

THREE VISIONS OF CHINESE POLITICAL REFORM

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ABSTRACT

The central argument of this paper is that while political reform has remained a focal preoccupation of China's leadership, no unified vision of either the goal culture or the transfer culture of reform has yet emerged. Instead, there are at least three more or less clearly articulated visions of political reform currently in play. The first is the developmental perspective, according to which political reform is defined as whatever is most appropriate for rapid economic growth. The second vision is one of institutionalized personalism, according to which the informal sector will become normatively integrated and ultimately formalized, a source of innovation and no longer a threat to the established political order. The third vision, the percolation model, foresees the dissemination of successful local experiments as the appropriate engine of reform, a more open public realm as its goal culture. Each of these visions, though not necessarily incompatible, harnesses different grievances, satisfies different interests, and appeals to different constituencies.

Introduction

The topic of political reform has long been neglected among contemporary China scholars.¹ A typical reason for this is that the PRC regime has been primarily concerned with economic reform, and has shown little interest in political reform. Though this assumption in itself should not warrant neglect (vigorous economic reform would also elicit political reform as a dependent variable, even if unintended), I hope to show that the assumption is inaccurate. Political reform has consistently been a high priority of the regime. One reason this has been so frequently misunderstood is that the Chinese do not understand political reform in the same way as Western observers, who persistently tend to identify political reform with the approximation of Western democracy. The problem is not that Westerners are tendentious, that they presume that reform moves toward some preconceived *telos*, for surely it is inherent in the nature of reform that it should move toward some envisioned outcome, or it would be mere random adaptation. The problem is that the Chinese *telos* is not Western; explicitly precluding what Chinese Communist leaders call "bourgeois democracy." Already implicit in the campaign against "bourgeois liberalization" in the early 1980s, this taboo was

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I wish to thank Dr. Gang Lin for his comments on an earlier draft of this article.

articulated most fully and explicitly in the theory of “peaceful evolution” that appeared in the wake of the 1989 crackdown at Tiananmen, which postulated a conspiracy between domestic dissident groups and Western democratic influences insidiously seeking to undermine the CCP regime as it had disastrously subverted socialist regimes throughout eastern Europe and the Soviet Union. Since 1989, at the theoretical level, a whole series of “neo-” and “post-” theories have blossomed—neoauthoritarianism, neoconservatism, postmodernism, postcolonialism—in each of which the Chinese developmental pattern has been dialectically opposed to Western (“bourgeois”) modernization (Xu 1999). At the practical level, any inclination to liberalize raises the “slippery slope” dilemma: in view of the empirical likelihood that any concession will only unleash further demands, how far does one dare to go? Where do we stop? Hence, *principiis obsta*, beware the beginnings. But to say that Western political reform is off limits is not to say that Chinese political reform does not exist.

What do the Chinese mean by political reform? As I read it, Chinese political reform implies governmental restructuring, not just the circulation of elites or the liberalization of existing structures, and it involves transformative change, not reversible or cyclical (from a to b to a) change. That means it also entails some vision of the end state: When the reformers discussed “crossing the river by feeling for stones,” implicit was always a view, however hazy, of the other side of the river. In this paper, I argue that the Chinese leadership’s vision of political reform is, however, neither clear nor unified. Implicit in Chinese practice are at least three distinct visions of reform, each with a different notion of the best route to get there, each with a different view of the destination: First is the vision of reform as the outcome of economic modernization. This has roots going as far back as Sun Yat-sen’s theory of tutelary dictatorship: the Chinese people had not yet achieved sufficient maturity to grasp their political situation correctly and to rule themselves, thus they needed to be patient and submit to tutelage, undergoing rigorous prerequisite economic and cultural development. As in Marxist historical materialism and Western modernization theory, the idea is that whatever elicits greater economic efficiency will automatically engender appropriate political reform. Second is the view of reform as institutionalization, or the establishment of explicit rules and roles and schedules, the rule of law. But institutionalization does not appear *ex nihilo*, nor has deliberate constitutional engineering or legal codification had (in my view) a very impressive record thus far. Rather, during the Deng and Jiang periods, the process of institutionalization of established political practice has taken hold, involving the formalization of informal politics. Third is the conception of reform as the percolation of ideas from the grassroots, consistent with Mao’s old revolutionary vision of the spread of peasant associations “like a prairie fire.”

Let us now examine each of these roads to reform a bit more closely.

Economic Developmentalism

The assumption underlying political reform via economic modernization is that inherent in the process of economic growth, the preconditions for political reform will be fulfilled. As long as the economy continues to grow and to modernize, political reform is an inevitable byproduct. That is to say that political reform need not be an explicitly conceptualized design, but will emerge in the form of an organizationally appropriate response to the functional requisites of economic modernization. Although faith in the validity of this logic is quite widespread in China, among the questions it begs is what is precisely the “correct” or appropriate organizational response to the functional needs of rapid economic growth? In the course of the reform era, the quest for a roadmap to help navigate the transition to economic modernity has evolved into a dialectic between two tendencies: on the one hand, a synoptic projection of a new political order by a series of visionary leaders—Deng Xiaoping, Hu Yaobang, Zhao Ziyang, and Jiang Zemin—who are able to look at economic modernization at a particular point in time and project a freeze-frame of what it needs. On the other hand, as if conscious of the nation’s risk in blind support of charismatic visionaries, is a tendency to play down politics altogether and put economics in command, letting politics adapt incrementally (and more or less blindly) to the functional requisites of economic modernization, as measured exclusively by quantitative economic criteria; for example, in indices of GDP growth, national income, standards of living, and so on, ultimately culminating in a *xiaokang shehui* (roughly translatable as a middle-class standard of living).

Though quite different in nature and impact, these two tendencies have been to some extent complementary, as the visionary schemas were intended to facilitate politically appropriate adaptation to economic modernization, and the pattern of disjointed incrementalism often moved forward along the path previously laid out by political visionaries. No one embodied this contradiction more clearly than Deng Xiaoping himself, who on the one hand eliminated “class struggle” (Mao’s “key link”) from the political lexicon, repudiated the “cult of personality,” and openly espoused the revisionist notion for which he and Liu Shaoqi had been toppled: that the “ideological superstructure” and the “relations of production” were in effect determined by the “forces of production”—all of which denigrated charismatic leadership and pointed to the leading role of economics. On the other hand, Deng boldly supported “marketization” and price reform well before other leaders were willing to do so, and sketched a bold outline of structural transformation of the political arena in the early 1980s that included decentralization of economic control and greater ambit for grassroots entrepreneurialism, a greater role for legislative processes and the rule of law, and other advanced ideas. These ideas were a bold personal projection of the vision of Deng Xiaoping as well as a realistic response to the socioeconomic crisis that he had inherited from ten years of the Cultural Revolution, just as Jiang Zemin’s later

contributions to political reform were not only a personal vision but also a response to socioeconomic circumstances after Tiananmen. Thus, political reform has proceeded, in part, as a disjointed incremental adaptation to mundane socioeconomic imperatives, and as part of bold leadership visions articulated in response to periodic systemic crises.

Deng's core ideas about political reform were based on the notion of a functional socioeconomic division of labor that was worked out by Liu Shaoqi, Chen Yun, and others in the 1960s, interlocking with a corresponding division of political power. This vision of functional differentiation and political integration, in which each realm of socioeconomic development would be governed by its own functionally specific laws (as articulated in an important collection by Xue 1979), would generate the patterns of local industrial growth and incipient bureaucratic pluralization that characterized the 1980s. In August 1980, Deng made an important internal speech, later expanded upon (and radicalized) by Liao Gailong, based on these ideas (Deng 1984). The legislative apparatus should play a larger role in the political process, and there might even be a two-house legislature, with the National People's Congress (NPC) functioning as the lower house and the Chinese People's Political Consultative Conference, a relic of the united front, acting as the upper house. This was to be the beginning of a series of reforms designed to strengthen the internal integrity of China's legislative organs. In observing how "democratization of the whole society first requires democratization within the Party, which in turn requires democratization within the Party leadership, especially the Political Bureau," Zhao Ziyang, with Deng's support, introduced a margin of choice (*cha'e xuanju*) into the election of the Central Committee members at the (1987) Thirteenth Party Congress. After the Seventh NPC (March 1988), the election of the State Council involved multiple candidates for each vacancy—also for the first time in its history, no one received 100 percent of the confirming votes at the Seventh NPC, and there have since been growing numbers of abstentions and negative votes on controversial candidates and legislation. In 1986, for example, adoption of a national bankruptcy law was repeatedly delayed by reservations among NPC members, finally being adopted only after revision. Although a two-house legislature never materialized, Deng's vision of a division of labor was to recur in political reform thinking in the form of the separation of Party and government (*dangzheng fenkai*), which informed Zhao Ziyang's reform proposals in his report to the Thirteenth Party Congress,² and in the separation of factory administration from local government (*zhengqi fenkai*) that would inform the reform of State Owned Enterprises (SOEs). It also inspired the vision of civil service reform endorsed by Zhao in 1987, in which the Party would no longer have exclusive control over personnel matters: instead there would be two types of cadres, political cadres and executive cadres, each subject to its own rules or "management by categories" (*fenlei guanli*): whereas political cadres would remain subject to the Leninist *nomenklatura* system, executive cadres would be openly recruited and promoted meritocratically by the State Council's Ministry of Personnel.

