly responsible for specific tasks within the state, reflecting the increasing professionalism of the bureaucracy.[31] The roles and responsibilities of the Party center, the State Council, the National People's Congress, the military, and provincial governments have all become much more clearly delineated. As Nathan writes, "What belongs to a given agency to handle is usually handled by that agency not only without interference but with a growing sense that interference would be illegitimate."[32]

—The creation of institutions that allow for citizen participation and direct engagement with the state not only diffuses grievances that might otherwise build up, but also strengthens the legitimacy of the CCP. One example is the Administrative Litigation Act mentioned earlier, which allows citizens to sue the state.

David Shambaugh's authoritative analysis of the evolution of the CCP provides a variant of this argument. Shambaugh points to multiple successful adaptations that may portend a relatively long-term future for the party but also sees signs of party atrophy.[33] In short, in this view China is successfully adapting to changing circumstances, building an authoritarian state that is compatible both with global integration and with modernization.

Collapse

The opposing argument is that the CCP is actually massively weakened from within owing to corruption and moral decay, and has by and large lost its legitimacy in the nation. While economic growth rates have been high, the massive SOEs continue to place a strain on the economy and undermine national competitiveness. Rather than having banks serve the needs of the market, the state uses banks as a tool to push funds through the system and into the SOEs, further holding back the development of the financial sector. The growing instances of regional social protest and citizen discontent are another symptom of a system under stress. Rather than responding to citizen grievances with remedies, the state has chosen to largely respond through repression, using the heavy hand of authority to keep its power intact. And so, the argument goes, the CCP will not be able to withstand political or economic shocks, and faces collapse.[34]

Democratic Evolution

Those who believe in the inevitability of a democratic future for China argue that market reforms and the creation of market institutions in China will pave the way for political liberalization and eventual democratization, just as they did in neighboring South Korea and Taiwan.[35] The institutions required for advanced economic development, such as the rule of law, place restraints on the arbitrary exercise of power and create protection of certain rights for both the private sector and citizens. As the Chinese economy continues to integrate into global markets, this argument claims, pro-democratic values will spread. These forces will combine with a growing middle class to exert pressures on the ruling elite for reform. Some of the institutional changes explored throughout this book, such as rules for the transfer of power, semi-competitive grassroots elections, and marginal increases in legislative and judicial independence, are all seen as signs of potential political reform in the future.

Trapped Transition

The last school of thought, put forth most eloquently by Minxin Pei, argues that China's gradualist approach to reform has left its potential transition to democracy stuck at the halfway point, unable to progress to full liberalization. Real democratization will not take place for several reasons. First and foremost, the ruling elites benefit from the current authoritarian system and can now tap into the fruits of economic growth to hold back political liberalization and co-opt potential opponents. That is, economic growth reduces, rather than increases, the pressure for political change. Moreover, the incrementalist approach to reform holds back political evolution because the overriding goal of the ruling elite is to maintain its position of power, even at the cost of constraints on economic growth or efficiency losses. It is in the interests of that elite to implement only gradual, marginal reforms, protecting lucrative sectors from greater competition and maintaining their monopoly on power. At the local levels, the lack of accountability mechanisms coupled with administrative and fiscal decentralization, along with repression of civil society and the lack of legal independence for citizens groups, have opened the way for unrestrained predation by party and governmental officials. The inability of the center to monitor and control the corruption

of this predatory elite throughout the system is leading to stagnation. All this leaves China in a "partial reform equilibrium," heading for neither democracy nor collapse.[36]

"Crossing the River by Feeling for the Stones"

The "trapped transition" and "collapse" schools of thought contend that China's political experiments, as detailed throughout this book, are necessarily inadequate because they cannot alter the political elite's near monopoly of power or because they represent mere tinkering around the edges that cannot meet China's enormous challenges. The "resilient authoritarianism" and "democratic evolution" schools argue that China's gradualist approach to reform is solving these problems or is evolving in directions that will lead to resolution, although they disagree on the likely end state. All these assessments respond to the understandable desire to know what to expect from this enormously important country. They represent thoughtful and informed attempts to weave a comprehensible narrative out of an extraordinary tangle of threads that will affect China's trajectory, from the rising middle class to the growing demand for services and the scale of China's domestic woes.

