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Special Issue

Reform, Governance and Equity: Exploring the Sociopolitical Implications of Contemporary China's Transformation

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Reform, Governance and Equity

Exploring the Sociopolitical Implications of Contemporary China's Transformation

Special Issue Editor

Emile Kok-Kheng Yeoh

International Journal of China Studies

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Reform, Governance and Equity

Exploring the Sociopolitical Implications of Contemporary China's Transformation

Special Issue Editor

Emile Kok-Kheng Yeoh



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Manuscripts for consideration and editorial communication should be sent to:

The Editorial Manager, *International Journal of China Studies*
Institute of China Studies, University of Malaya
50603 Kuala Lumpur, Malaysia

Tel: +(603) 79565663

Fax: +(603) 79565114

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Contributors

Dr Anona **Armstrong**, Professor of Governance and Director, Sir Zelman Cowen Centre, Victoria Law School, Victoria University, Australia. *Email: anona.armstrong@vu.edu.au*

Dr Brian **Bridges**, Professor, Department of Political Science, Lingnan University, Hong Kong. *Email: bbridges@ln.edu.hk*

Dr **Chen** Jiayi 陈家喜, Associate Professor, Institute for Contemporary Chinese Politics, Shenzhen University, China. *Email: jxchen767@126.com*

Dr Andrew **Clarke**, Professor and Head, Victoria Law School, Victoria University, Australia. *Email: andrew.clarke@vu.edu.au*

Dr Suleiman (Solomon) I. **Cohen**, Emeritus Professor, Erasmus School of Economics, Erasmus University Rotterdam, Netherlands. *Email: cohen@ese.eur.nl*

Dr John A. **Donaldson**, Assistant Professor of Political Science, School of Social Sciences, Singapore Management University, Singapore. *Email: jdonaldson@smu.edu.sg*

Dr **Huang** Weiping 黄卫平, Professor and Director, Institute for Contemporary Chinese Politics, Shenzhen University, China. *Email: huangwp@szu.edu.cn*

Dr Chin-fu **Hung** 洪敬富, Associate Professor, Department of Political Science and Graduate Institute of Political Economy, National Cheng Kung University, Taiwan. *Email: bcfhung@mail.ncku.edu.tw*

Dr Joseph Tse-Hei **Lee** 李榭熙, Professor of History, Pace University, United States of America. *Email: jlee@pace.edu*

Yongqiang **Li** 黎永强, Lecturer, Governance Research Program, Victoria Law School, Victoria University, Australia. *Email: yongqiang.li@vu.edu.au*

Phoebe **Luo** Mingxuan 骆明轩, School of Social Sciences, Singapore Management University, Singapore. *Email: mingxuanl.2007@socsc.smu.edu.sg*

Dr David L. **McMullen**, Professor Emeritus of Chinese, Department of East Asian Studies, Faculty of Asian and Middle Eastern Studies, University of Cambridge, United Kingdom of Great Britain and Northern Ireland. *Email: dlm25@cam.ac.uk*

Dr **Ngeow** Chow Bing 饶兆斌, Lecturer, Institute of China Studies, University of Malaya, Malaysia. *Email: ngeow.c@um.edu.my, peterngeow@hotmail.com*

David **O'Brien**, Coordinator, MBS Asian Business, School of Asian Studies, University College Cork, National University of Ireland. *Email: d.obrien@ucc.ie*

Dr Brantly **Womack**, Cumming Memorial Professor of Foreign Affairs, Department of Politics, University of Virginia, United States of America. *Email: bwomack@virginia.edu*

Dr Jay **Wysocki**, Visiting Senior Research Fellow, Centre for Civilizational Dialogue, University of Malaya, Malaysia. *Email: jaywysocki@um.edu.my, jaywysocki@hotmail.com*

Dr Emile Kok-Kheng **Yeoh** 楊國慶, Director and Associate Professor, Institute of China Studies, University of Malaya, Malaysia. *Email: emileyeo@correo.nu, emileyeo@gmail.com*

Dr Qian Forrest **Zhang**, 张谦, Assistant Professor of Sociology, School of Social Sciences, Singapore Management University, Singapore. *Email: forrestzhang@smu.edu.sg*

Dr **Zhong** Sheng 钟声, Visiting Research Fellow, East Asian Institute, National University of Singapore. *Email: eaizs@nus.edu.sg*



INTRODUCTION

Reform, Governance and Sociopolitical Change in Contemporary China

In various ways this 2011 special issue of the *IJCS*, *Reform, Governance and Equity: Exploring the Sociopolitical Implications of Contemporary China's Transformation*, represents a follow-up to the earlier, 2010 special issue *China in Transition: Social Change in the Age of Reform* which began the journal's exploratory focus on indeed the most fundamental and critical issue in contemporary China's astonishing transformation, especially if one takes social changes as to encompass both socioeconomic and sociopolitical transitions. As the contents of each of the papers collected in this special issue have been summarized in the respective abstracts, this introduction will not attempt to purvey the synopses of these articles but to contemplate each as part of the whole exploration on reform, governance and sociopolitical change within the context of a transforming China.

Professor David McMullen's paper "Devolution in Chinese History: The *Fengjian* Debate Revisited" aptly begins the issue under the section *Historical Proem* by bringing us on a journey to the Kaiyuan Tianbao 開元天寶 period (years 713-756 of the Common Era) of medieval China's Tang dynasty and various other periods in pre-modern China to critically examine the pre-modern debate on political or administrative devolution, contending that one of the main headings under which this long-running issue about the degree of centralization was discussed is the subject of *fengjian* 封建. Schneider (2003: 33) hypothesizes three core dimensions of the concept of decentralization: (1) fiscal decentralization referring to the extent of a central government's ceding of fiscal impact to non-central government entities, (2) administrative decentralization referring to the extent of autonomy non-central government entities possess relative to central control, (3) political decentralization referring to how much a central government allows non-central government entities to undertake the political functions of governance such as representation, and while political decentralization has usually been observed to go hand in hand with democratization, McMullen urges caution against the over-simplistic argument that *fengjian* even in its final phase involved a demand for a sophisticated civil society at local levels free of

domination by the State, as the most that can be said about *fengjian* is its call for a localism free from excessive central government exploitation and control, a common theme that has in various ways permeated through the many articles selected for this special issue. Such is, under the section *Governance, Democracy and Decentralization*, when Professor Brantly Womack in his paper “Modernization and the Sino-Vietnamese Model”, which analyzes the distinctive model of political development in the contemporary “party-state survivors” of China and Vietnam and the challenges posed to modernization theory by the Sino-Vietnamese experience, talks about the increased local transparency and accountability and articulation of local interests while the Communist Party, being disillusioned with “socialist transformation” but still firmly in power, places its dogma “on a remote altar while [it] preserves and justifies itself by tending to the pastoral duties relating to the welfare of the flock”. Such is also when Professor Huang Weiping and Dr Chen Jiayi in their paper “China’s Grassroots Democracy: Development and Assessment”, which studies the practice and logic of the evolution of grassroots democracy during the reform era, talk about the importance of “inborn democracy” (*neishengxing minzhu* 内生型民主), within the context of the development of grassroots democracy and inner party democracy, which includes villagers’ self-governance, independent participation in grassroots people’s congress elections, the property owners committee, and the people’s congress representative workstation, all having strong support from the public and are led by effective local opinion leaders yet facing restrictions from local authorities which fear social instability and the threat to the authority of the ruling party.

Such contradictions between the central State power and a growing civil society seeking greater autonomy free from the former’s tight control also constitute the subject matter of various papers under the section *Social Stratification, State and the Civil Society* which focus respectively on issues ranging from socioeconomic inequalities, interregional disparities, rural-urban divide, plight of social minorities and marginal communities as well as the conflict between the central State and the ethnoregional minorities struggling for greater autonomy and rights to ethnic identity preservation, socioeconomic protection and self-determination. Among these are Dr Qian Forrest Zhang’s paper “Rethinking the Rural-Urban Divide in China’s New Stratification Order” that attempts to re-evaluate the rural-urban divide while calling for a re-definition of the concept of “rurality” in a new market economy where household registration is no longer a barrier to rural-urban migration and where the “proletarianized urban workers who are exposed to the brute forces of markets” are even more worse off than the agricultural petty-commodity producers in the rural areas, and Dr Zhong Sheng’s “Towards China’s Urban-Rural Integration: Issues and Options” which looks at the challenges

of China's CURD (Coordinated Urban-Rural Development/*chengxiang tongchou* 城乡统筹) reforms that have been conducted with various local ramifications. Within this context, recalling the localism that McMullen's paper highlighted above, it is noteworthy that in recent years, local and international organizations around the world are increasingly advocating decentralization to bring about more effective poverty reduction and hence the narrowing of socioeconomic gap, with both the direct effects on the regional targeting of transfers and the indirect effects of overcoming the inefficiency in local public services and hampered economic growth related to sub-optimal decentralization (von Braun and Grote, 2000: 2) and this is particularly pertinent for China given the context of the ethnoregional dimension of the poverty problem. Although theoretically there may not be a clear-cut functioning relationship between decentralization and poverty reduction, most research findings in recent years definitely pointed to the positive. According to von Braun and Grote (2000), political, administrative and fiscal decentralizations need to be considered simultaneously, and the sequencing and pace of these three aspects of decentralization seem to play an important role in impacting poverty reduction. While fiscal decentralization shows ambivalent effects for poverty reduction and administrative decentralization alone does not add power and voice to the poor, "political decentralization often benefits the poor, because involving civil society in planning, monitoring and evaluating public programs and policies is crucial to ensure steady progress and that is facilitated in a decentralized system" (*ibid.*: 25-26), or, as Boex *et al.*, referring to UNCHR's statement "Poverty is local and it can only be fought at the local level" (UNCHR, 1999), pointed out in their research report "Fighting Poverty through Fiscal Decentralization" (January 2006: 2), "if the increasingly accepted wisdom that 'all poverty is local' is correct, then decentralization policy and poverty reduction strategies could be closely intertwined and have synergetic positive effects on each other". Kyei (2000), in his study on the case of Ghana, concluded that the rural poor in Ghana could only benefit with a much stronger commitment from the central government to decentralization, especially in terms of powersharing and financial provision. Vijayanand (2001), in his paper on the Kerala state of India, noted various advantages of decentralization in terms of poverty reduction including the greater reach of resources with earmarking of funds for the disadvantaged groups, less sectoralism in decentralized programmes with greater convergence contributing to the reduction in the ratchet effect of poverty, greater emphasis on locally appropriate and affordable solutions, greater realism in tackling problems of poverty, improved accountability, etc. while decentralization "affords opportunities to the poor to grow in strength by continuous participation (learning by doing), constant observation of the exercise of power (learning by seeing) and accessing more information