Deng's notions of political reform dovetailed with his vision of economic transformation. From the outset he was fairly clear about the need for a fundamental economic transformation of the command planning system. Very early, for example, Deng proposed—in a fundamental departure from Marxism-Leninism as hitherto understood—the introduction of markets. In November 1979, Deng said, “It is surely not correct to say that the market economy is only confined to capitalist society. Why cannot socialism run (*gao*) a market economy?...A market economy existed already in feudal society. Socialism may also run a market economy” (Gao 1992, *passim*). This was not yet a leadership consensus, however, and as Deng also believed in a division of labor within the top leadership, he had just appointed Chen Yun whom he had restored to the Politburo Standing Committee, as chair of the Politburo's Leading Small Group for Economics. Chen Yun's views on the permissible role of the market seem to have become more cautious since the early 1960s, when he was a spearhead of marketization under the rubric of Marx's “law of value.” Now he introduced the famous metaphor of the market as a “bird” and command planning as the “cage,” within the limits of which the bird might have freedom to move. Chen was joined by such leading erstwhile planning bureaucrats as Li Xiannian, Yao Yilin, and Bo Yibo, and later also by ideologues such as Deng Liqun and Hu Qiaomu, who believed in reform within the framework of the plan similar to what had taken place in eastern Europe after the 1956 uprisings—including “structural adjustment” (i.e., shifting sectoral priorities from heavy industry to agriculture and light industry), reopening the door to trade and investment, or raising procurement prices for grain. Thus at the 1982 Twelfth Congress, the Party line was “economic planning as the mainstay, the market as the supplement.” When the third Plenum of the Twelfth CC adopted its “Decision on Economic Structure Reform,” which expanded reform from the rural economy to China's urban areas, the approach remained that of a “planned economy on the basis of public ownership.” Even at the Thirteenth Congress (1987), the economy was “a structure in which planning and market are unified internally.” Not until the Fourteenth Congress in 1992 was the concept of a socialist market economy adopted.

This elite split over the role of markets and over the pace and direction of transformational reform gave rise to the disjointed incremental approach to implementation. Due, in part, to gyrations of the investment cycle in response to investment binges and to popular alarm (and bank runs) in response to the inflation that accompanied price liberalization, and partly to political upheavals (e.g., the rise and fall of Hu Yaobang and Zhao Ziyang), the moderates held the line against marketization through the end of the 1980s. It was because of this high-level resistance that an important component of Deng's political adjustments involved decentralization, to the grassroots levels, in whose entrepreneurial enthusiasm he placed greater hopes. The idea was to decentralize power and give profits (*fangquan rangli*) to local cadres to persuade them to accept reform. *Nomenklatura* appointment rules were changed from “two down” by the central

organization department to only “one down,” providing greater autonomy for the localities. It was also partly in response to resistance from areas of vested interest in the planned economy, notably from the network of State-Owned Enterprises (SOEs) that then dominated urban industrial production and the central ministries that ran them, that Deng’s model was to push easy reforms first (i.e., agriculture and relatively labor-intensive light industry), deferring hard reforms until later. The easy reforms, unleashing rapid growth in agriculture and in agriculturally dependent light industry in response to long pent-up demand for consumers’ goods, generated rapid growth in income and savings, which could, in turn, be used to subsidize the SOEs, ironically cushioning the public sector that remained a barrier to greater efficiency. Although decentralization did not entail a shift of budgetary priorities, as fixed capital investment continued to flow almost entirely to the urban public sector (i.e., the SOEs, from which the central government also derived most of its revenues), decentralization significantly unleashed local initiative and, as a result, the nonpublic sector (i.e., the collective, private, and foreign-owned enterprises that operated exclusively on the market) began to outpace the growth rate of the public sector. Thus, the need for limited political reform followed from economic reform, but that this was not political reform for the sake of reform was evident in Deng’s readiness to crack down harshly (in late 1986 and again in June 1989) when enthusiasm for political reform resulted in a mass movement that the leadership deemed intolerably disruptive.

In the wake of the Tiananmen crackdown, both political and economic factors conspired to raise serious questions about the logic of functional differentiation, and gave rise to a new and different developmental framework. Politically, the nationwide protest movement of April and May 1989 amplified throughout the following year in other regions. For instance, similar protest movements rippled through east Europe and forced the collapse of socialist regimes in Hungary, Romania, Czechoslovakia, Poland, and East Germany. This swelling movement prompted recognition that functional differentiation could give rise to political cleavages. Economically, decentralization and devolution culminated in a patchwork of competing economic entities inconsistent with economies of scale and the logic of comparative advantage. In addition, the center lost fiscal and monetary control over the economy, which resulted in a vicious business cycle oscillating between boom and bust and chronic government deficits. Thus, after Deng Xiaoping’s early 1992 voyage to the south, which precipitated a massive economic resurgence in the pattern of (but exceeding) the investment binges of the 1980s, a new vision began to emerge, which we might call political reform *à la* Jiang Zemin or, more simply, “Jiangism.” The decentralization of power was now sharply curtailed: whereas the 1983 to 1984 *nomenklatura* reforms had reduced the number of cadres managed by the central organization department by two thirds, now the Party promoted recentralization, submitting new *nomenklatura* lists in 1990 that increased the number of cadres on either the primary list (those directly appointed by the Center) or the secondary list (subject to its approval).

The civil service reform that had been in the works since the late 1980s was indeed put into effect in 1993, and an increasing number of cadres at the lower levels have been required to take civil service exams, but there have been two important revisions: the separation of Party from government (*dangzheng fenkai*) was in effect removed, and civil service appointments remained under *nomenklatura* jurisdiction (Liu 2001). The number of nongovernmental organizations (NGOs) of every type had by the mid-1990s reached 1,737 at the national level, and some 180,000 at the county level, most of which were official or semi-official “mass organizations” concerned with sports, culture, labor, and women’s affairs. But their autonomy was constrained by new legislation in the 1990s requiring them to register with official government organs, and requiring the latter to supervise them vigilantly. The growth of civil society accordingly declined in the last half of the 1990s.³

Although characterized by some as a “retreat,” from the leadership’s perspective this recentralization marked the salvation, even acceleration, of political reform. This time, however, reform was informed by the neoauthoritarian ideas articulated in the late 1980s such that economic transition could best be effected under technocratically proficient “bureaucratic authoritarian” auspices. Such a shift seemed to the leadership to be quite in order given the risks of mass democracy slipping out of control and unleashing chaos, as was recently realized in the Cultural Revolution and Tiananmen movements. Hence, following passage of the watershed “Decision on Issues Concerning the Establishment of a Socialist Market Economic Structure” by the Third Plenum of the Fourteenth CC in November 1993, an important series of reforms was introduced to facilitate swift transition to a market economy. The most important of these included the complete restructuring of the tax system, the adoption of fiscal federalism with separate tax collection hierarchies and tier-specific tax streams; the further easing of restrictions on foreign investment that would facilitate an unprecedented influx of FDI and China’s eventual entry into the World Trade Organization; reform of the financial system, leading for the first time to a centralized monetary system; and formal legitimization of private property, leading to an acceleration of privatization (marketization *qua* price reform having been essentially completed, in consumers’ goods) in the last half of the 1990s. Although not all of these reforms were equally successful (the financial reform and the creation of a national social security system having been fairly resounding failures and reform of the SOEs and revenue system are, at best, partial successes), informed observers agree that significant progress was achieved, despite adverse conditions including confrontation with so-called “hard” reforms, international sanctions at the beginning of the decade, and undergoing the Asian Financial Crisis at the end of it. The tax reforms, for example, which established a new value-added tax to be shared between central and local governments and later formulated a new “budget law” that specified tax categories to different governmental tiers and set rules for deficit financing, alleviated the state’s long fiscal crisis⁴ and made it realistically

possible to begin to tackle the serious economic inequalities that had arisen.⁵

The three political reforms that the Jiang Zemin leadership deemed most suitable to the accelerated marketization and privatization of the economy were: (1) sweeping administrative reform, going well beyond the “downsizing and streamlining” that had been conducted recurrently throughout the history of the PRC and attempting to adapt the administrative structure from command planning to the regulation of a market economy; (2) the replacement of functional differentiation and a division of powers with a more functionally overlapping, centralized leadership; and (3) elevating the meritocratic prerequisites for recruitment into the national bureaucratic elite. Let us briefly review the progress in each instance.