But in all likelihood, China's future is not predictable. So much about China is unique and unprecedented—its history, the massive scale of its perils and promise, the international environment in which its rush to modernization is occurring—that not even the deep and thoughtful reflections of the analysts cited above can be fully convincing, especially since they contradict one another so sharply. Although on paper the paths look separate and diverging (for example, between authoritarianism and democracy), in practice what is evolving on the ground is much more entangled—authoritarianism with democratic strands, and deepening contestation, along with an ever-richer debate about what kind of reform works for China. Rather than try to predict now which of the various trends shaping China's political future will win out, we look at how Chinese actors themselves are trying to shape that future.

By exploring what is happening with the many experiments China itself is undertaking, from administrative streamlining to creating semi-competitive electoral mechanisms, to engaging civil society and instituting greater transparency, we can investigate how the multifarious interests

and groups are responding to the enormous social pressures building up in China. These pressures include the urgency of sustaining economic growth and reform, the need to keep up with the threats and opportunities of new information technology, and the growing demands from an increasingly vocal and empowered citizenry that is facing a diversifying set of needs. Each set of experiments in a particular type of reform is dealt with in a chapter that follows. Each innovation not only comes with its own set of success and challenges, but has also been received by central authorities with different degrees of enthusiasm.

Administrative Reforms

Chapter 2 focuses on the nitty-gritty business of government reform—efforts under way since the late 1990s to streamline bureaucratic and administrative processes and make them compatible with a modern economy and society. We present cases in which local governments have tried to build greater discipline into audit and approval procedures, as well as to transform the mind-set of officials from one of public command to one of public service. Such reforms were initiated at the local level for the practical purpose of promoting investment and economic growth, and spread to other localities owing to the race for investment among different regions. At the national level, China's accession to the World Trade Organization (WTO) provided additional impetus for the center to encourage efforts to boost the functioning of government systems. The reforms are also intended to undermine the ability of local predatory elites to extract rents—in other words, to counter the massive corruption endemic in China's governments at all levels.

Key to governance reforms everywhere are administrative processes that provide services efficiently and curb corruption. Success in both is crucial to the CCP's survival, at once deepening the party's legitimacy and changing the foundations of the CCP's rule to some degree. While falling short of democracy, the streamlining of administrative power nevertheless means a substantial step away from the totalitarianism of the pre-1980s era. Enhancing monitoring over administrative processes means the emergence of internal checks and balances within the state, which helps to improve piecemeal accountability even in the absence of broader accountability mechanisms such as free elections. These experiments have been successful to some degree, but also reveal the tremendous difficulties

involved in institutionalizing restraints on the exercise of state power. Administrative powers have been substantially cut in some areas, but the dominance of the government continues to be a problem in other areas, reflecting an internal battle between reformers and those pushing to expand the power of the bureaucracy.

But even highly successful administrative reforms may not necessarily work only to support the existing political system. There may be unexpected spillovers if citizens become accustomed to demanding greater transparency and accessibility from government. To the degree that the administrative reforms also change the state-society relationship, by making people see the government as something that should serve people's needs rather than tell them what to do, these reforms could instead strengthen trends toward a more independent and demanding citizenry that feels more empowered to hold the government accountable for its performance and can overcome the capacity of local elites to be predatory.

The larger question is whether such administrative reforms are likely to go far enough to resolve the broader problems of creating a sustainable governing system for a rapidly modernizing China. To what extent can streamlining administration in itself succeed in the long run without reform in other aspects of the political system? Administrative reform has certainly been needed to support high levels of economic growth as China moves from poverty to middle-income status. But would it fall short of providing the accountability, participation, and transparency mechanisms needed to govern China's increasingly complex economy and society?

Electoral Reforms

Chapter 3 explores several innovations aimed at developing electoral capacity and mechanisms within China. China's unusual dual authority structure encompasses important roles for both party and government, such that reform within the party system has much larger ramifications for the bureaucracy compared to other countries where the civil service and political parties are separated. By focusing on the application of governance innovations, such as elections, to the party, in addition to the much better known electoral experiments at the village level, this chapter offers insights into both how China is currently governed and how those governance systems may be changing. We examine experiments in democratizing the party itself, electoral reforms within government-organized

mass organizations (also known as GONGOs, or government-organized NGOs), and the relatively rare experiments with semi-competitive elections beyond the village level, into the formal administrative levels of the township and county.

Electoral competition, in however marginalized a part of the party-state, is usually thought to be the last thing that a traditional Communist regime wants to allow. However, semi-competitive elections have continued to spread to more villages, and upward to the township and county levels, although at a very slow pace.