(learning by knowing)” (p. 23). Hence, given the crucial ethnoregional dimension of China’s poverty problem, it is pertinent that the poverty alleviation effort of the country should benefit from any possible progress in decentralization – fiscal, administrative, and most importantly, political – since decentralized governments, due to their closeness both institutionally (e.g. ethnically) and spatially to citizens in the regional/rural areas, could be more responsive to the needs of the poor than the central government and hence are more likely to successfully formulate and implement pro-poor policies and programmes in these regions and areas.

As Dr Emile Kok-Kheng Yeoh points out in his paper “Stratification, Social Action and Morphogenesis: Structures and Agents in Contemporary China’s Social Transformation”, the distribution of China’s poor is characterized by “four concentrations”: (1) concentration in the mountainous areas, (2) concentration in the western region, (3) concentration in environmentally fragile areas, and (4) concentration in ethnic minority areas, hence reflecting a composite phenomenon made up of rural poverty, geographical poverty, ethnic poverty and frontier poverty, which has undoubtedly been playing an important role in the recent years’ ethnic riots in the country’s frontier regions. The issue of Uyghur urban unemployment amidst Han influx is also pointed out in David O’Brien’s paper, “The Mountains Are High and the Emperor Is Far Away: An Examination of Ethnic Violence in Xinjiang”, which focuses on the devastating outbreak of violence in Xinjiang in July 2009, the role of the hard-line party secretary Wang Lequan and the central State’s strategy and policy towards this restive ethnic region. While worsening interethnic relations especially in view of the surging Han influx and the relative economic backwardness of the local ethnic communities and environmental degradation especially in the form of receding grassland due to mining and overgrazing have been blamed for the escalating ethnic regional disturbances, both O’Brien and Yeoh, nevertheless, emphasize the overall political structure and State policy towards dissent as the major contributing factors for the increasing volatility of the ethnic regions, as manifest in recent years’ troubles in Tibet, Xinjiang and Inner Mongolia. In this regard, O’Brien has focused on the widening gap between the central State’s official policy for ethnic regions and ethnic minorities policy and what is actually happening on the ground – a gap similarly emphasized by Yeoh in the form of the inability of a regime to face the unfolding political realities while continuing to recycle the shopworn Leninist conspiracy theories that blame mass protests primarily on the Party’s foreign and domestic enemies, especially the foreign forces hostile to socialism bending on fostering a process of “peaceful evolution”, as highlighted by Womack, exemplified in recent years by the high-profile Charter 08 in China in 2008 and 2006’s “Manifesto on Freedom and Democracy for Vietnam”.

The 1989 Beijing-Tiananmen upheaval and tragedy, the purge of Zhao Ziyang and the obliteration of the one and only political reform package in the history of the Chinese Communist Party which attempted to introduce the most far-reaching political structural reforms such as the separation of power between Party and State, proposed by Zhao earlier at the 13th Party Congress in October 1987, undeniably formed the watershed that serves to define subsequent State-civil society interactions and the concomitant development in China's political and socioeconomic structure, as well as central State-ethnic regional relations (Yeoh, 2010: 278-280). Continued survival of one-party rule became the paramount concern, as Yeoh highlights in this special issue, as the prime directive of "stability above all else" and the ruthless "dissent-harmonizing" maintenance of a "harmonious society" delineated a safe zone wherein political "seemers" are parading administrative innovations as political reforms and political fudge (*zhengzhi huyou* 政治忽悠) as visionary leadership. As Dr Jay Wysocki comments in his paper "Efficiency, Value and the 21st-Century Developmental State: The Transition of China", which examines the origin and role of efficient industrialization as the vector of social change and how rapid industrialization confronts China with the social value for efficiency forcing accommodation by the society, the "capitalism of a different sort shapes a state of a different sort with non-transparent interest groups and decision making" facilitated internally by "strong" Asian Value which encourages a weak civil society, with a State sufficiently authoritarian to satisfy its élite. It is within such a setting that the modern-era Chinese Communist Party in a fast-transforming Chinese economy is itself being transformed, as pointed out in Dr Ngeow Chow Bing's paper "Community Party Building in Urban China", which analyzes the community party building programme in urban China in the transformation of the Chinese Communist Party from a "revolutionary party" to a "governing party" and the relationship between the party organization and local democratic development, by co-opting, integrating and monitoring the interests of all elements of the society which it ironically would not tolerate to form the basis of political pluralism, in a process of turning itself into a party that exhibits certain features of probably a so-called "catch-all" party. Meanwhile, having been disillusioned with the once-revolutionary vision of socialist transformation while still maintaining the monopoly of political power, as Womack observes, the Party now "attracts risk-avoiding careerists rather than risk-taking revolutionaries". Such "post-revolutionary syndrome" may not only afflicts new recruits, as Yeoh observes, when instead of statesmen with conscience and prescience, holding the helm are but visionless, overcautious political careerists resplendent in hollow, sentimental rhetoric and showmanship, being both the products and survivors of the yesteryear of Maoist horror and still reeling from the shock of the perceived political

debacle of 1989. Meanwhile, as Émile Durkheim (1895) said, “The air does not cease to have weight, although we no longer feel that weight”, brewing social forces bringing along subliminal emergent changes continue to threaten to subvert the stability of well laid-out projectable changes envisaged by the ruling regime (Yeoh, 2010: 241-245), aided in no small measure by the advent of the Internet Age, as Dr Chin-fu Hung observes in his paper “The Politics of Electronic Social Capital and Public Sphere in Chinese *Lala* Community: Implications for Civil Society” which explores the politics of cyber-networks and cyber social bonds in the Chinese lesbian community as well as its wider implications for the Chinese civil society, and Professor Joseph Tse-Hei Lee notes in his review article in this volume, “Media and Dissent in China: A Review”. While Hung emphasizes that the Internet has effectively empowered individuals, including the marginalized and once-persecuted homosexual community, and the society as a whole “by diversifying newer sources of alternative/dissenting information and channels for civic association and engagement”, in the repressive, authoritarian China, Lee comments in his review that no authoritarian regime or leader, who not only rules by fear but also rules in fear, is capable of imposing absolute control without challenge and compromise amidst the current global electronic network transformation, as evident in the astounding “Jasmine Revolutions” that are sweeping the Arab world and reverberating in the nightmares of the Chinese leaders. Such is the impact of globalization.

In fact, comprising one fifth of humanity and having risen to be the world’s second largest economy in terms of gross domestic product, China’s economic and political development is today no longer solely a matter of her own domestic concern, but is increasingly acquiring new dimensions that have a powerful impact across her borders, as Professor Solomon Cohen notes in his paper “Leadership Displacement and the Redesign of Global Governance: The Race of China and India” which analyzes the unique catch-up trends of China and India in the context of leadership displacement in global governance, substantive redesigns of whose rules are deemed required given that the systemic differences in the case of China and India *vis-à-vis* the current firm-dominated leading countries such as US and EU are likely to accentuate externality problems at the global level. Returning to the issue of State-civil society relations within the context of such a globalizing world, Phoebe Luo Mingxuan, Dr John Donaldson and Dr Qian Forrest Zhang in their paper “The Transformation of China’s Agriculture System and Its Impact on Southeast Asia”, which examines the impacts on the poor and vulnerable Southeast Asian farmers from the investment of Chinese agribusinesses, note that the civil society may be able to fill the void left by the government in protecting the interests of poor farmers in the negotiations for better contractual terms with the investors, including those from China, though

governments often resort to repress the NGOs, “fearing the creation of a public space that they cannot control”, as the political forces behind issues that on the surface seem to be voluntary exchanges should not be ignored. Such forces are at work too even in international sports events such as the Beijing Olympics of 2008, as pointed out by Professor Brian Bridges in his paper “Beyond The Olympics: Power, Change and Legacy” that begins the section *Social Change, Power Configuration and Global Governance*. Focusing on the expectations, immediate results and potential longer-term legacies of the Beijing Olympics, the paper has paid due attention to their use by the government both for domestic economic and political purposes and as an instrument of foreign relations. While noting the limitation of the success of the Beijing Olympics in extending China’s “soft power” and winning over the hearts of the Western public, Bridges also highlights the complexity of what Jeffrey Wasserstrom calls “transitology” – effectively the transitions away from one-party rule – by observing the lack of the intention on the part of the Chinese leaders, in contrast to the South Korean precedent, to use the sports mega-event to pave the way for democratization, citing the irony in the arrest in early 2011 of Ai Weiwei, one of the key designers of the iconic Bird’s Nest stadium for the Beijing Olympics.