Since 1978 there have been three major campaigns to downsize the bureaucracy (not real “political reform” by our criteria). By the mid-1980s, it was obvious to the reform leadership that administrative decentralization had led to the CCP’s pervasive involvement in economic activities, which led both to corruption and to stifled enterprise initiative. Thus Deng (1994) criticized the proliferation of cadre-run companies and criticized “organizational overlapping, overstaffing, bureaucratism, sluggishness, endless disputes over trifles and the repossession of powers devolved to lower levels” (p.238). Deng admired the overall efficiency of Chinese Leninism, but noted its major weakness:

When the central leadership makes a decision, it is promptly implemented without interference from any other quarters. When we decided to reform the economic structure, the whole country responded, when we decided to establish special economic zones, they were soon set up...From this point of view, our system is very efficient...We have superiority in this respect, and we should keep it. [But] in terms of administration and economic management, the capitalist countries are more efficient than we in many respects. China is burdened with bureaucratism. (Deng 1994:238)

But, the effort cooled fairly quickly. For one thing, while Deng’s agenda for political reform was limited, predicated on its conduciveness to economic reform, the mass movement that had materialized by late fall with Hu Yaobang’s apparent support (or insufficiently strict repression) seemed to be aiming at far more ambitious goals, including possible media liberalization and democratization. For another, government cadres had no incentive to reform their relationships with enterprises, from which they benefited. Thus with the fall of Hu Yaobang in 1987, political reform momentum stalled for the time. Reform momentum revived in 1988, in the wake of the Thirteenth Party Congress, where Zhao Ziyang, with Deng’s support, faulted the Party’s excessive intervention in economic affairs, urging it to extricate itself from direct administration and consign itself to political and ideological leadership. The number of ministries was reduced from 45 to 41, merging ministries of coal, petroleum, power and nuclear industries into a sin-

gle energy ministry, for example. But, no doubt partly because of the elite split that eventuated in the Tiananmen crisis, the 1988 downsizing was widely considered unsuccessful—by 1993, the coal ministry was restored under pressure from the bureaucrats, for example, and personnel numbers quickly resumed their upward spiral.

Partly because of the tacitly acknowledged failure of earlier administrative reform attempts, the 1998 campaign was more ambitious and systematic. The reorganization of the State Council downgraded nine industrial ministries to bureaus and subsumed them under the single ministerial-level State Economic and Trade Commission (SETC), redefined ministerial functions, and slashed the bureaucracy nationwide by 20 percent, or 1.15 million jobs (the central government bureaucracy was cut by 50 percent). By the end of 1998, administrative reform was completed at the central level, and the PLA had been withdrawn from the civilian economy. But after this initial success, the reform of state bureaucracy met increasing resistance and began to lose its momentum. Originally, the regime planned to follow up central downsizing by completing provincial level restructuring in 1999 and county level in 2000, but it soon became clear that the reform's reach had exceeded its geographic grasp—many laid-off officials returned to work under other categories. Thus downsizing was resumed, in a somewhat modulated form, under Wen Jiabao at the Tenth NPC in March 2003. The number of ministries and commissions was cut from 29 to 28, the SETC was eliminated, and the State Development and Planning Commission (SDPC) reorganized into the State Development and Reform Commission (SDRC), in an effort to improve the macroeconomic control system. Two new commissions, the China Securities Regulatory Commission (CSRC) and the China Banking Regulatory Commission (CBRC), were established to regulate and supervise the banking industry; a separate State Administration of Industry and Commerce (SAIC) was established to control both foreign and domestic trade; a State Food and Drug Administration (SFDA) was introduced to supervise the safety of food, drugs, and cosmetics; and a State Property Regulatory and Management Commission was established to deepen the reform of state properties management. The intention was not merely administrative downsizing, but also to institute a functional shift from planning to regulation, from being a “player” in the economy to being a “referee.”

The emphasis of Deng (and especially Zhao Ziyang) on functional differentiation and decentralization was, after Tiananmen, considered both economically inefficient and politically ill-advised. Thus under Jiang Zemin, the emphasis shifted to functional coordination (*yiyuanhua*) or “cross leadership,” quietly dropping the effort to distinguish Party and government (*dangzheng fenkai*) and deemphasizing (though not explicitly abandoning) its interest in giving greater autonomy to SOEs (*zhengqi fenkai*). At the Fourteenth Congress (1992), Jiang took the positions of Party general secretary, chairman of the Military Affairs Council, and later chief of state as well, thereby achieving func-

tional unity under a single leader. At the fourth Plenum of the Fourteenth Congress two years later, the plan to rectify the Party focused on corruption, decay, and lax discipline, calling for the strengthening of “democratic centralism.” The same principle underlay the appointments of Politburo members Qiao Shi and Li Ruihuan to NPC and CPPCC chairmanship (and later, the appointments of Wu Bangguo and Jia Qinglin); whereas before 1989, only NPC Chair Wan Li was on the Politburo. In the Eight NPC (1993), three NPC Standing Committee members were also Politburo members (Qiao Shi, Tian Jiyun, and alternate Wang Hanbin). Within the Politburo, the functionally earmarked leading groups (established by Deng in the early 1980s) became more active under Jiang, and, unlike Deng, Jiang chaired them all. Though there was no structural change in the relationship between the center and powerful regional leaders, Jiang resorted to selective purge, rotation, and promotion to circumscribe their autonomy, beginning with the purge and eventual indictment for corruption of Beijing Party boss Chen Xitong in early 1995. Party groups, branches, and committees were restored and empowered in all economic enterprises, including joint ventures. Streamlining of administration at the county level and below has often led to amalgamation of Party and state organs, such as their general offices, merging the organization department of the former and the personnel bureau of the latter, and so forth; at the Sixteenth Congress it became noticeable that a growing number of provincial Party chairs have also become chairmen of their provincial people’s congresses.

The emphasis on unity has also extended to ideology. Deng Xiaoping himself made quite modest contributions to Marxism, aside from his emphasis on pragmatism (“black cat white cat, if it catches rats it’s a good cat,” “seeking truth through facts”) and his introduction of the “four cardinal principles” (which precluded certain institutions, such as the CCP, from criticism. Jiang Zemin, initially content to echo Deng, was determined to make his own mark. Jiang’s ideological contributions were inspired by the conviction that for ideology to regain credibility it must bear some plausible semantic reference to the economic transformation of China. The centerpiece of Jiang’s ideological contribution is of course the “Three Represents” (*sange daibiao*)—that the Party should represent the advanced culture, advanced relations of production, and the interests of the broad masses of the people (with no explicit mention of the proletariat, let alone class struggle), first articulated in February 2000 and subsequently popularized in a comprehensive media campaign. In his speech on the eightieth anniversary of the Party’s birth on July 1, 2001, Jiang for the first time spelled out its political implications, proposing that the criteria for recruitment into the Party be broadened to include members of the middle classes, even selected private entrepreneurs (formerly “bourgeoisie”) (*Chung Kung Yen Chiu* 2001). At the Sixteenth Congress, the Three Represents was duly enshrined in the Party statute. The ideas he introduced, though hardly novel (they stand in lineal descent to Liu Shaoqi’s “productive forces theory” (*shengchanlun*) and “whole people’s state,” to Deng Xiaoping’s repudiation of class struggle, and to Zhao Ziyang’s “primary stage of socialism”),

represent the search for a new basis of legitimacy and ideological solidarity for a Party that can no longer rely on charismatic leadership or even necessarily on economic performance. The chief reservation about the Three Represents is that this fusion of elites will exclude broader social interests, leaving China's working classes in the lurch at a time of growing unemployment and economic inequality (Kang 2002). Yet a broader interpretation would be that the opening up of the Party to new social elites is not meant to be exclusive. Indeed, the central theme of Jiang's report to the Congress (which makes no mention of Deng's Four Cardinal Principles) is the goal of *quanmian jianshe xiaokang shehui* (build a well-off society in an all-round way), with the emphasis on *quanmian*, or all-round, perhaps signaling an emerging leadership consensus that the time has come to adjust Deng Xiaoping's strategy of growth first on the eastern seaboard in favor of a more inclusive and geographically dispersed growth effort. This thrust has been evinced not only by the program to develop the western regions launched in 1999, but also by the speeches and visits to less developed regions undertaken by Hu Jintao and Wen Jiabao since the adjournment of the Sixteenth Party Congress (which the media have tended to interpret in Pekingological terms, but which are not inconsistent with Jiang's interpretation).⁶ Whether this congregation of political, intellectual, and economic elites within the CCP can successfully coexist with the Party's traditional proletarian base and revolutionary commitments remains to be seen: eventually the Party's evolving membership roster may be expected to affect its collective identity.