The introduction of the semi-competitive election aims at improving the accountability of local officials to dissatisfied residents. The major reason why local party secretaries have been willing to share their power is that they have to do so in the face of limited economic resources and in order to appease increasingly independent, and in many cases discontented, local residents. But to implement competitive elections means to give up the power to appoint officials. Thus there is a constant struggle for every decisionmaker to strike a balance between keeping power over local officials and holding local officials accountable to the people. The multiple experiments with semi-competitive elections in China, and the resistance to their spread, underline this ongoing tension between the desire to hang on to a significant source of power—the power to appoint officials at the next lower level—and the need to institutionalize more meaningful forms of accountability in China's political system.

Yet confidence is clearly much greater in elections that are confined to the party itself than in those involving the general public. Intraparty democracy, as stated by the party, might not be sufficient for promoting democratization in the wider society. But it does seem likely both to transform the traditionally vertical power structure of the party to one that is more horizontal and broadly accountable and to familiarize the Party with competitive elections.

In contrast with the cautious attitude of the party-state authorities, the broader society has displayed a healthy appetite for news about competitive elections. This enthusiasm is reflected in heavy media coverage of many semi-competitive elections, particularly in new media. Stories of independent representatives striving to check the behavior of local officials, sometimes inviting retaliation by those officials, have received considerable sympathetic media coverage. The reporting and open discussion

of these stories demonstrate a dynamism that has not been seen before in China, hinting at gradual changes in the political culture.

Civil Society Organizations

Chapter 4 looks at ways in which local governments are engaging with civil society groups and GONGOs (government-organized nongovernmental organizations), as well as changes within these social organizations themselves. Until recently, there was very little in the way of organized civil society in China. Social interests were gathered into government-organized associations, such as women's associations and trade unions, where the purpose was to ensure social control and meet government-directed social objectives rather than to represent the particular interests of the members. The political space that would allow nonstate groups to organize and provide a counterweight to state power was highly constrained.

However, the decentralized and fluid nature of Chinese governance, and the decline of state control in society, has created openings that citizens around the country have seized to form everything from sports clubs to religious associations and to find new openings to engage in policy processes.[37] At the same time, new pressures have emerged to provoke the realignment of the state's relations with these mass organizations. These pressures include mounting social and environmental problems that cannot be dealt with by the state alone (particularly at the local level), the rise of more independently organized civil society groups that compete to serve the interests of the associations' members, and—with the rapidly growing networks developing between Chinese state agencies, corporations, and social organizations and their international counterparts—the spread of norms related to transparency, accountability, and participation.

The chapter explores why the evolution of civil society is key to understanding the prospects for China's political development and draws on multiple cases of reform in the regulation and activities of civil society organizations. To what degree is Chinese society developing the capacity to organize and carry out collective action in search of social goals? Can social organizations and networks articulate, aggregate, and represent the multifarious interests of this increasingly complex society? As with the policy innovations examined in the other chapters, change in this area is bound up with competing interests. In the past decade, the party-state has

struggled to find ways to engage the power of social organizing for what it defines as the collective good, while vigilantly opposing any organizing that could lead to threats to the party's grip on power.

The space for associations that can serve as autonomous counterweights to state authority or pose challenges to CCP monopoly via advocacy and criticism is extremely limited, although such associations do exist. Much more common are civil society organizations that provide social services, and GONGOs that are increasingly caught between their traditional role as arms of the state and the pressures they now face to serve the interests of their ostensible members. Would a more vibrant associational life bolster authoritarian resilience by having a positive effect on economic performance and social stability, or would it support political liberalization thanks to society's increased capacity to form interest-based groups able to act in defense of their interests?

Neither local nor central authorities have yet shown signs of willingness to substantially loosen controls on social organization. However, the space for negotiation and partnership with the state is far greater than formal regulations would suggest. The dynamic nature of these state-society relations makes analysis difficult, as we have to avoid the temptation to pin down what is essentially a moving target. Even what appear to be unthreatening service-provision roles carried out by GONGOs have potential political significance. Service providers often morph into advocates, as they come to see the larger systemic causes of the problems they are trying to ameliorate. And beyond this, the habits of effective collective action die hard—the skills and norms learned in a homeowners association can transfer to organizations with quite different goals.