As McMullen notes in his paper that begins this special issue, statism tended to overwhelm the discussion of political issues and hence eclipse the recognition of any incipient development of a civil society in the statecraft discourse of late imperial and Republican China, the analyses presented in the research papers collected in this volume have thus revealed the complex nexus involved in the arduous journey of sociopolitical transformation and development of State-civil society relations in the current Chinese context of reform and governance. This volume ends with Yongqiang Li, Professor Anona Armstrong and Professor Andrew Clarke’s policy comments and research notes “Governance of Small Businesses in China: An Institutional Perspective” and Professor Joseph Tse-Hei Lee’s book review article “Media and Dissent in China: A Review” that critically analyzes Johan Lagerkvist’s 2010 book *After the Internet, Before Democracy: Competing Norms in Chinese Media and Society*. As this is a special issue, an index is added to facilitate referencing.

Earlier versions of many of the papers in this special issue were presented at the international conference “Growth, Governance and Equity: Exploring the Social Implications of China’s Economic Transformation” organized by the Institute of China Studies (ICS), University of Malaya, in June 2011. The selected papers by McMullen (originally the keynote to the conference), Huang and Chen, Ngeow, Bridges, Wysocki, Zhang, Zhong, Hung, Yeoh, and Li, Armstrong and Clarke are new versions of their earlier papers presented at the said conference, duly revised by incorporating critical

peer feedback received at the conference and from other reviewers. The editor and the Institute of China Studies would like to thank these conference presenters who have taken great effort to revise their papers for inclusion in this special issue, and the other authors who have contributed some great new papers to this issue as well as the anonymous reviewers who have given invaluable assistance in providing critical comments on the earlier versions of these papers.

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Historical Proem



Devolution in Chinese History: The *Fengjian* Debate Revisited

*David L. McMullen**
University of Cambridge

Abstract

This paper attempts an overview of an issue in statecraft that Chinese scholars debated for more than two and a half millennia. The debate was over the respective merits of the enfeoffment system (*fengjian*) over the prefecture and county system (*junxian*) as a basic structure for administering the empire. Under the enfeoffment system, the emperor gave power to his close relatives or high officials to govern the provinces, sometimes on a hereditary basis. The *junxian* system featured centralized appointment of local prefects and magistrates, who were to hold office usually for not more than four years in a locality and who could not serve in their own home districts. Up to the mid-Tang, the argument was conducted mainly within the court and in terms of the respective advantages each system gave to the stability of the reigning dynasty. From the ninth century on, the issue was considered more widely, to take into account the quality of government each system provided at local level. In the final centuries of the dynastic era, some scholars used the *fengjian* issue to argue for enfeoffment as a means to develop local autonomy and freedom from an often corrupt and dysfunctional central government. The paper concludes that, for the late medieval period at least, more research in the political record is needed in order to arrive at a more fine-grained understanding of how and why emperors and civil officials took the positions they did.

Keywords: *centralization, devolution, fengjian, feudalism, junxian, local society, provinces*

JEL classification: *H11, H77, N45, Z10*

1. Introduction

There are many ways in which one might analyze the issue of devolution in Chinese history. At the level of political principle, and at one extreme, advocacy of independence from the political centre was seen as a form of

treason, and classed as one of the most heinous crimes in the penal code. In the official view of history, enshrined in the series of twenty-four dynastic histories, the “master narrative” for the Chinese empire, it is rather the periods of effective central government control that form the main thread of the narrative. The periods of greatest success in this narrative include the *pax sinica* period of the middle decades of the eighteenth century and, the area of my own research, to which I shall return, the Kaiyuan Tianbao 開元天寶 (713-756 CE) period of the high medieval empire, the Tang, a thousand years before.

My interest here is not in the theme of open rebellion against centralized dynastic power, or in the episodes of “regime change” that mark the transition from one dynasty to another. It is rather in the issue of whether there was ever debate at the level of statecraft or political philosophy, in the pre-modern period, about political or administrative devolution. Here again there is a point that has to be made immediately. This is that no scholar in Chinese history could ever openly argue that a China that was politically divided could ever be preferable to one that was unified. In the high tradition, or in elite culture, the heroes in Chinese history have been those who unified the state or those who died in the attempt to do so. Or those who quelled rebellion or died in the attempt to do so. The great historians have been those who laid out the principles by which unification was lost or gained and demonstrated how these principles operated in history. The very concept of *zhengtong* 正統 and the extremely elaborate sanctions by which the dynastic state was integrated with cosmic processes presumed that the ideal of the unitary state and the universal empire had considerable moral force behind it.

And it must be recalled that there was only one model. There is a difference a chasm wide between the classical Mediterranean tradition and that of East Asia. In ancient Athens, there was free debate about the ideal form government should take. The very coinage of political philosophy today derives from one city state of a number in ancient Greece, in which perhaps 30,000 politically empowered male citizens discussed the relative merits of monarchy, oligarchy, plutocracy, democracy, and so on. But the intellectuals who re-drafted the periodization of Chinese history at the end of the nineteenth century and the start of the twentieth, Tan Sitong 譚嗣同 (1865-1898), Liang Qichao 梁啟超 (1873-1929) and others, were right: if in China other models had ever been advanced, it was in the pre-Qin 秦 period, the late Spring and Autumn (Chunqiu 春秋, 770-476 BCE), and Warring States (Zhanguo 戰國, 475-221 BCE) eras. The alternative models were those of primitive localized communitarianism, the ideal advocated, half mischievously, by classical Daoists (Daojia 道家), and more interestingly that of the “School of Vertical and Horizontal Alliances” (Zonghengjia 縱橫家). Neither of these models was seriously compatible with the universal empire established by the Qin.

So after the Qin unification these models ceased to have any substantive role in statecraft discourse. It is true that classical Daoism was at certain times co-opted to reinforce and dignify imperial rule, particularly for emperors who had tired of administration. Buddhism was also sometimes used to add depth and reach to imperial rule. But the “School of Vertical and Horizontal Alliances” of the pre-Qin period, premised on a plurality of states within China, scarcely played any further role in statecraft discourse.¹

But this is not to say that the ideal of a highly centralized administration dominated by strong sovereigns and run from the capital went unchallenged. There was debate on what degree of centralization worked best and what system best fulfilled ideals of statecraft. What is more, this debate ran through centuries of Chinese political experience, gaining by its very longevity that most powerful of safeguards against prohibition, the sanction of tradition. It was complex, in that successive participants argued from a range of different viewpoints. Very generally, they argued in the early period and up to the high medieval period from the point of view of the interests of the imperial dynastic house; in later periods, they also brought into the debate the interest of the polity as a whole and even of the locality, the provincial localized societies across China that collectively bore the brunt of dynastic rule or misrule.

My contention is that one of the main headings under which this long-running issue about the degree of centralization was discussed is *fengjian* 封建. I hope to give a very brief summary perspective on this long-running issue that will show that it was often, and sometimes also at periods when perhaps it might least have been expected, an issue of concern to scholars.

The term *fengjian*, of course, triggers a number of very different associations, not all of them comfortable. As a preliminary, it will be as well to clear some of them out of the way. There is a distinction to be made between the term as it was used in dynastic times in China and its use by modern commentators. In particular, it hardly needs saying that the Marxist sense of the term is quite distinct. It came into usage from Japan and denotes a stage in social history that Marxism holds to be inevitable. In looser Marxist usage, it has served to characterize any social or political system that is considered to “hold back progress”. A variant form, “bureaucratic feudalism” was introduced to apply to the later dynastic period, in order to resolve the very obvious discrepancies between the original North European feudalism of the early Middle Ages and the social order of late imperial China. Marxism has, of course made very important contributions to our understanding of Chinese history. But many would now argue that, at least in their looser usage, the terms “feudal” and “bureaucratic feudalism” have little explanatory or descriptive value for high medieval or late imperial China.

For from early times, the term *fengjian* as it was debated in China denoted something rather different from its modern usage. What makes the traditional,

rather than the Marxist, term interesting is that it supplies a concept through which the degree of centralization appropriate for the dynastic state might be subject to some degree of critique.

2. *Fengjian* in the Early and Medieval Periods

It is in the early period, from the start of the Zhou 周 dynasty until about the sixth century BCE, that the term first attains its full meaning. It refers here to a procedure of “enfeoffment” (*feng* 封). By this, the Zhou kings imparted authority to their close kin to rule over fiefs or regions within the Zhou kingdom. These aristocrats based themselves on fortress towns and controlled the area of their fiefs. They transmitted their fiefs to their sons on a hereditary basis; beneath them, in some views at least, were “serfs”, analogous to those of European feudal system. The feudatories were warriors, who fought their fellow aristocrats in chariots rather than as infantrymen, in a way grossly comparable to the mounted knights of feudal Europe. It is doubtful, however, if this system ever corresponded exactly with North European feudal system under the Frankish kings.²

It was to be important to later treatment of the *fengjian* issue that these early enfeoffments did not take place at one time only: there was a series of them, and this series spanned the revolt of King Cheng 成’s enfeoffed uncles Guan Shuxian 管叔鮮 and Cai Shudu 蔡叔度 in the early Zhou. The enfeoffment system survived that revolt.