To some extent, reinforcing the emphasis on functional fusion has been the very strong focus now placed on educational merit as a criterion for upward mobility, implemented both through recruitment criteria at the bottom of the CCP and by a churning turnover at the top through the rigorous enforcement of term and age limits. This has resulted in a relatively youthful elite with the highest educational attainments in the history of the PRC. More than half of the CC members and alternate members were phased out at the Sixteenth Congress in accord with age limitations, 14 of the 24 full Politburo members are new faces and all but one of the nine Politburo Standing Committee members (*viz.*, Hu Jintao) are also new. The professional backgrounds of these new officials, albeit uniformly technocratic at the Politburo level (100 percent engineers in the Standing Committee), are increasingly diverse within the CC and at lower levels of the hierarchy. Whereas at the end of 1981, 44.8 percent of Party members had only primary school education and 11.2 percent were illiterate (Dickson 1997), of the 2,120 delegates elected to the Sixteenth Congress (admittedly an elite cross-section of the membership), 63.1 percent of the delegates were 55 years of age or less, and 91.7 percent had college degrees or higher, many from China's leading universities (compared to 70.7 percent in 1992).⁷ It should be noted, of course (despite occasional references to a "Tsinghua gang"), that raised educational credentials has become such a uniform requirement that it is not too useful as a basis for the formation of informal groups or factions (more about this later). And the commit-

ment to scientific method, betokened by the emphasis on educational credentials, fits uneasily with a functional fusion of roles under monocratic patrimonialism.

Institutionalized Personalism⁸

The conception of reform through institutionalization has not been clearly articulated, but is nevertheless a powerful factor guiding the process of change taking place at the level of the central PRC leadership. The process involves simply the institutionalization of informal processes until they become structures, eventually being endowed with constitutional sanctification. Informal politics has long played an important role in Chinese politics, particularly at the elite level where political actors are under less organizational constraint and have greater discretion and freedom of movement (Dittmer, Fukui, and Lee 2000). And yet there has long been a contradiction between the informal personalism on which power has been based, deriving from personal patronage and charismatic leadership, on the one hand; and the institutionalization of authority that has characterized CCP bureaucratic practice on the other, entailing adherence to a set of functional roles, fixed procedures, and abstract rules. And an explicit or implicit goal of many of the political reforms at the central elite level since the advent of reform have been to constrain the broad range of elite freedom of maneuver that has at times led the Party and indeed the nation to the brink of catastrophe. Although reformers often envisage the resolution of the contradiction as an unequivocal victory of institutionalism over personalism, the actual resolution has resulted, thus far, in a hybrid compromise of personalized institutionalization or institutional personalism. Yet there are many advantages of this type of synthesis—greater flexibility and tolerance for ambiguity than one might normally expect in a fully bureaucratized structure, but more stability, unity, and sense of fairness than has characterized traditional CCP factional politics. The major drawback is that the inconsistencies imposed on the logic of institutionalism by the dictates of political patronage may undermine its credibility. We shall illustrate the vagaries of the transition by examining two facets of Chinese politics that have long exemplified informal politics like no other: factionalism and leadership succession.

Factionalism

The research on the internal structure of the faction is remarkably consistent in its findings: the faction is hierarchically organized, based on revolutionary seniority. It is essentially a face-to-face group built upon dyadic ties; attempts to extend factional allegiance across space (as in forming a nation-wide network) or time (as in inheriting a factional constituency from a deceased patron), though sometimes successful (e.g., many former Hu Yaobang supporters shifted to Zhao Ziyang, and many of Zhao's protégés migrated to Zhu Rongji), risks a high rate of defections. The faction is dependent on the formal organizational structure (within which it

resides) for recruits and incentives. It is relatively independent from ideology, operating in a world of *Realpolitik* based on the unsentimental quest for power. Yet the faction's relationship to both formal organization and ideology is quite variable. Whereas there is considerable scholarly consensus (at least in principle) concerning intrafactional organization about the relationship among elite factions, there has been controversy: Andrew Nathan has posited a code of civility among factions based on a balance of power; Tang Tsou's default model is that of a "game to win all or to lose all" (*China Journal*, January 2001).

Our argument here is that factionalism has, in the course of reform, not remained fixed, as one might expect from a traditional relict, but has adapted to fit socioeconomic circumstances. Indeed, we submit that informal politics has evolved far more flexibly than has formal organization. Informal politics normally parallels formal authority, in the sense that the latter enhances the opportunities for patronage building and other aspects of informal influence, while the former is more flexible and permits the pursuit of ends not formally sanctioned, and hence broadens the range of options available in formally accepted practice. Informal politics is more immediately survival-driven than is formal politics, and the normal pattern is for informal influence to evolve first because it must and, if this form of adaptation succeeds, for formalization to follow in its wake.

Factionalism during the Maoist era was still animated principally by political ideas: by contending policy "lines," ultimately organized around ideological world-views. Although behind these lurked intense personal ambitions and jealousies, the public discourse about factionalism was ideological even when it concerned personal idiosyncrasies: the desire to wear the formal Chinese slit skirt or cheongsam (*qipao*) on diplomatic occasions, to cite one celebrated example, was considered evidence of a bourgeois class nature, and the correlation between class and morality was conceived to be perfect. Thus, wives could divorce their husbands, children could abandon and betray their parents, all in the name of certain abstract principles. The two countervailing principles at stake during this period were "continuing the revolution under the dictatorship of the proletariat" on the one hand, and the rapid economic development based on pragmatic eclecticism (i.e., the "bourgeois reactionary line") on the other. Political roles were assumed to correspond to lines: Though there could at times be confusing departures from the line, these could be understood as tactical feints or elusions (by the "bourgeois reactionaries") or dogged pursuit (by the "proletarian revolutionaries"). Elite representatives of the class enemy had wormed their way into the CPC, and struggle of varying intensity was assumed to be constant, culminating in periodic purges in which all ideologically impure aspects of the past several years of political reality were blamed on the victim. Yet, while it was believed that factions were forged by ideas, it was implicitly assumed that social intimacy also played a congealing role—an assumption manifest in the tendency to suspect all previously associated with the victim, as if crimes spread epidemiologically. Concerning interfactional relations, certainly there were recurrent intra-elite

fighters in which one faction prevailed decisively in a “fight to win all or lose all,” but this tended to be followed by the fragmentation of the winning coalition and renewed factionalism (e.g., the Mao vs. Liu split is replaced by a Mao vs. Lin split, then a “Gang of Four” vs. Zhou Enlai-Deng Xiaoping split).