Transparency and Scaling from Local to National

Chapter 5 considers what happens when local experiments get scaled up into national regulation, and looks at the challenge of implementation on the national level. Like all governments, Chinese authorities are grappling with the political and economic implications of the global revolution in information technology and with rapidly changing norms about who is entitled to know what. In the 1990s, numerous localities, such as the province of Guangzhou and the municipality of Shanghai, began experimenting with a variety of "right to know" rules that require government bodies to release information to citizens, both proactively and in response

to citizens' requests. In addition, there have been efforts to make parliamentary processes more open and transparent. In May 2008, national regulations on "Open Government Information" (OGI) came into effect.

This chapter examines how the regulations changed in their migration from the local to the national level. Trial regulations in places such as Guangzhou and Shanghai served as sites for learning and experimentation, providing the central government with substantive evidence of the value of transparency regulations before scaling up to the national level. The national regulations, however, are circumscribed in some key ways. Unlike their local variants, the OGI regulations stop short of providing citizens with the right to know, and also lean more toward the spirit of secrecy as the norm and disclosure as the exception, rather than the other way around.

The chapter also takes a close look at how new national regulations are implemented in China's decentralized structure, highlighting examples of how effective implementation has led to important changes within the state, as well as between state and society. In a few places, there are strong signs of relatively rapid and significant implementation, buoyed by a combination of strong state leadership and active engagement by citizens and civil society. But because implementation is left up to individual localities, it is precisely where the predatory elites are most deeply ensconced that we are likely to see the least progress. This challenge will apply to all efforts to scale reforms from local to national, and will have a bearing on how all of the innovations that we look at could potentially affect the national governance architecture.

Clearly, China's transparency regulations do not necessarily operate within the same frameworks as those in democratic governance systems. The potential governance impact therefore can also play out through entirely unexpected channels as the regulations change the incentives of a wide range of actors. On one hand, if the primary effect of disclosure is to reduce corruption and promote administrative efficiency, the regulations could bolster the resilience of the one-party system, with the enhanced efficiency translating into greater legitimacy—if the party-state's conflicted relationship between openness and control doesn't cause the authorities just to shut the transparency mechanisms down. At the same time, the OGI regulations have also empowered citizens, the social elite, and civil society to advance their interests, taking advantage

of the broader space provided by the disclosure regulations. As these groups continue to push for greater state accountability within the limits of the regulations, information technology and the global spread of social networking are changing the contours of citizen mobilization around the world. It is not clear whether the transparency regulations, even if comprehensively implemented, will keep up with the development of social media.

What we are left with is not a single linear path forward, but several meandering and overlapping trajectories. What is clear is that the OGI regulations, in empowering multiple interest groups, are deepening the contestation between authoritarian and democratizing forces in China.

The Unpredictable Path of China's Experiments

In the concluding chapter, we take a cross-cutting look at all of the attempts at political innovation and consider their implications for China's longer-term political trajectory. Do these reforms offer a way forward for more democratic institutions, or do they provide another way of sustaining and entrenching the rule of the CCP? The challenge of understanding China's development path is further complicated by the fact that all of these domestic events are happening in a context that extends far beyond China itself. Economic and cultural globalization is also tied in part to the development of new media and information technology, which may create new mechanisms for political organization. With globalization, points of communication are increasingly reaching behind state borders, leading to an explosion of exchanges that is affecting and changing citizen tastes, outlooks, values, norms, and expectations. The potential effects of information technology are hard to predict, given the "arms race" taking place between government controls and ongoing advances in the technology, as well as constant citizen efforts to skirt these controls.

At an even broader level, we also have to contend with the unclear and highly contested relationship between economic growth and political reform. While it could be argued that economic growth alleviates pressure for some aspects of political reform, market forces are creating pressures for change in other aspects. The question of who is reaping the rewards from growth, and how inclusive the process is, is an important one. Inequality is rising both across regions (for example, between the developed eastern cities and the more impoverished inland western provinces)

and within urbanizing centers. The growing rural-urban migration, the aging population structure, and the changing burden of disease have created marginalized groups that cannot access public services and have few channels through which to voice their discontent. At the same time, sustained economic growth is creating an increasingly large and mobilized middle class, whose demands on the state are also rising.[38] If it is true, as one recent authoritative study contends, that most countries stagnate at a middle income level, unable to develop further due to lack of political reform, we must consider the possibility that China's three decade track record of explosive economic growth may falter in the near future.[39] Will China prove an exception—and if so, how? (See box 1-2 for a discussion of the Singapore model.)