By the late seventh century BCE, this *fengjian* exercise had been moralized. It was seen to have embodied a relationship of love and trust between immediate members of the ruling house, and was closely identified with one of the values of the inner family, fraternal love. Fraternal love (*di* 悌), indeed, became one of the cardinal relationships of the Confucian moral system. As early as 628 BCE, Fu Chen 富辰 advocated *fengjian* as a strategy of central government control that not only realized high moral values but also made for the greater stability of the central ruling house.³ With his statement to the King, the concept of *fengjian* embarked on its long history as a concept of political organization that might be debated.

By the Warring States period, however, this early Zhou “feudal” system had given way to a form of state organization that emphasized a freer peasantry, large conscript armies, and more developed tax bases. The trend away from the early Zhou system reached its climax with the Qin unification. The prefecture and county (*junxian* 郡縣) system, by which the empire was sub-divided throughout into standardized prefectural units and county sub-units, was imposed on a reunified and highly centralized China. This was the system that, throughout subsequent debate, represented effective centralization and was considered antithetical to the *fengjian* system.

The Han 漢 dynasty (206 BCE-220 CE) consolidated its position largely as a reaction to the autocratic excesses of the Qin. Moreover the high degree of centralization achieved by the Qin could not be sustained. Liu Bang 劉邦 (r. 206 BCE-195 BCE), the Han founder, operated a modified enfeoffment system. But the outcome was not straightforward. The revolt of the Princes of Wu 吳 and Chu 楚, two of the princes who had received large fiefs, in 154 BCE was to provide a major counterargument, one that was to be advanced by opponents of *fengjian*.⁴ But the fact that the dynasty suppressed the revolt and continued a form of enfeoffment was to be used by those who advocated *fengjian* as a strategy for protecting and ensuring the survival of the dynastic house. In other words, this argument for *fengjian* saw devolution as a form of insurance. If the trunk was threatened, then the branches would survive and ensure the perpetuation of the imperial line.

The revolt of 154 BCE thus caused later advocates of *fengjian* to re-examine the early Zhou enfeoffments. They were able to claim that, just as the Duke of Zhou had implemented the system even after the rebellion of King Cheng's two uncles, Guan and Cai, so that the Han had survived the reverses of the Wu and Chu revolt of 154 BC. Thus the system was again operable even after it had had setbacks.

The Han dynasty also provided another component that was to be important in later debates about enfeoffment. This concerned the main argument for devolution not from the interests of the dynastic house, but from another perspective altogether. The Han system of appointment to junior level provincial posts was later said to have been much more decentralized than that of the reunified empire under the Tang or indeed the later dynasties. Local appointments were said to have been made locally. This model was to provide the second focus in the long-running *fengjian* debate: namely that the devolution of power through *fengjian* brought benefits for local jurisdictions in a way that centralized appointments could not.

The *fengjian* system features in the reviews of the political system that were written in the Han. In the *Bai Hu Tong* 白虎通, Ban Gu 班固 (32-92 CE) devotes a long section to enfeoffment. Ban was the first to introduce the concepts of “the general interest” (*gong* 公) and “self-interest” (*si* 私) into the debate. He identified the enfeoffment procedure with the ideal of “selflessness”, because “[for the emperor] to enfeoff his relatives and dependents is to demonstrate that he is not selfish. Since he is selfless, why does he enfeoff? Under the universal sky there is no land that is not the king's land; the guests of all lands are all the subjects of the king.” He cited the Zhou King Cheng's enfeoffment of his uncle Kang 康 after his defeat of the rebellion of uncles Guan and Cai, with the “remnant of the people of Yin 殷”,⁵ stating that “there was peace” and that “the reason the king early enfeoffed his uncles and brothers was the principle that they should share

wealth with himself”.⁶ The grand concepts of “the general interest” and “self-interest” were to be an integral part of the *fengjian* debate from Tang times on.

3. *Fengjian* in the Medieval Empires

After the Han, this debate about the merits of the two systems, *fengjian* or *junxian*, continued. The prestige of the Zhou enfeoffments, and their association with the Duke of Zhou, the regent under the infant King Cheng, was such that later dynasties, at or soon after their foundation, also considered enacting enfeoffment programmes. Reviewing the Period of Disunion, the historians of the early seventh century were able to claim that both the Liang 梁 (502-557 CE) and the Chen 陳 (557-589) dynastic houses had practised an effective form of *fengjian*. The *Sui Shu* 隋書 editor Wei Zheng 魏徵 (580-643) included an eloquent memorial by Yu Xuandao 于宣道, which argued for enfeoffment, of an imperial prince as prince of Shu 蜀, on historical grounds. In this memorial, all the traditional, canonical images used to commend enfeoffment were brought forward: enfeoffed lords formed “a protective screen”; they were “surrounding defensive walls”, or “great rocks”. Moreover, the resulting devolution of political authority was held to have been successful.⁷

The Tang 唐 has a particularly important place in this long debate, because it represents, for many, a period of effective centralization and therefore a high point in China’s “master narrative”. The early Tang founder Li Yuan 李淵 (Gaozu 高祖, r. 618-626) followed the precedents of the late southern regimes, giving provincial authority to relatives on a large scale. But after Li Shimin 李世民 (Taizong 太宗, r. 626-649) consolidated his control, and in the unusually liberal atmosphere of his court, the issue became controversial. Taizong himself implied that as a prince and army commander under his father Gaozu he had drawn scholars from north and south into his ‘fence and surrounding wall’, his provincial command.⁸ He later made two attempts to implement the *fengjian* principle. Both were unsuccessful. One reason was that of a perennial problem for the late medieval empire: neither princes nor high officials actually wanted to leave Chang’an 長安 and proceed to their fiefs. But a second, more substantial reason was operative as well. This was that the newly constituted corpus of officials had by now begun to feel both a sense of their own power and a political distinction between themselves and the imperial dynastic family. They simply did not want to cede power to a devolved system that would give significant authority to imperial princes, a category of people whom they knew from recent experience to be unreliable and often self-interested and corrupt. Scholars of the Zhenguan 貞觀 era (627-649) court made a number of searching analyses of history to demonstrate

that any supposed connection between implementation of *fengjian* and the longevity or stability of dynasties was spurious.

Like all such controversies in Chinese history, this debate was fuelled by immediate and specific political problems. Like all such debates, its arguments were cast in accordance with the interests of those immediately experiencing the problems concerned. Very broadly, in the medieval period, political debate was court-centred and tended to reflect immediate problems that the emperor faced. In the post-Song 宋 period, the most articulate treatments of the issue reflected local interests in ways that never operated in the medieval period.

The Tang was the dividing line between these two outlooks. Contributions to the *fengjian* debate in the remainder of the Tang demonstrate this crucial shift. They make two basic points. The first is that, after the defeat of Taizong in the Zhenguan court discussion of this issue, the term *feng* changed its function altogether. *Feng* now meant to grant a title and an income drawn from central funds to an imperial prince or a high official. Usually the title had a purely nominal regional and symbolic significance and usually it was archaic. With the title went a “fief income” drawn from a treasury at the capital. At the highest, it might be as much as several thousand bolts of silk per year; at the low point in the scale perhaps as little as two hundred. The Tang sources provide the names of successive enfeoffments quite fully: probably these were drawn from successive *shilu* 實錄, official accounts of individual reigns or parts of reigns. Certainly the source that has the fullest lists, the *Cefu Yuangui* 冊府元龜 was compiled from successive Tang *shilu*, which were still extant in the early Northern Song.

The very specific change in the meaning of *feng*, however, was noted by officials in the period. It did not stop emperors from the start of the dynasty, through the late seventh and into the eighth century from appointing imperial princes to high substantive rather than titular positions, usually civil rather than military, in the provinces. Thus a form of *de facto* enfeoffment persisted, and the images of the “protective screen”, the “great boulders”, the “surrounding defensive wall” were frequently applied to commend these appointments, even though the term *feng* was not used of them. But what became crucial to the debate that followed was that the princes in provincial posts had a very mixed record indeed of competence. Some governed well and earned reputations for ability. Many more were irresponsible and profligate. Others were corrupt and predatory. Sovereigns from Wu Zetian 武則天 (r. as Emperor, 690-705) on must surely have been aware that any form of devolution through the appointment of imperial princes was a risk. There is clear evidence too that they were particularly nervous of giving imperial princes high field command in armies in the provinces. They may be presumed to have had in mind the recent precedents of the kind of armed revolt that had taken place in the Sui and, ironically, the role of the princes

in the military and political instability that preceded Taizong's Xuanwu 玄武 coup of 626.

This issue of how much political or military authority to give the princes was thrown into stark immediacy by the Princes Revolt of 682. This was a poorly organized attempt by the princes of the Li imperial clan in provincial posts to remove the Empress Wu from power and with her the Wu princes. It was defeated easily; but its influence on the *fengjian* issue was lasting. I shall argue in the final section of this paper that, for Li Longji 李隆基 (Xuanzong 玄宗, r. 712-756) in the Kaiyuan and Tianbao periods, the fate of the Li 李 princes and his own campaign to reinstate those who had survived the Empress Wu's savage retribution functioned to revive imperial interest in *fengjian* as a means to protect the dynastic line, and that his interest combined with an administrative interest in devolution among certain official scholars to make *fengjian* an attractive policy option. In a measure charged with irony, Xuanzong was to enact a form of *fengjian* at the very close of his reign, in flight from Chang'an, with disastrous results for himself.