Factionalism did not vanish during the Deng Xiaoping era, but it underwent several important changes. Although there was an ideological dimension to the arrest and trial of the Gang of Four (in 1976 and 1981 respectively), and then again in the Deng vs. Hua Guofeng split, the elimination of Hua and his followers was followed by an ideological consensus in support of the policy of reform and opening to the outside world. This did not mark the end of factionalism, but factions were henceforth organized around policy goals and bureaucratic interests rather than ideology. Thus the issue of rapid reform (e.g., price reform, privatization) vs. more gradual reform (the market as the bird, the plan as the cage) pit those supporting the agricultural sector in a broad sense (including TVEs and collective enterprises) against a coalition of central planners on the State Council and the Central Committee (CC) Propaganda Department. This factional split culminated in a confrontation at Tiananmen in which one side prevailed decisively over the other, more “liberal” faction, the leader of which (Zhao Ziyang) was purged and placed under house arrest. But with few exceptions (the Gang of Four, Chen Xitong), the factional atmosphere in the reform era was marked by greater civility than during the Maoist era. In February 1980, the Party adopted a document entitled “Some Principles on the Party’s Internal Life,” which allowed political losers to enjoy a certain level of personal security; factional rivalries (e.g., between Deng and Chen Yun, Li Xiannian, Ye Jianying, et al.) were henceforth quietly tolerated. Losing faction leaders were not publicly blamed for ideological deviations and confrontations were typically followed by honorable retirement of the losers. Power struggle continued, but no longer led to a “sweeping” purge of the losers’ subordinates, who could be reemployed at a lower level (e.g., Yan Mingfu, Wen Jiabao). But despite the bureaucratic rationalization of factionalism, the gap between informal and formal organization paradoxically widened. This was due in large part to the contradiction in Deng’s thinking between his recognition of the desirability of retiring the older generation of officials and Deng’s ambivalence about the retirement of himself and his allies. To these he accorded an honorary semi-retirement, allowing them to sit in on “expanded” Politburo meetings in a nonvoting capacity and granting them continued access to internal elite communication channels. From this lofty position Deng and his “sitting committee” could intervene at will and trump any decisions of the Politburo with which they happened to disagree, as they did during the spring 1989 Tiananmen protest movement.

Jiang Zemin has defined himself a legatee of Deng Xiaoping’s policies as well as a successor of Deng Xiaoping, and many of the trends inaugurated under Deng Xiaoping have indeed continued. The code of civility has been further extended to opposing faction leaders, who have been permitted to disagree discreetly with the majority faction and to retire honorably without ideological

recrimination if eased out of the leadership. Thus we find, for example, that Yang Shangkun was not ideologically “branded” or placed under house arrest following his ouster at the Fourteenth Party Congress but has continued to be politically active, and that Qiao Shi, despite his involuntarily retirement at the Fifteenth Congress, continued to tour the country giving speeches against life tenure, even serving as a member of the preparatory committee for the Sixteenth Party Congress. Although ideology continues to play a significant role in leadership, as evidenced by the emphasis Jiang has placed on the Three Represents (in the face of initially vigorous inner-Party opposition), it is no longer a factor in zero-sum factional showdowns, having been replaced as the damning epithet by “corruption.” Thus Jiang’s rival Chen Xitong and his son Chen Xiaotong were given lengthy prison sentences for involvement in a Beijing scandal involving the giant State-Owned Enterprise (SOE) Capital Steel (*Shougang*), for which SOE executive Zhou Guanwu was purged and his son Zhou Beifang given a suspended death sentence, despite their ties to Deng Xiaoping. This might be considered evidence of the proliferation of the rule of law, were it not for the capricious way the crack-down has been applied (e.g., *vide* the case of Jiang’s loyal follower Jia Qinglin, who despite the Yuanhua scandal under his auspices in Fujian province was promoted to the Politburo Standing Committee of the Sixteenth CC and later elected Chair of the NPC Standing Committee).⁹

Yet despite Jiang’s claims to be a mere continuer of Deng Xiaoping’s legacy, he has taken the institutionalization of factionalism further in at least two respects. First, the gap between informal and formal organization that had opened to such alarming dimensions during the Deng era has been to a large extent closed. The “sitting committee” of retired senior veterans, willing to return to active leadership whenever duty called, has been all but eliminated—first by Jiang’s skillfully emollient handling of these *eminences grises*, and second by the fact that most of them finally proceeded to die off. And in contrast to Deng Xiaoping, who retired from formal positions while continuing to exercise informal influence, Jiang has avidly pursued as many formal positions as possible in both Party and state hierarchies.¹⁰ While this presents its own problems when it comes to arranging leadership succession, as we shall see, it has helped to realign formal and informal power. Second, not only ideology, but also policy and bureaucratic interest seem to have dissipated as a basis for factional organization. Factions are no longer identified with distinctive policy platforms. Rather, competing factional maneuvers seem to be oriented exclusively around personnel issues—in a word: patronage. This is, in part, a result of the attainment of a greater sense of leadership consensus on the package of economic reform and political stability since the purge of Zhao Ziyang and his followers in 1989. Even as the jockeying for position in preparation for the Sixteenth Congress illustrated that elite factionalism had by no means disappeared, there has been a remarkable absence of ideological or policy disputes.

Succession

What is distinctive about Chinese Communist leadership succession arrangements? Two features: First, China is unusual in the amount of anticipatory attention devoted to this particular rite of passage. Throughout CCP history, succession has been a source of inordinate concern and occasional outbursts of concentrated, disruptive strife. Indeed, it can be argued that most, if not all, of the “line struggles” that have roiled CCP politics over the years have pivoted around the issue of succession. This is so even though the Party-state has completed only two full-fledged successions since 1949 (i.e., from Mao to Deng in 1976 to 1978, and from Deng to Jiang in 1989 to 1994), amid rather more numerous elite cleavages and purges. The reason elite fights outnumber completed successions relates to a second feature peculiar to the Chinese case: the marked preference for premortem succession arrangements. Owing perhaps to a political tradition of dynastic succession in the absence of primogeniture, the Chinese leadership has invested a great deal of political capital in the preliminary making, and recurrent reconsideration, of anticipatory succession arrangements. Thus, the Gao-Rao split in the mid-1950s emerged in the context of Mao’s expressed desire to retreat to a less active role and put others on the “first front.” The decade-long Cultural Revolution involved the rotation of first Liu Shaoqi, then Lin Biao, then (more tentatively) Wang Hongwen, and finally Hua Guofeng, into the precarious role of heir apparent. Notwithstanding Deng Xiaoping’s avowed determination to institutionalize the process, he himself made two abortive selections (viz., Hu Yaobang, Zhao Ziyang) before finally settling (somewhat ambivalently) on Jiang Zemin. Many of the European erstwhile socialist republics structurally analogous to the PRC were, in contrast, resigned to defer the issue postmortem (e.g., Stalin’s succession to Lenin, Khrushchev’s to Stalin, Honecker’s to Ulbricht, Gorbachev’s to Andropov).

The history of the CCP succession issue may be divided into three eras: the pre-Mao era, the Maoist succession, and the post-Mao era. During the pre-Mao era, succession crises were nasty, brutish, and short. Succession was premortem and invariably involuntary, consisting of a confrontation between a discredited incumbent and the rest of the Politburo, who would ultimately force him out. The backstage advice of the Comintern was ultimately decisive in these transitions. Yet they were mercifully brief, an ambush sprung by would-be successors, not planned or manipulated by the incumbent. The decisive difference of Mao’s era had to do with the charismatic personality of the incumbent, which derived from his astounding revolutionary achievement. Against all odds (and with a dollop of luck), the Chinese Communist revolution succeeded in defeating and banishing the ruling Nationalist regime and established an uncontested sovereignty over the mainland for the first time since the fall of the Qing. After Liberation, Mao’s success varied but his regime can plausibly claim to have transformed the Chinese political spectrum in a lasting way and to have established

China as a world power. Yet, ironically, the Maoist succession scenario was the worst in CCP history, consisting of incessant premortem intrigue, coup plots, and power struggles, only to culminate in a postmortem succession crisis in which Mao's default successor proved too weak to survive. For the first time in CCP history, the incumbent intervened repeatedly in premortem succession arrangements as a way of motivating/manipulating and balancing would-be rivals.

It was in the wake of this nightmare that the Deng Xiaoping regime introduced sweeping reforms in succession arrangements. Deng continued to view monocratic leadership as essential, referring to himself as the "core" of the second generation, but he eliminated most of the trappings of the cult of personality, thereby allaying the impression that the paramount leader is *sine qua non* and that his replacement hence necessarily involves a "crisis." As core, Deng asserted the right to select his own successor and, like Mao, he used the selection tactically to manipulate the loyalty of the rest of the leadership. To his heir apparent he would assign all the most delicate and high-risk jobs, such as the retirement of superannuated central leaders (for Hu Yaobang in 1983 to 1985) or price reform (for Zhao Ziyang in 1988), basking in credit in the event of success but otherwise blaming the successor. But Deng did introduce two more progressive innovations. The first was term limits: for all government positions, the revised constitution stipulated a limit of two 5-year terms. Second, Deng first conceived of succession as a generational necessity, attempting through a medley of face-saving perquisites, titles, and organs (sc., the Central Advisory Council, later eliminated) to institutionalize the orderly replacement of a whole generation of veteran incumbents.¹¹ At the provincial and local levels the introduction of term limits and retirement packages has, on whole, been quite successful (Manion 1993). At the top, the picture has been more ambiguous: Deng Xiaoping arranged for his retirement from formal positions of authority but then made a mockery of his own arrangements by intervening informally to revise his own selection of successor designates. He did, then, finally succeed in stage managing the CCP's first orderly premortem succession, ceding all formal power in 1989 and relinquishing informal influence (at the brink of death) in late 1994.