Rather than predicting any single outcome, in this book we closely examine the state of intense competition pushing China in different directions, and delineate the lines of contestation. As the Chinese party-state struggles with mounting governance challenges in a rapidly transforming socioeconomic landscape, some of the most interesting battles and new ideas are taking place not in Beijing but in townships and counties. These policy experiments offer hints about the types of institutions that could evolve in the future, but China's experimentalist and ad hoc approach to reform creates dynamics that defy easy categorization. The extent to which these local experiments will have large-scale impact also depends on the response from Beijing.

The origin of each type of policy experiment, and the degree to which each innovation has been embraced by the center, is highly uneven. Trials in administrative streamlining arose spontaneously and are being strongly encouraged by central authorities, while township elections are still being watched with caution, with no final verdict on their desirability or permissibility to date. While formal regulations on civil society organizations continue to be strict, with crackdowns taking place occasionally, all manner of local, international, and government-owned NGOs are de facto operating in China and engaging with state authorities on a range of problems, revealing deep-seated contradictions within the party-state about how to act on this issue. While experiments in transparency regulations were encouraged by the center, the national policy did not go as far as local governments in places such as Guangzhou and Shanghai were willing to go, stopping short of affirming principles such as a citizen's

Box 1-2. ***A Singapore Model?***

No one is more concerned with the future trajectory of China than the CCP itself. Indeed, its pragmatic and eclectic approach to reform reflects the Party's bottom line—maintaining power. Its quest for survival has meant a pragmatic willingness to examine a wide range of possible solutions to its problems, learning from foreign experiences and selectively picking and adapting these practices to try out at home. The CCP has employed analysts to study a sweeping range of political models around the world, looking not just at Communist and ex-Communist regimes, but also at democratic systems and both single- and multi-party authoritarian states.[a]

In this search, Singapore has long been of particular interest to the Party. It is often suggested that China could manage to combine a market economy with a one-party system, just as Singapore has done for the past forty-odd years. Indeed, the CCP has been sending delegations to the island nation since the 1980s, to study how the ruling People's Action Party (PAP) has retained its grip on power.[b] The lessons drawn from this detailed study are surprising. China scholar David Shambaugh quotes one article written by Chinese scholar Cai Dingjian that was published in *China Youth Daily* in 2005. In this article, Cai argues that "Singapore is basically a democratic system that practices authoritarian rule"—and that its solid hold on political power was made possible because the PAP subjected itself to general elections every five years. In his view, "[t]he danger that it may lose state power has always filled the party with a sense of crisis, always reminding it not to forget the people. This awareness is the in-built force that drives the party to truly serve the people at all times."[c]

In our view, however, there are many reasons why China's scale, and economic and population structure make such comparisons impractical. First, China's administrative structure, as previously described, is highly decentralized and fragmented. Unlike Singapore's highly integrated and compact civil service, China has to grapple with complex center-local relations, where national policy directives reach local levels through diffused channels, where monitoring and enforcement options are weak, and where local priorities can often contradict national ones.

Second, ethnic divisions in China are drawn along geographical lines that are too vast to be managed Singapore-style. In Singapore, different races live and work side by side in a fairly even mix, in part because racial quotas in public housing estates prevent any particular area from becoming dominated by one ethnicity. In China, however, ethnic identities have long been tied to regional allegiances.

Third, economic growth has spurred massive internal migration flows within China. The challenge is not just the depletion of the working-age population in rural areas, and the burgeoning work force in cities, but also dealing with large migrant populations that are marginalized and who cannot access social services. Singapore, in contrast, is small enough that internal movement of people

is not a problem, and it has tightly controlled borders that allow careful management of immigration issues.

Fourth, Singapore and China have vastly different economic structures. The challenge of managing China's rural and urban economies is substantially more complex than managing Singapore's city-state economy. Singapore's Economic Development Board can make strategic bets that drive Singapore's economy and keep it competitive, while China's economy is too decentralized. China's national-level policies take place at such a large scale that they can have global repercussions. The exchange rate policy is but one example.

Finally, Singapore is governed by a highly competent and technocratic elite, which arguably is small enough such that cohesiveness can be maintained, not unlike running a very large corporation. There are 15,000 members in Singapore's ruling People's Action Party, while China's Communist Party has over 70 million members. The challenge of maintaining cohesiveness in such an immense organization is arguably unique in the world.