The next full analysis of the issue came some five decades later. By then not only had the attitude of the scholar community to the emperor changed, but the political situation had drastically evolved. Li Gua 李适 (Dezong 德宗, r. 779-805) had alienated the intellectual community by his secretive and miserly style of government. He had lost out in his efforts to re-impose central control over those provinces that had achieved a large measure of independence after the An Lushan 安禄山 Rebellion of 755. The dynasty, following this catastrophic revolt, was faced with loss of control to provincial warlords who had their own armies, dictated their own successors and made their own staff appointments. The outlook of these political satraps on the political centre was remote indeed from the idealized "fraternal love" that governed the *fengjian* provision.

The main participants in the revived debate were Du You 杜佑 (735-812) and Liu Zongyuan 柳宗元 (773-819). They both argued forcefully against the devolution implicit in *fengjian* and for the centralization of *junxian*. Their standpoint involved them in facing in two directions. In the first place, they chimed in with the arguments of those who had pleaded the interests of the dynastic house. For both of them, the *junxian* system secured greater stability and control for the emperor and his line. On the other hand, their interest was not restricted to the security of the dynastic house alone. Du You, though an aristocrat and a powerful official with long provincial experience, argued forcibly that the *junxian* system made for the stability of the Chinese imperium as a whole. Liu Zongyuan did the same.

What is no less interesting is that both sides in this late eighth and early ninth century debate used the terminology of "the general interest" (*gong*) and "self interest" (*si*) that Ban Gu had introduced into it some six and a half

centuries before. For Liu Zongyuan particularly, the centralization that the *junxian* system involved and its denial of private or selfish interests meant that the *junxian* system represented the triumph of the general interest. Hence his valorization of the Qin dynasty (and hence also, many centuries later, Mao Zedong 毛澤東's special praise for this essay). But the opponents of the *junxian* system, though their arguments are poorly preserved, took up a more remarkable position. Han Yu 韓愈 (768-824) was more comprehensively conservative than his well-known anti-Buddhist polemics might suggest. For he stated that advocates of *fengjian* defended it on the grounds that those enfeoffed regarded their land as their very own, and treated its people as their own children (*situ ziren* 私土子人). In other words, *fengjian* represented the idealized values of the family, the *jia* 家, the locus for some of the highest ideals in the Confucian moral system. It was precisely this argument that, over eighth centuries later, during the Ming Qing 明清 transition, Gu Yanwu 顧炎武 (1613-1682) was greatly to elaborate.

4. *Fengjian* in the Early Pre-modern Period

For the Song, *fengjian* continued to be an issue for debate. This period is under-researched from this point of view; but certain points can be made in parenthesis. First that the Song was China's period of "precocious modernity". This was a time in which major issues of principle were debated and bureaucratic procedures were fine-tuned to a degree of sophistication that causes astonishment, even today. Secondly, the great Song intellectuals tolerated or even encouraged open debate. Zhu Xi 朱熹 (1130-1200), for example, reviewed Song discussions of the *fengjian* issue. He admired the moral spirit that the *fengjian* provision might foster.⁹ But he is said to have argued against the revival of Zhou style *fengjian*.¹⁰ The degree of centralization or devolution, of both civil and military functions, was certainly a theme in this copiously documented political culture.¹¹ Ye Shi 葉適 (1150-1223) in the Southern Song, for example, admired the degree of freedom from central control and resulting space for their own moral standards that the ancient *fengjian* system had secured.¹² Finally, a related point is that the Song is the first period in Chinese history when locality comes more clearly into focus. Ye Shi first problematized the relationship of the officials with the clerks (*xuli* 胥吏), the permanent, hereditary sub-stratum of administrative assistants and runners in local government that was so prone to venality, later a key consideration for Gu Yanwu.¹³ Indeed the idea of *fengjian* as the devolution of power figures in Ye Shi's condemnation of the clerks, but in an unusually sardonic sense. He observed that "the world holds that for the officials there is no *fengjian*, but that the clerks have *fengjian*." This sarcasm, referring to the hereditary devolved power that the clerks and runners had

abrogated for themselves, surely indicates that *fengjian* was a term current in discussion in Song times.

In the late imperial and modern periods, the trend, usually merely implicit in the earlier debate, to focus on the interests of the locality rather than the centre grew in strength. The *fengjian* issue thus lost its very close association with the imperial centre and came to stand for a measure of devolution, of restriction of the power of the central state. *Fengjian* was seen, ironically enough, as “a critique of imperial power’s encroachment upon the locality”.¹⁴ At a still later stage, another element was introduced into the debate, namely public opinion in the localities, for “*fengjian* stood for the enhancement of local elites and public opinion, against autocratic centralism”.

But this did not happen immediately. One of the best-known contributors to the *fengjian* issue was the seventeenth century scholar and political critic Gu Yanwu. Gu Yanwu lived through a period of political and intellectual turmoil, when a handful of well-known scholars thought unusually radically about “administrative reality” at both the political centre and in the localities, about the stability of the dynastic state and its effective organization. These concerns combined to make him a forceful advocate of decentralization.

For Gu Yanwu, the two very different standpoints implicit in the debate intersected urgently in his discussion of *fengjian*.¹⁵ The first concern was his Ming loyalism, his deep obsession with the failure of the Ming and its defeat by the Manchus and demise as a dynasty. He followed the classical argument here. The first Ming emperor had endorsed sound principle, in conducting a major exercise in devolving political authority through an enfeoffment of his princes.¹⁶ But Zhu Di 朱棣 (the Yongle 永樂 Emperor, r. 1402-1424) and his successors had radically modified this system, disempowering the imperial princes,¹⁷ promoting absolutism and, ultimately, ensuring the disaster of Ming defeat. At the level of administration and also at the military level in the campaigns at the end of the Ming, this defeat could have been avoided if the Ming emperors had selected and entrusted imperial relatives and other capable senior figures to administer the provinces. *Fengjian* was, in other words, a policy for ensuring that the dynastic house could survive catastrophic threats. The language used was classical, borrowed directly from the original canonical references to *fengjian*. Gu’s argument was a very old one.

Gu Yanwu also applied the traditional opposition of “public” or the universal interest (*gong*) and “private” (*si*) to the government of the empire that Ban Gu had first introduced into the debate. But he gave it a new and subtle twist. For him, for the emperor to take the public view of the empire meant rewarding the worthy with lands and enfeoffing them in states. To adopt a private view was for him to over-centralize control. Here, and specifically for the emperor, the term private (*si*) had a negative value, and

its use contrasts starkly with that of Liu Zongyuan. The sage emperors, Gu argued, “had used the self-interest of all [the individuals] in the world to perfect their own attitude of general concern and so the world was brought to ordered rule.” “The collective self-interest of [individuals throughout] the empire as a whole is the basis for the emperor’s broad public concern.” It is Gu’s plea that the self-interest of the localities be recognized as something positive that, while it echoes Han Yu’s phrase, is new. Of course, any system that justifies self-interest at local level immediately recalls European debates about the function of the state as holding the ring between competing private commercial interests.¹⁸

Gu therefore had a second focus, arguably more important to him than that of dynastic survival, that of the deterioration of local society in the Ming that he witnessed all around him. This second concern that led Gu to endorse *fengjian* was altogether different. It sprang from his own observation of local government, administration at prefectural and county levels, and of the interface between the mandarinates, always very small in numbers, and the two main forces at the local level, the over-powerful permanent and often hereditary clerical staff at the yamens (*xuli*) that Ye Shi had characterized and the local elites, represented by the *shengyuan* 生員, the tax exempt gentry families. He characterized the “law of avoidance”, by which mandarins were not allowed to serve in their own localities, as one of the main causes of this deterioration. Gu did not want a literal restoration of the *fengjian* system. He rather argued that if it was possible to “lodge the import of *fengjian* within the prefectural system, the empire would be brought to ordered rule.”

Gu’s position was therefore the direct opposite to that of Liu Zongyuan and Du You. Holding that the “law of avoidance” was a cause of misgovernment and corruption, he proposed, instead, that local magistrates be natives of the counties that they administered and that they even have the power, after suitable periods of probation, to pass on their positions to their own kin. He also advocated the dismantling of the intervening layers of administration, the circuit officials and inspectors, appointed by the central government to oversee provincial administration. He argued that it would be in the self-interest of these locally recruited, hereditary magistrates to ensure that their areas were well-governed, and that they would be too small to organize rebellion or resistance to imperial rule. They would apply to the administration of their jurisdictions the high values of the Confucian-trained family figure, the values of the idealized *jia*. They would fulfil the ideal encapsulated by Han Yu eight centuries before: they would consider their territory private and its people as their own children (*situ ziren*). As Philip Kuhn has observed, “Ku’s faith in the ultimate collective benefits to be gained from the workings of enlightened self-interest in politics stands at the core of his effort to reorient the psychology of Chinese government.”¹⁹

Gu also advocated dismantling the provision whereby the local gentry obtained tax exemption, the *shengyuan* system. In the same way, making magistrates hereditary was a way of ensuring that they countered the excessive power of the permanent clerical staff, for these were hereditary also.