Jiang inherited expectations for a second generational succession, along with the supposition he would step down from all posts in accord with the informal rule of an age limit of 70 for Party leadership posts, in the wake of the preparatory meeting for the Fifteenth Congress at which that rule was used to facilitate the retirement of rival Qiao Shi. Jiang managed the generational succession of his colleagues quite smoothly, but his own retirement occasioned more difficulty—essentially, it would seem, because of a certain ambivalence about retirement. Recurrently, during 1997 to 2002 proposals were made which would, coincidentally, function to perpetuate Jiang's influence—a return to the chairmanship system, the introduction of a Chinese National Security Commission, the promotion of Jiang's assistant, Zeng Qinghong—but none of these proposals were accepted by the rest of the Politburo. In the August 2001 Beidaihe meetings, the

leadership seemed to have reached a consensus for across-the-board retirement of all over 70, led by Zhu Rongji, then Li Peng, with Li Ruihuan magnanimously offering to retire too, although he would only be 68. Conspicuously absent in these announcements of intended retirements was Jiang Zemin. Then, in the spring of 2002, a blizzard of petitions and letters from PLA officers and from provincial officials began to flood the capital, appealing to Jiang to stay on. Jiang apparently signaled his willingness to do so, but his colleagues reportedly insisted that if any one declined to step down then all should stay. Perceiving that his own retirement was his strongest card, Jiang skillfully played that to strengthen his hand in structuring the succession in his favor. He proceeded first to accept Li Ruihuan's previous offer to retire at a special Politburo meeting on October 26, reinforcing his case with research disclosing evidence of corruption in Li's family. Thus at the Party Congress on November 13, it was announced to the delegates of the Party Congress that the only member of the PBSC who would stand for reelection to the CC would be Hu Jintao. Then, based on the customary prerogative of a retiring leader to name his successor, Jiang appointed five of his protégés to the new 9-man Politburo Standing Committee (viz., Huang Ju, Wu Bangguo, Jia Qinglin, Zeng Qinghong, and Li Changchun), ensuring that he would continue to command a majority. The crowning surprise came during the first meeting of the newly appointed Politburo, where Jiang (the day after the announcement that all save Hu would retire from the CC) allowed himself to be nominated—by General Zhang Wannian, a retiring member—as continuing chair of the CC Central Military Affairs Commission (CMC). This came in the form of a highly irregular “special motion,” justified in terms of the alleged risks of allowing an untested leadership to deal with the delicate Taiwan question and Sino-U.S. relations. Immediately approved by the Politburo, this appointment would allow Jiang to attend PBSC meetings in a nonvoting capacity, and to preview all “important” PBSC decisions. During subsequent visits with foreign visitors, Jiang has signaled his intention to serve the full 5-year CMC term (Lawrence 2002). This should ensure his continuing prominence in the national security and foreign policy arena even after his March 2003 retirement as chief of state, thereby dropping to number two in the protocol ranking (Tokyo Kyodo 2002). Although, in view of the current relative dearth of high-level diplomatic experience at the Politburo level, this can be justified in terms of the national interest, it gives rise to the old “two centers” problem that has long bedeviled the CCP (e.g., the 1959 to 1966 Mao-Liu split), in this case placing the military beyond the control of the leader of the Politburo Standing Committee. It also, of course, violates the rules of retirement uniformly imposed on other senior officials (including all other members of the CMC).

What, then, has ultimately been institutionalized? The degree of formalization, we must concede, has been exceedingly modest. Factionalism remains not only informal but also illegitimate. Factions have made no apparent progress in transforming themselves into parties, as they have in Taiwan since the onset of

democratization in the late 1980s or in Japan since the breakup of the LDP in 1993. Progress toward institutionalization is nevertheless perceptible in at least two respects. First, rather than engaging in maneuvers tending to subvert the existing organizational culture and normative structure, factional activity has been increasingly integrated into that structure—which is one reason why factional activity has become less visible. Factionalism is no longer employed for political power plays of the type allegedly plotted by Gao Gang and Rao Shushi or the Gang of Four—subversive factionalism is now more apt to pursue economic, rather than political objectives, as in the massive corruption case involving Chen Xitong. Second, the formal normative structure has become more tolerant of discreet factional activity. Although factionalism remains officially taboo (indeed invisible), no leading cadre in the past two decades has been purged from the central leadership for engaging in factional activities, although at least two (Hu Yaobang, with his CYL faction, and Jiang Zemin, with his Shanghai gang) have engaged in relatively unvarnished factional base building (and incurred some collegial resentment on that account). In this respect, the once wide gulf between formal and informal politics has thus been, to some extent, bridged. The passage of power from one political leadership to another remains a highly fraught rite of passage, as the retiring incumbent retains dominant influence over the process until his dying gasp (unlike the situation in most other Communist Party-states, where the paramount leader had come under greater collective leadership constraint). The threat of military coercion remains a decisive background factor, though the military was not explicitly engaged in the last two successions. Yet progress toward greater formalization is evident in four respects. First, the process has, in the two completed post-Mao successions (i.e., Deng to Jiang, Jiang to Hu), gone more smoothly than in previous succession crises, without sweeping elite purges, mass mobilization, or explicit military deployment. Second, although the process is still managed from the top, there has been growing attention to procedural niceties, binding the legitimacy of the process to the consent of large formal legislative organs (sc., the Fourteenth and Sixteenth Party Congresses). Third, term and age limits set increasingly tight limits on elite freedom of maneuver at all but the top echelons. Finally, unlike the situation in fraternal socialist systems, a kind of “regency” seems to have been institutionalized (i.e., an incumbent “mother-in-law” to mentor the selected successor) as a device for reducing the risks of instability in what might otherwise be a somewhat bumpy lurch from one leader to the next.

The Percolation Model

In the percolation model, reform originates at the bottom, is appreciated by higher cadres, whereupon it is then propagated to the entire nation. Known during the Maoist era as the “mass line,” this model seems to have performed as advertised with regard to some breakthrough economic reforms, such as the *baochan daohu*

(contract production to the household) model that was institutionalized as the Household Responsibility System (HRS) in the early 1980s, followed by the spread of rural produce markets and then by township and village enterprises (Zhou 1996). And it was consistent with the strong emphasis on decentralization and local autarky that characterized the first decade of reform. Decentralization would facilitate local initiative, *yin di zhi yi* (to each locality according to its characteristics). The idea was that the state should shift from doing many things badly to doing a few tasks well. In other words, this was an approach that focused on “small government, big society,” facilitating the operation of the market rather than trying to micromanage it. Local level cadres not only protected the local industries from which they derived their budgetary revenues from outside competition via tariff and nontariff barriers, but also initiated a number of political experiments at the local level. Thus, for example, in the newly created (1988) government of Hainan province, the provincial-level trade union, the youth league, and the women’s federation were all separated from the government and required to make their own financial ends meet. The government institutions for such economic activities as agriculture, power, forestry, and construction were allegedly eliminated, mandating the regulation of these functional spheres to be performed by separate economic entities. In the newly created Pudong district of Shanghai (established in 1990), the government had two-thirds fewer staff than in the average district-level government in China. The Pudong government established markets for labor, securities, and real estate, as well as service centers covering law, accounting, audit, taxation, arbitration, and notary services. In the Special Economic Zone of Shekou (a former village in Guangdong province), since 1983 a secret ballot was institutionalized for the election of the local government every two years, chosen by a congress of 500 representatives selected from all parts of society. Those selected were also, in theory, subject to a vote of no confidence.