These differences aside, Singapore's general election in May 2011 and presidential election in August of the same year raised interesting questions about the sustainability of the PAP's approach to maintaining power. The 2011 elections also highlighted the role that formal elections play in both instilling discipline in the ruling party and providing a stable framework for political evolution. The 2011 general election was hailed as a watershed event in Singaporean politics, bringing in fresh political competition and injecting a greater sense of democracy into the system. The PAP won 60.1 percent of the vote, its worst performance since independence in 1965.[d] This translated into the highest number of opposition candidates being voted into Parliament (six, compared to four in 1991).[e] Singapore's heavyweight politician Foreign Minister George Yeo (formerly minister for trade and industry and minister for information and the arts, and a former brigadier-general in the Singapore armed forces) lost his seat when the opposition Workers Party won 54.7 percent of the vote in his constituency.

These numbers aside, the 2011 general election was seen as different for a host of reasons. First was the number and quality of candidates that joined opposition parties—people with stellar credentials from the civil service and the private and nonprofit sectors. This shift reflected a changing citizenry with shifting and far more vocal political views, challenging conventional perceptions about the political apathy of Singaporeans and revealing major cracks in the wall of fear that used to accompany anything associated with opposition politics.

It was also the first election in which political expression via new social media such as YouTube, Facebook, and blogs was freely allowed. The result was an explosion of views and commentary across these platforms, with

(*continued*)

Box 1-2 (*continued*)

Singaporeans creating their own videos, sharing their views, and organizing in ways not seen before. While this new dynamism was no doubt due in part to changing demographics (leading to shifting electorate characteristics), the availability of expression via new media also intersected with socioeconomic complexities and grievances that had been building for some time. Rising health care and housing prices, congestion on roads and on public transportation, high ministerial salaries, as well as swelling numbers of immigrants and foreign workers, all became sources of discontent and points of attack on the PAP—this despite the economy's having grown by an astounding 14.5 percent in 2010.[f]

The 2011 general election was also different for the level of voter anger and frustration directed at the PAP. While PAP candidates pointed to the party's track record of success and competence, voters criticized the party for its elitism and arrogance, for having lost touch with the concerns of ordinary Singaporeans, and placed it under scrutiny for high-profile mistakes over the previous five years. The discontent pointed to shifting sources of legitimacy to rule as the composition of the electorate changed over time, and as Singapore's continued development brought about new social and economic challenges.

Held just three months after the general election, the presidential election reaffirmed the major shifts in Singapore's political landscape. Despite being a largely ceremonial position with limited powers, the presidential seat was hotly contested and generated active debate that again brought the strength and legitimacy of the PAP into question. While former deputy prime minister Dr. Tony Tan, widely acknowledged as the PAP-endorsed candidate, won the vote, it was by the slimmest of margins (0.34 percent). The large number of votes garnered by the first and second runners-up only served to underscore the divergent political values across the citizenry, their dissatisfaction with the status quo, and the weakening ability of a single party to represent all interests.

It remains to be seen whether Cai's observation about the PAP is true. On one hand, the degree of political competition found in the 2011 elections may herald the steady erosion of one-party rule in Singapore. On the other hand, the PAP's slide in performance may be just the shock that the party needs to keep itself disciplined and find new ways to adapt to and evolve with changing conditions on the ground. We can be sure that analysts in the CCP will be watching future developments with great interest.

a. Shambaugh, *China's Communist Party,* p. 87.

b. Ibid., pp. 92–93.

c. Ibid., pp. 94–95.

d. The PAP won 75.3 percent of the vote in 2001 and 66.6 percent in 2006.

e. Singapore's first-past-the-postelectoral vote means that a party's representation in Parliament is not proportional to its share of electoral votes.

f. Department of Statistics, Singapore, "Time Series on GDP at 2005 Market Prices and Real Economic Growth," February 17, 2011 (www.singstat.gov.sg/stats/themes/economy/hist/gdp1.html).

right to know. The implementation process of this national regulation further sheds light on the challenges of scaling up local innovations. Change takes place unevenly, producing not one single trajectory (such as democratization or authoritarian resilience), but several overlapping and competing forces.

Therefore in the concluding chapter we draw from each realm of experimentation to identify the lines of contestation and pinpoint a set of policy areas that bear close monitoring. What we hope to provide is not a prediction about China's future, but rather a framework for thinking about the myriad ways in which local innovations could interact with broader forces of change to bring large-scale transformation to China's governance landscape.