Gu's stance represents a combination of two strands in statecraft: he believed in moral regeneration, at least to the extent that he believed that moral outlook, "moral transformation", rather than legal apparatus would ultimately secure good order. But he also believed in re-drafting the traditional framework in quite specific ways, in radically disempowering certain powerful groups and in empowering others. He certainly did not envisage abolishing the "one model" for the political control of China, or in a China without a reigning dynastic house; but he did want radically to re-distribute power.²⁰

This same scholar, Philip Kuhn, has highlighted the standpoint on *fengjian* by the mid-nineteenth century thinker Feng Guifen 封桂芬 (1809-1874). Feng also criticized the "law of avoidance", believing that locally recruited magistrates would discharge their responsibilities far more conscientiously than officials appointed for limited periods from outside the region concerned. For Huang Zunxian 黃遵憲 (1848-1905) in Philip Kuhn's analysis, *fengjian* offered not only a long pedigree for the idea of restriction of autocracy but also "a close relationship between the rulers and the people and [promotion of] the public interest, in distinct opposition to the centralized administration of the *junxian* system ..."²¹ Rule by local notables', again echoing Han Yu 韓愈, was like the "nurturing attitude of the father toward his family ...". Liang Qichao, the "most eloquent and influential among [Chinese self-government proponents]",²² in turn, argued for a combination of *fengjian* with Western law: *fengjian* would ensure a localism that was highly beneficial to local societies and, concurrently, Western law would protect the excessive encroachment of central autocracy.²³ This ideal was not in any sense an attempt to claim independence for local society; rather it promoted the idea of interdependence of state and society, while also permitting the process of change. Nonetheless, the movement has been called a "mobilization of a counter-history of *fengjian* to create a public sphere".²⁴ *Fengjian* was an "ancient form to serve as moral guide for the present".²⁵ The advocates of a more devolved political regime in nineteenth century China indeed reached far back into their own history to state their case.

5. The *Fengjian* Issue in Kaiyuan Tianbao: The Need for More Analysis

Let me now return to the Tang dynasty, my own area of research interest. The Tang of course offered precedents for both highly centralized regime, in the seventh and early eighth centuries, and, as Yeh Shi pointed out, for a long period of provincial separatism during which the political and military

central power of the centre had been lost and the provinces were independent states in all but name.

In this period of nearly three centuries, the *fengjian* issue was very much alive. Indeed, it provided the heading under which the most far-reaching analysis of the dynastic state in the Tang period was conducted. *Fengjian* was used in both its two different administrative meanings: it was used to denote the titular enfeoffment and provision of income for imperial princes and others. It, and the ancient rhetoric associated with it since Zhou times, was also used in its original sense, which had by now become almost an academic usage, of devolving government from the political centre by giving regional administrative responsibility to close kin of the emperor.

I have already given the broad outline, which is well known. What follows as the concluding section of this paper amounts to a plea that the long running debate on *fengjian* be subject to much more detailed scrutiny, at least in the late medieval and pre-modern periods.

In the early Tang, Taizong, like other dynastic founders, proposed implementing the *fengjian* provision. It is hard to say, at this distance in time, whether the records of the discussions involved were shaped in part by an atavistic concern that Taizong be recorded as behaving as other dynastic founders had behaved, going back to the Duke of Zhou himself. But the emperor does seem to have envisaged *fengjian* as a realistic policy, mainly because it would offer a form of insurance for the survival of his own imperial line.

In the seventh century, however, the advocates of the centralized bureaucratic system prevailed. The reign of the Empress Wu is recognized as a time when the civil bureaucracy expanded significantly, when the prestige of its elite or fast stream was strengthened by the development of the regular annual civil examinations as a means of selection. This development, linked to the relatively stable tax base and consequent wealth of the late seventh century state, surely strengthened the hand of the centralizers, the advocates of the *junxian* system. And indeed we find, in an essay by the court scholar Zhu Jingze 朱敬則 (635-709), probably composed late in the reign, a reasoned plea for the *junxian* system as preferable to any form of devolution by enfeoffment.

But the Empress was a usurper. She had dislodged the Li imperial line and so disrupted the ideals of the patrimonial state. The revolt of 682, the Princes Revolt, was an attempt by Li imperial relatives to reclaim the throne, and incidentally one of the few wars of succession that took place in late medieval China. The Empress punished the Li princes involved with extreme harshness; but she made no attempt to extinguish the Li imperial clan. When in 705 restoration was achieved for the Lis, her son Li Xian 李顯 (Zhongzong 中宗, r. 683, 705-710) issued a decree that resisted an initiative to reduce the

titular fiefs of the Wu princes, and that gave fiefs to members of the Li clan. The restoration was also presented as a consensual reversion to normality and the titular *fengjian* tradition recognized this.

But when Xuanzong ascended, he took a very different view of his grandmother's usurpation. He embarked on a programme of rehabilitation for those members of the Li imperial clan who had suffered in provincial office. Those princes who had survived were brought back to the capital and given high posts. Those who had perished had their remains brought back and were re-interred with full honours. The point is that in the commemorative compositions that resulted, Xuanzong had the full rhetoric associated with *fengjian* deployed. The imperial princes were a "defensive screen", "great rocks" and a "surrounding defensive wall" for the imperial line. Xuanzong also in 731 warmly welcomed political moral statements that told the princes how they should behave themselves as provincial administrators.²⁶ It may be no coincidence either that in the literary prompt book *Chu Xue Ji* 初學記, produced for the imperial princes in the Kaiyuan period, the rhetoric of *fengjian* is again included and the enfeoffments of the early Zhou and the leader of the Princes Revolt are all given prominence.²⁷

This last initiative points to another strand in the debate: the princes continued to turn in very mixed performances as provincial administrators. In the minds of the emperor and his advisers, it proved in the end safer to have them in domiciliary confinement at Chang'an. Xuanzong, moreover, was dilatory about a related issue, namely the succession. For the chronic indecision that he showed in the Kaiyuan period over investing a final choice as Crown Prince meant that his sons were necessarily involved in the plotting that resulted. This increased the sense of instability in the imperial family and the court and gave urgency to the problem of how the imperial line might most effectively be safeguarded.

The conclusions that can be safely drawn from all this evidence, which comes mainly from epigraphical and commemorative texts rather than the main official accounts, and which will be laid out in detail in a forthcoming article, and is that Xuanzong was interested in *fengjian* as a safeguard against precisely the kind of rebellion that had threatened the stability of the rule of his grandmother, the Empress Wu in 682.

However, the question arises, was Xuanzong alone in his interest in the ancient *fengjian* provision, and did he consider it exclusively in terms of an insurance device for the long-term survival of his imperial line? Or did he see other benefits in a more devolved system of administration? And did he have, among the scholar community, advisers who promoted the *fengjian* ideal and tried to persuade him to implement it?

There is suggestive evidence that he and some advisers at least saw *fengjian* not exclusively as a policy to ensure the survival of the imperial line

but also as an administrative provision that, by devolving political authority, would bring greater stability to the empire at prefectural and county levels.

One strand of evidence concerns his attitude to appointing officials at prefectural and county levels (*taishou* 太守 and *xianling* 縣令) to administer the empire. He endorsed a theme that his great-grandfather Taizong had formulated, by emphasizing the crucial importance of these tiers of official at local level. He arranged to send them off either individually or in groups with feasts and verse writing in which he himself joined. He, and many others, valorized the role of this level of mandarin official in the provincial hierarchy. At the same time he may well have been aware of the danger of replacing them as wielders of substantive political power by the *ad hoc* commissioners, to whom successive emperors had turned to address specific problems in the provinces. By his time, commissioners had acquired a reputation for opportunism and rapacity. He himself made extensive use of them, but he also stood them down, doing so indeed sufficiently often to earn the censure of the Qianlong 乾隆 emperor for inconsistency. It was no accident that among Gu Yanwu's suggestions for the radical reform of administration was precisely the removal of these intervening layers of administrators, so closely identified with venality, from the central government. And when at the very close of his reign, in flight before rebellious forces at the capital, Xuanzong reviewed his own record, he blamed commissioners for leading him into irregular methods of acquiring wealth, and contributing to the disaster of the Rebellion.

Not too much should be made of this, perhaps. At most it suggests that the emperor held the view that the traditional structure of prefectures and counties was the ideal one and that efforts to strengthen the authority of the central government by the commissioner system were an expedient that should be set aside when possible.

As for the question of whether he had advisers who advocated devolution through *fengjian*, here we are on much firmer ground. There were two, Fang Guan 房琯 (697-763), the intellectual son of a chief minister of the empress's reign and Liu Zhi 劉秩 (d.c. 758), one of the sons of the great critic of historical writing Liu Zhiji 劉知幾 (661-721), who clearly advocated *fengjian*. And, at a moment of acute crisis at the very end of his reign, they persuaded Xuanzong to implement some aspects of the system.

Were Fang Guan and Liu Zhi acting out of political opportunism, attempting merely to gain personal favour with an Emperor whom they knew to be interested in the *fengjian* ideal? There were those soon after the time who may have believed that this was so. Any answer is made difficult by the fact that most of the writing of both these scholars was lost, probably not long after their own deaths. Fang Guan, moreover, was subjected to a process of vilification that surely has distorted his image for posterity. The evidence for

his belief in the *fengjian* system is persuasive enough; but it is contained in Song sources.

In the case of Liu Zhi, it is however clear that he was not acting just to please the Emperor; still less was he concerned to implement a system that had operated in the Han because this was when his remote ancestors had been emperors.²⁸ Rather he saw the need to devolve at least certain operations of the state and to reduce the role of the capital. The prime example is contained in a critique he submitted of the selection system, probably in 740. Liu argued that the literary skill required of examination candidates in the centralized selection system was far removed from the original function of verse, which was to give voice to the outlook of local people. The system imposed excessive strains on the capital and appointments would be much more effectively conducted at local level. Such a proposal resonates with what was believed to have been Han practice and with the concerns of Gu Yanwu and later advocates of *fengjian*.