A subspecies of percolation is what might be called percolation by artificial insemination: a practice or structure is introduced from above, inspiring the “masses” to implant their own political interests into this empty structure. By pouring new wine into new bottles, a “rubber stamp” or “flower pot” political structure soon becomes an efficacious political entity. The best-known example of this type of bottom-up “pushing the envelope” is of course the village elections, introduced in 1986. Following implementation of the Village Organic Law in that year, the holding of single-party, multiple candidate elections (more specifically *cha ‘e* elections, meaning there are more candidates than vacant positions) in villages and the creation of village representative assemblies and village heads based on such elections have expanded the range of political participation for the rural population in China. Direct elections to the local people’s congresses at the county level (district level in urban areas) and below, through promulgation of the July 1, 1979 Electoral Law for the NPC and Local People’s Congresses at all levels, have been able to offer registration to candidates bypassing the screening of the

authorities and genuine choices for the electorate. In both types of elections, however, the local Party committee still assumes a dominant role in the vast majority of cases.

But unlike successful economic reforms, which are able to pass external success criteria (e.g., profitability), most political experiments, even those introduced from the top, have remained at the experimental stage without being further propagated. For example, the Shekou experiment, though widely covered in the media, raised controversy and has not been further extended. The village elections at Buyun township in Sichuan Province, and the so-called three times and two rounds voting system for township leaders in Dapeng township, Guangdong Province, and so on, have not been extended to the next higher level, despite recurrent proposals to do so.¹² What seems to be clear is that the reform percolates to the top only with elite approval or at least tacit support. There is no established “right” to appeal for would-be policy innovators if their proposals are not picked up and further promulgated. Unlike during the Cultural Revolution, when a self-published Red Guard tabloid press could spread news nationwide, there is no autonomous communications network that would permit political innovations to spread without official endorsement. Before 1989 there had been sporadic elite endorsement of mass percolation, ranging from selective but relatively frequent endorsement in the 1950s and 1960s to the stop-and-go (*fang-shou*) pattern of the 1970s and 1980s. Why has such elite endorsement not been forthcoming since 1989? This may be traced first and foremost to a specific, notorious form of percolation, namely the spontaneous, unorganized form of collective action that began with the Great Proletarian Cultural Revolution, reappeared under reformist auspices in the democracy movements of the early 1980s, and culminated in the April-May 1989 Tiananmen protests. Because of the atomized structure of Chinese political society, a hub-and-spokes pattern in which the spokes are in principle detached from one another, such protests tend to spread very swiftly when detachment breaks down and culminate in confrontations with the state (Zhou 1991). Notwithstanding the state’s obvious vested interest in self-preservation, elite arguments stating that such polarization is not in the national interest cannot be dismissed as purely self-serving. Second, despite the nonrecurrence of national protest movements since 1989, even in the face of systematically frustrated percolation, isolated local protests have occurred with increasing frequency. True, China has been growing rapidly for a quarter century through regional and world recessions—but growth has been increasingly uneven. The situation in the countryside has become particularly difficult since the decline of the Township and Village Enterprise (TVE) or collective sector in the mid-1990s. When the government conducted a national industrial census in 1994, using sampling procedures rather than voluntary cadre reports, it found that approximately one-third of collective output (higher in rural areas) was imaginary. Thanks to protected local markets and political support, collectives had reached a state of oversupply, and amid fierce competition, prices dropped and profit

margins sank accordingly. In 1995, growth in the collective sector for the first time since the onset of reform fell below that of the GDP. The rural recession that followed resulted in millions of jobs being shed in the late 1990s, and the incidence of rural protest has increased with collective sector unemployment (Studwell 2002). The percolation of political reform under such circumstances could quite plausibly overflow the officially permitted threshold and wreak considerable havoc on a system so painstakingly institutionalized. Finally, it should be recognized that given the constitutional structure of indirect elections in the PRC legislative arena as it has existed since the early 1950s, the spread of direct elections upward might require a more far-reaching constitutional revision than the leadership has hitherto ventured to undertake. Elections were never intended to give the masses the right to choose their own leadership or to opt for preferred legislation but only to monitor local governance and improve the efficiency of an apparatus designed primarily to implement central directives. The local Party committee that guides the nomination of candidates is typically outraged by any expression of mass initiative until the *cha'e xuanju* election (with 50 to 100 percent more candidates than vacant seats) presents a sanctioned range of choices, and reacts punitively. In sum, the percolation model has been virtually defunct since 1989, with neither elite nor apparent mass interest in its revival.

Conclusions

In sum, political reform in China has not been absent from the scene as is frequently depicted, nor do reformers lack any guiding vision for the future. But according to our brief investigation, there is no unified, overarching vision of political reform. There are at least three distinct routes to political reform, and each has a slightly different method of advance and vision of the ultimate destination.

Political reform via economic development places its faith in the economy. Like early Western political development theorists who extrapolated democracy from a middle-class standard of living, these reformers place their faith in the preliminary achievement of a *xiaokang shehui*. The ultimate destination is technologically awe-inspiring, with towering skyscrapers, moving sidewalks, and so forth, but politically rather obscure. It is clear that marketization and privatization will ultimately reduce the role and functions of the state, but the nature of the more modestly endowed state toward which the system is evolving remains fairly open. If the goal culture of the economic modernizers is vague, the transfer culture is empirically much more concrete and specific but exasperatedly protean. In the 1980s, the Chinese economy rode a state-induced business cycle: economic decentralization was accompanied by monetary expansion, and when monetary expansion caused inflation, the alarmed central government would react with economic recentralization and monetary contraction. When government alarm dissipated and policy control relaxed, the cycle would recur

with more expansion and decentralization. Thus the radical reformers held sway during booms while their more conservative colleagues resumed control during busts (particularly if a protest movement had emerged). This is to say that the meaning of political reform became, to some extent, cyclical insofar as the economic reform that it tracked was cyclical, and with each cyclical shift of the political compass the reform movement lost some of its most idealist and committed supporters. During the 1990s, as the business cycle succumbed to Zhu Rongji's ministrations and the economy cruised into a glide path of deflation at high but declining growth rates, a more unified leadership focused on building strong centralized authority in the context of fragmenting marketization and privatization. Yet from a cumulative perspective overlooking periodic economic cycles and political crises, the political correlates of economic reform have been quite meaningful: higher living standards provide greater social autonomy and control over a private life, vested material interests constitute a ballast anchoring political ideals, and from a simple two-class model of elites and masses an increasingly complex and differentiated political-economic hierarchy has emerged.

The concept of political reform as the institutionalization of informal politics has not been well advertised in China, but we have sought to show that the institutionalization of informality has wrought profound and substantial political changes. Factionalism has not disappeared, but it has over time become less lethal, more politically conventional, less apt to resort to coups and other illegal and desperate maneuvers. In the context of reform, it seems to have become somewhat more rationally aligned with bureaucratic/economic interests, although factions are still identified with powerful personalities. During times of crisis, interests and personal loyalties may, of course, pull in different directions, and whereas at lower levels bureaucratic interests may be decisive at the highest levels, the personal factor continues to play a diminishing but still decisive role. One of the more noteworthy developments at the top is that as bonds of personal loyalty attenuate due to abbreviated term and age limits, third and fourth generation elites are resorting to "institutional" devices to build personal tenure protection and patronage networks. Jiang Zemin is a classic instance of this: although a relative *arriviste* in central politics upon his appointment as Party general secretary and CMC Chair in 1989 and completely lacking in military experience, Jiang successfully established a power base in the PLA, relying chiefly on his control of the appointment and promotion apparatus.¹³ What is striking at all levels is the interpenetration of political factionalism with China's burgeoning industrial and commercial networks, a tendency that may accelerate with the legitimation of private property decreed by the Three Represents, now written into the Party statute and, pending amendment, into the state constitution. In the longer term, it is conceivable that factions could become more institutionalized, with published name lists and leaderships, as in Japan, or even transmogrify into political parties, as in Korea or Taiwan.

If factionalism has not vanished, neither has the succession crisis, the central concern of China's top elites through each cycle of paramount leadership. And considerable uncertainty still punctuates the transition, as the renewed proliferation of rumors surrounding the Sixteenth Congress attested. But the last two successions suggest that the succession crisis may have been tamed. Indeed, the institutionalization of term and age limits has made the problem of succession routine and bureaucratic at all but the highest level, where a continuing concentration of power makes it possible to manipulate the rules. The institutionalization of succession is a relay race rather than a turning point, and Jiang Zemin has made discernible advances over his predecessor—eliminating the “sitting committee” of powerful senior veterans without portfolio and closing the gap between formal and informal power—leaving himself in a more isolated though powerful position. The implications of the formalization of succession are the reduction of uncertainty, the increasing transparency of the struggle for power, and the gradual empowerment over time of the once largely ceremonial Party and state congresses convened to legitimate the transition.