The final dramatic act of Xuanzong's reign concerned the *fengjian* issue. Xuanzong was in flight from the rebels and had reached the county of Pu'an 普安 in northern Sichuan when Fang Guan and Liu Zhi caught up with him. Desperate not to be forced to relinquish the throne, Xuanzong was persuaded by these two scholars to enact a *fengjian* measure, devolving power to four of his sons, including the crown prince and Li Lin 李璘, prince of Yong 永. The result was disastrous for Xuanzong. Prince Lin rebelled in the lower Yangzi region, while the crown prince persuaded the body of moderate officials who had accompanied him north to force Xuanzong's abdication and accept the throne himself. The handing over of power was managed diplomatically. But Xuanzong had lost the throne, and the *fengjian* principle was implicated in his demise.

6. Conclusion

In the statecraft discourse of late imperial and Republican China, the recognition of any incipient development of a civil society was eclipsed by the "statism that overwhelmed discussion of political issues".²⁹ Of course, it would be grossly simplistic to argue that *fengjian*, even in the final phase of the long controversy that it provoked in China, involved a demand for a sophisticated civil society at local levels, free of domination by the state. The most that can be said is that *fengjian* involved a "plea for localism, for freedom from excessive central government exploitation and control".

The concept of *fengjian*, moreover, did not survive the transition to modern political discourse. By the end of the generation of Kang Youwei 康有為 it had come to an end. What, therefore, can be deduced from this very brief canter through the centuries-old debate that it caused? For almost all

this period, there was indeed one model for government, that of the unitary dynastic state, the “patrimonial state, the personal property of the ruling dynasty”. To parcel out this vast empire to close relatives of the emperor, whose loyalty to the imperial clan might according to all canons of Confucian behaviour be taken for granted, might seem in theory a practical option. But the close kin of the emperor were not in fact qualified either by loyalty or by competence to fulfil this ideal. As a strategy for protecting the imperial line, therefore, the *fengjian* provision had a very mixed record indeed.

The Chinese imperium, moreover, at its full extent comprised a vast area and regions that differed enormously in terrain, ecology and customs and mores. The periods in which the central government had effective control over all these localities were relatively brief. And in a number of periods, efforts to tighten or make more effective central political control through the use of *ad hoc* commissioners despatched from the political centre merely ended by introducing an extra layer of government, one particularly susceptible to corruption. As the developments in the seventeenth century and at the end of the Qing described above show, a dysfunctional political centre historically also proved as much a stimulus to interest in *fengjian* as the perceived interests of the imperial line. *Fengjian* in the late stages of the long-running debate therefore provided a pretext for pleas for the development of local interests.

Whatever the motives driving successive contributors to the debate, the debate itself had early secured the protection of tradition. It served, therefore, over more than two and a half millennia as a respected cover for proposals for redrafting the plan of the imperial state. And these proposals became increasingly radical from the end of the Ming until the final demise of the imperial state.

There is, finally, a subsidiary point that may concern historians of dynastic China. Traditionally, the “master narrative” for Chinese history singles out two periods in which effective central government control was a reality. The achievements of the second of these, the Manchu dynasty, the *pax sinica* in the eighteenth century should not be descried. But for the early eighth century, and indeed for other periods, there is a need for a more fine-grained analysis. Wang Shounan 王壽南 from Chengchi University 政治大學 in Taipei already hinted at the Emperor Xuanzong’s concern that his authority, even early in his reign, was not effective in the provinces. The detailed evidence hinted at above suggests that there were indeed serious problems. If I have succeeded in suggesting the appeal of the *fengjian* concept to intellectuals and to the Emperor himself in the Kaiyuan and Tianbao periods, then at the very least it may be argued that over this period, traditionally a high point in China’s long history, some degree of devolution was seen as desirable and found advocates.

Notes

- * Dr David L. McMullen is Professor Emeritus of Chinese at the University of Cambridge and is a Fellow of St John's College, Cambridge, United Kingdom. He read Chinese studies as his first degree subject at St John's College, and then read for the PhD Degree under Professor E.G. Pulleyblank at Cambridge. After periods of study in Taiwan and in North America, he was appointed an Assistant Lecturer at Cambridge, then a Lecturer and then Professor of Chinese. He now lives in Grantchester, a village outside Cambridge. His research has been in the intellectual, political and institutional history of the Tang dynasty in China. He has published nearly twenty full length articles in this field. <Email: dlm25@cam.ac.uk>
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 5. *Shang Shu Zhushu* 尚書注疏 (Yang Jialuo ed., Taipei: Shijie Shuju, n.d.), ch. 13, p. 21a; James Legge (1865), *The Shoo King*, London: Trubner and Co., p. 10.
 6. *Bai Hu Tong De Lun* 白虎通德論 (*Sibu Congkan* ed'n), ch. 3, p. 4b.
 7. *Sui Shu* 隋書 (Beijing: Zhonghua Shuju, 1973), ch. 39, p. 1147.
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 14. Prasenjit Duara (1995), *Rescuing History from the Nation: Questioning Narratives of Modern China*, Chicago: The University of Chicago Press, p. 153.

15. This summary of Gu Yanwu's position owes substantially to the PhD thesis by Thomas Carl Bartlett, "Ku Yen-wu's Response to 'The Demise of Human Society'" (Princeton, 1985).
16. See Edward L. Dreyer (1982), *Early Ming China, A Political History, 1355-1435*, Stanford: Stanford University Press, esp. pp. 84-85.
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23. Duara, p. 155.
24. Duara, p. 157.
25. Duara, p. 158.
26. By Pei Guangting 裴光庭 (676-733); see *Tang Hui Yao 唐會要* (Beijing: Zhonghua shuju, 1955), ch. 36, p. 658; *Wen Yuan Ying Hua 文苑英華* (Beijing: Zhonghua Shuju, 1966), ch. 884, p. 10b.
27. *Chu Xue Ji 初學記* (Beijing: Zhonghua Shuju, 1962), ch. 12, p. 306; ch. 10, p. 238.
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29. Duara, p. 160.

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Governance, Democracy and Decentralization



Modernization and the Sino-Vietnamese Model⁺

*Brantly Womack**
University of Virginia

Abstract

There are important differences in situation and political development between China and Vietnam, but both are so distant from the parliamentary model that to political science they appear quite similar. They are the sturdy party-state survivors in a post-communist world. China and Vietnam pose a reciprocal challenge to common expectations regarding modernization. On the one hand, their economic growth and political stability undermine notions of stages of development converging (unless the state stalls or fails) in a liberal democratic “end of history”. Despite international openness, the importance of market forces, and a convergence of practical tasks of governance with other developing and developed states, the Sino-Vietnamese model is distinct in its origins, its experiences, and political structure. In contrast to the familiar pattern of traditional community giving way to modern society, a communitarian party-state continues to provide leadership. On the other hand, the notions linking development and parliamentary democracy are common because there are as yet no exceptions. In economic development China and Vietnam have been able to apply lessons from developed states, but the sustainable political development of party-states poses a novel challenge.

Keywords: party-state, modernization, China, Vietnam, Sino-Vietnamese, model

JEL classification: B24, H11, N45, P27

1. Introduction

China and Vietnam have been confounding the expectations of external observers for several generations. First and perhaps most importantly, no one, least of all Karl Marx, expected that rural revolutions could be successful. The peasants’ struggle against encroaching capitalism was doomed to be a hopeless attempt to hold back the grindstone of history. Marx was sympathetic to their fate in his earliest works¹, but rural sufferings merely illustrated the

alienation of labour in property and commodity production. The other peasant wars of the twentieth century demonstrated the difficulties of pushing back capitalism.²

China's radicalism from 1957 to 1976 provided a double shock. First, the Great Leap Forward and the Cultural Revolution challenged the political common sense of post-revolutionary institutionalization. Franz Schurmann's monumental work *Ideology and Organization in Communist China* appeared to be dead on arrival when it was published in 1966,³ and Stuart Schram's path-breaking biography of Mao Zedong unexpectedly needed a new chapter.⁴ But the hopes of the world's leftists were also dashed as the movements left starvation and chaos in their wake. Their icarian moment is best expressed by the title of David and Nancy Milton's memoir of the Cultural Revolution, *The Wind Will Not Subside*.⁵ Less destructive and dramatic but equally sobering for Vietnam was its post-war disillusionment with non-market socialism as a viable path of development.

Finally, China since 1979 and Vietnam since 1986 have become the most rapidly developing economies in Asia, the world's most rapidly developing region. Their policies of marketization and international openness have been familiar, but the flexible and successful pursuit of such policies by party-states retaining overall political control has been in great contrast to predecessors such as the Kosygin reforms in the Soviet Union or the New Economic Mechanism in Hungary. Of course, China and Vietnam benefited from the successes of Asian developmental states, but other party-state did not prove so adaptable. And by any standard the sustained rate of growth and their resilience since 2008 has been more than impressive.

Although popular attention focuses on the challenges posed to the developed world by China's "peaceful rise", which since 2008 could be rechristened its "peaceful leap forward", there is a deeper and perhaps more consequential challenge posed by China and Vietnam to common notions of modernization. Although China attracts the most attention, the fact that Vietnam has pursued a similar course makes the challenge a categorical one.