The percolation theory of reform foreshadows the ultimate victory of some form of mass democracy, as reforms adopted at specific local levels employ the demonstration effect to inspire more widespread adoption. The key problem with this model is the intermediary role played by the Party-state hierarchy, a role they seem determined for the time being not to relinquish. Pending that, there are two ways in which the percolation theory still could conceivably work. The first is that during more economically halcyon times, when the leadership feels less threatened by negative feedback from the masses, there will be more “Beijing springs” and “Shanghai summers,” when greater experimentation is permitted, and the elite finds the input from relatively contented masses to be encouraging and constructive, and hence relaxes the reins still further, resulting in a virtuous circle. This would assume that the elite, or some specific faction within the elite, conceived some advantage from greater mass input and support, thus some sort of relationship between percolation and the informal elite power balance can readily be imagined. The second is that in a period of continuing or even accelerating economic distress, mass resentments reach an intensity that can no longer be contained by the apparatus of repression, and percolation gathers momentum despite elite efforts to contain it, resulting in an upheaval similar to what occurred in eastern Europe and the former Soviet Union in 1989 to 1990. These are of course stark and oversimplified alternatives, and the reality may be some as yet unformulated compromise formation.

These different conceptions of, and routes to, reform may each be assumed to have its own constituency, and each responds to a distinctive set of propitious political circumstances. Institutionalized personalism, though culturally ubiquitous, is clearly most useful to those in positions of power, because they alone have accumulated the networks of powerful contacts to manipulate, and

those with the most power also have the most contacts. In addition to raw power there is the power of definition: those with the most power can define their own power as legitimate and institutionalized, and define those with less power (if they oppose them) as plotters and divisive, or even worse. Thus, it is in the interest of those with the most power to not only defend the political status quo, but also to formalize the informal and call that process reform. This applies not only to top elites but also to all politically vested interests, whatever their rank in the hierarchy. Those most inconvenienced and perhaps annoyed by this definition of political reform are those at the margins of power, sidelined by their relative lack of *guanxi* (connections). The result is a quite asymmetric balance of power, in which the weaker side has the motive to attack but may be held in check by lack of means. Among those in a position to understand what is going on behind the scenes but lacking the political means to do anything about it are the intellectuals and members of the media. Except when rare crises (such as Tiananmen) throw the elite off balance, fragmenting their interests, the structural imbalance of power holds the critics in check, letting the process of “reform” qua formalization proceed.

Political reform as a functionally necessary adjustment to economic modernization is obviously the most convenient formulation for those committed to economic development, conventionally defined as rapid growth of GDP, national (or per capita) income, scientific-technological development, trade and FDI, total factor productivity, and so forth. Though particularly favored by meritocratic elites, this conception of reform, in which a rising tide lifts all boats, enjoys widespread support, particularly during periods of economic expansion. Its only natural enemy is the concept of “relative gains”—if some enjoy faster progress than others, those left relatively behind may resent their betters even if their own station in life has improved as well. Thus, although there is no logical contradiction between the two, a certain strain had, by the time of the Sixteenth Party Congress, begun to develop between the developmentalist perspective and the percolation perspective of political reform. Both developmentalism and institutionalized personalism are most favorable to the elite (albeit differently defined), whereas the percolation model has, ever since the land reform and collectivization movements in the 1950s, been characteristically associated with grand redistributive schemes. To those who parse elite rhetoric closely, an incipient coalition had by late 1992 begun to appear between those on the margins of power in informal terms and those relatively disadvantaged economically, aligned against the informal and political economic elite “establishment” (obviously these two schools of thought about the nature of reform also share many interests and, in most circumstances, can fruitfully collaborate). Should the relatively disadvantaged opt to reactivate the percolationist model under current circumstances, as recent discussions of a revival of “political reform” had given some the grounds to hope, the results could be explosive.

NOTES

- 1 Noteworthy exceptions include Stavis (1988) and McCormick (1990).
- 2 At the Thirteenth Party Congress, Zhao proposed the elimination of Party departments that overlapped government offices at the same level, the abolition of core groups in most government ministries, transfer of management of leading non-Party positions in universities, economic enterprises and service units, bureaus and offices directly administered by the State Council from the Party's Central Organization Department to the State Council's Ministry of Personnel. The Party would remain responsible for setting the overall ideological direction and for personnel decisions (over a shrinking list of *nomenklatura* appointments). See Lam and Cheng (1998).
- 3 At the end of the 1980s, in response (in part) to Tiananmen, the government promulgated three administrative regulations to govern nongovernmental organizations (NGOs): the Regulations on Registration and Management of Social Organizations, the Regulations on Registration and Management of Foundations, and the Interim Provisions for the Administration of Foreign Chambers of Commerce in China, which imposed a 2-tiered management structure and stipulated requirements for registration (Gu 2000). In the late 1990s three new regulations and laws were introduced to tighten these regulations, kicking off a nationwide campaign to "rectify" civil society by forcing all NGOs to reregister at the Ministry of Civil Affairs. Many NGOs were therewith closed: the total number of NGOs registered above the county level shrank from 180,000 in 1995 to 160,000 in 2000 (Ye 2003).
- 4 Thus government budget revenue as share of GDP rose from 11.2 percent in 1994 to 10.7 percent in 1995, 10.9 percent in 1996, 11.6 percent in 1997, 12.4 percent in 1998, and 13 percent in 1999 (Qian and Wu 2001).
- 5 According to a March 2003 report in the *China Youth Daily*, the wealthiest 20 percent of Chinese society received 51 percent of the nation's riches while the poorest 20 percent got only 4 percent, placing China among the more unequal countries in the world. Whereas 3.5 percent of the Chinese population earned 20,000 yuan (U.S. \$2,400) per annum, more than half made less than 2,000 yuan (Agence France Presse 2003).
- 6 For example, in November 2002, Hu Jintao made the first visit of a Party Secretary to Inner Mongolian Autonomous Region, and gave a speech at Xiabaipo emphasizing "hard struggle and plain living," heavily laced with quotations from the works of Mao. In December he convened a Politburo meeting on poverty, and in January convened a Central Conference on Rural

Work. In the same month, revision of the rules for rural household legislation appeared to simplify procedures for peasant migrants to leave their place of residence and to enhance their rights in the cities to which they migrate. Though perhaps largely symbolic, these measures seemed to signal the leadership's resolve to close the widening gap between rich and poor, between the coast and the interior.

7 Liaoning Governor Bo Xilai (son of Bo Yibo) and Henan Party Secretary Li Keqiang are both Peking University alumni, and there are four Tsinghua University graduates: Shanxi Party Secretary Tian Chengping, Secretary of the Central Commission for Discipline Inspection of the CPC Wu Guanzheng, Zhejiang Party Secretary Xi Jinping, and Yunnan Governor Xu Rongkai.

8 This section relies heavily on material contained in my chapter in Lin and Hu (Dittmer 2003).

9 According to official statistics, only 7 percent of cases of wrongdoing by Party members are subject to criminal prosecution.

10 Thus while Deng delegated chairmanship of the Leadership Small Groups within the Politburo, Jiang, after displacing Li Peng as chair of the Foreign Affairs Leading Small Group in 1997, chaired all of them.

11 A good synopsis of Deng's reforms of the succession process may be found in Lee (2000).

12 Ma (2002) reports, however, that the original experiment in Buyun Township continues in "modified" form to appease higher-ups.

13 Jiang has made skilled and prolific use of his appointment powers (according to a reliable source, Jiang promoted more than 500 generals within a year!), cultivating close *guanxi* with many key army generals. For Jiang, there could be two purposes behind a promotion: (1) to strengthen those who were Jiang's followers, and (2) to eliminate those who might stand in his way. When Jiang "promoted" the latter, he was actually creating conditions forcing them to retire (they could then be induced to step down "honorably," with high income, pension, and perquisites). Jiang also promoted his son, Jiang Miankang, as a major general and then had Xu Caihou appoint him as Director of the PLA Organizational Department, a key position in charge of the promotion of the PLA generals. The military beneficiaries of Jiang's patronage powers (e.g., Generals Cao Gangchuan, Guo Boxiong, Xu Caihou, Liang Guanglie, Liao Xilong, and Li Jinai) have remained politically loyal to Jiang, firmly resisting pressure from senior civilian cadres (e.g., Qiao Xhi, Wan Li, Song Ping, and Gu Mu) for Jiang

to step down as CAC Chair on behalf of Hu Jintao. I am indebted to Professor Xuezhi Guo for this information.

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