In the first part of the twentieth century even Chinese and Vietnamese intellectuals to some extent conflated modernization and westernization, though their calls to their countrymen were decidedly communal (Yu, 2009; Fewsmith, 1991; Marr, 1981). Rural revolution led by communist parties provided a unique route to refounding the state, and even though the leadership accepted the transformative mission of modernity, its spirit and method was rooted in class-based mobilization of an overwhelming majority and its ultimate goal was communism rather than capitalism. The policies of the reform era feature decollectivization and decontrol, but party leadership has remained crucial and success has strengthened the commitment to the present order. To the extent that China and Vietnam present a coherent

political mechanism and a distinctive path of development, we can speak of a Sino-Vietnamese model.

Following this introduction, this essay will explore the intellectual challenge of Sino-Vietnamese political development in three parts. It begins by considering similarities and differences with other communist regimes and the constitution of the Sino-Vietnamese party-state. The subsequent section considers the challenges posed to modernization theory by the Sino-Vietnamese experience, followed by the current challenges that socioeconomic development are posing for China and Vietnam. The final section considers the general relevance of the “Sino-Vietnamese model” for other states. The conclusion returns to the most basic question of what is modernization.

2. Patterns and Differences

China and Vietnam are party-states whose regimes were founded on broad rural mobilization by communist parties. Rural mobilization in the face of more powerful enemies required the parties to be mass-regarding in their policies despite the centralized party structure – to be “quasi-democratic systems”.⁶ They developed a milieu of leadership and a party structure that built up from the villages during the revolution, one that after victory could reach down from the centre to the grassroots. Although the new party-states were poor in material endowments, their revolutions created tremendous capacities for continued popular mobilization, for better and for worse. While China managed to restore the economy in three years and to raise agricultural output during initial cooperatization – in great contrast to the Soviet Union – its capacity to mobilize also contributed to the extent of starvation in the Great Leap Forward. Similarly, the Democratic Republic of Vietnam was able to organize its entire population around the goal of national liberation and to lead the National Liberation Front in the South as well. For the decade following reunification, however, the strength of the party-state was devoted to reasserting control of the northern economy and pushing the south to “catch up” to socialism.

The parties’ populist self-confidence and general disillusionment with failures of ideological idealism both played essential roles in the reform policies adopted since 1979 by China and since 1986 by Vietnam. On the one hand, the failures of Maoist leftism and socialist restoration clearly required major policy reorientation. On the other hand, the parties felt sufficient confidence in their societal roots to adopt policies of managed openness and decentralization. Moreover, the discipline and reach of the party-states enabled an effective and orderly policy transformation in both countries.

With the continuing success of reform, the leaders of China and Vietnam face a more subtle challenge of adjusting the constitution of their party-states

to the tasks of sustainable governance. Success is creating a fundamentally novel socioeconomic situation. In contrast to their rural, egalitarian, and defensive-nationalist origins, both political communities are increasingly urban, unequal, and globalized. Clear goals that might be pursued by a vanguard party, such as victory, communism, or even maximum economic growth, are being displaced by more complex and fine-tuned tasks of governance. While the other Asian states could present attractive examples of rapid growth, there are no examples to follow of developed party-states. Success has both strengthened the Sino-Vietnamese party-states as institutions and at the same time called into question their roles and capabilities as governing parties enmeshed with public institutions and managing an increasingly differentiated society.

The broad categories “authoritarian”, “totalitarian”, or even “communist” capture neither the political dynamic nor the current challenges just described. “Authoritarian” refers to regimes in which electoral competition plays a subordinate political role, and this is true for both China and Vietnam. However, the category is not defined by its own political dynamic, but rather by the absence of a parliamentary dynamic. It includes closed, oligarchic elites, weak states, and others with which China and Vietnam have little in common. “Totalitarian” is a better fit, despite its Cold War origins, because mobilization in China and Vietnam has been monopolistic rather than coalitional or corporatist. There is no dimension or interest of society that is considered beyond the legitimate concern of the party-state. A more accurate term in this vein would be Tang Tsou’s “totalism” (*quanneng zhuyi* 全能主義), but it does not capture the decontrolling trends of the reform era.⁷

China and Vietnam are clearly both communist states. It would be a mistake to regard them as “not really communist”, as implied in earlier discussions of Mao as (only) a peasant revolutionary or Ho as (only) a nationalist. Of course, if Marx in his later years could wonder whether he himself was a communist, he would certainly have his doubts about his politically far-flung progeny. However, if accepting Marxism as orthodoxy and having a Leninist party as the core of politics can be taken as the criteria for communism, then China and Vietnam both fit.

Where are the key differences between them and their deceased European and Soviet brethren? Rural revolution is the primary source of difference, but its success required a context that was absent in Europe. Russia was the exception that proved the rule. Despite its large peasant population, Russia’s political fate was decided in its largest cities and then enforced after the fact in rural areas. The failure of Marxism-Leninism as a post-revolutionary ideology left Stalin with unquestioned power and the imperative of industrialization, but neither the confidence for nor the means of broad mobilization. There was thus a world of difference between Stalin’s deliberate “internal colonization”

of the Ukraine and Mao's unintended exhaustion of the peasantry in the Great Leap Forward even though they both resulted in massive starvation. The gulf between China and Vietnam and the externally imposed regimes in Eastern Europe is even greater. There are some resonances between Tito's populism and Mao and perhaps between Ceausescu's oppositional nationalism and Le Duan, but these are isolated facets of similarity in more complex matrices of difference.

Despite these differences, China and Vietnam share with other communist regimes what might be called the "post-revolutionary syndrome" of disillusionment with socialist transformation while still holding the reins of power.⁸ The effect was delayed in China by Mao's leftism and in Vietnam by war, but there is still the broad similarity of vanguard parties in power that have lost faith in their final destination. Analogous to an established church that privately suspects that God is dead, dogma is placed on a remote altar while the party preserves and justifies itself by tending to the pastoral duties relating to the welfare of the flock. The party attracts risk-avoiding careerists rather than risk-taking revolutionaries. Governmental practices tend to converge with "secular" states, but the enforced orthodoxy remains sensitive to challenge even as its content is hollowed out.

China and Vietnam have an executive political structure in which the primary focus is on policy implementation rather than policy formulation. The primary ladder of success is set by educational standards, tests, and performance outcomes rather than by interest aggregation and constituencies. There is a growing salience of popularity in retention and advancement, but it is a matter of popular satisfaction/dissatisfaction with performance rather than cultivation of a constituency. There is a constant tension between particularistic relationships (*guanxi* 关系, *quan hệ*) and executive norms, but elections usually play a peripheral role in both formal and informal power. Party and state are distinct structures but conflated in operation and personnel, and the ambiguity of responsibility creates some local oversight, some confusion, and very many meetings aimed at consensus. The frontier between politics and administration is muddied, though the party holds the upper hand due to its agenda-setting and personnel prerogatives.

Implementation is more flexible than in a legislative political structure because officials are expected to act according to local situations rather than to implement general laws. Hence much policy innovation begins as local experiments prove to be successful and are generalized (Heilmann, 2008). On the other side of the coin, crises often force awareness of previously ignored problems of governance (the SARS crisis of 2003 is the best example) (Kraus, 2004). Popular disturbances play an interesting and important role in drawing the attention of higher leadership to dissatisfaction with local leaders and conditions. Such disturbances are outside the system but

rarely against the system. In Mao Zedong's terminology, such problems are evidence of "contradictions among the people" that can become hostile if they are mishandled (Mao, 1971). Labour strikes are a special category of contradictions since they are primarily against foreign firms. In Vietnam, 68 per cent of strikes occurred in foreign-invested firms, primarily Taiwanese and South Korean, while less than ten per cent occurred in state-owned enterprises (Kerkvliet, 2010a). The strikes were mostly brief and non-violent, and were preceded by unsuccessful presentations of grievances.

In contrast to contradictions among the people, challenges to the party-state tend to be viewed as "contradictions between the enemy and ourselves". Political opposition is deemed illegitimate in China and Vietnam regardless of whether it is peaceful or violent, public or secretive, though Vietnam is typically more permissive in treating dissidents. The regimes are indifferent to private opinion, but beyond the redress of specific grievances and expert arguments for and against specific policies there is no permissible discourse of opposition. In a "dictatorship of the proletariat", a phrase still operative as one of China's "four fundamental principles", there is democratic solidarity with the people and dictatorship over their enemies. Defining enemies of the people is the prerogative of the party-state.

It is not the numbers or the power of the dissidents that the regimes find threatening. The numbers are not large. In the most comprehensive study of Vietnamese dissidents, Benedict Kerkvliet observes that they are mostly from the intellectual elite (Kerkvliet, 2010b). Approximately two thousand people signed the "Manifesto on Freedom and Democracy for Vietnam"⁹ which began to circulate in April 2006, and those who publicly challenge the regime by joining political organizations or by their writings number in the hundreds. Similarly, the "Charter 08" in China, which also called for a parliamentary form of government, had 303 original signatories and eventually over 8,000, including people outside of China.¹⁰ Even small numbers are seen to pose a threat, however, because they are seen as a process of "peaceful evolution" (a term used since the early 90s by both China and Vietnam) fostered by foreign forces hostile to socialism (Thayer, 2010). In any case, given the nature of a party-state, to acknowledge such opposition as legitimate would already concede the constitutional discourse to the dissidents. However, as Kerkvliet documents, repressive measures have had little or no effect on major Vietnamese dissidents (Kerkvliet, 2010b). One of the organizers in China of "Charter 08", Liu Xiaobo, was subsequently sentenced to eleven years, and earlier he had spent time in jail for his 1989 activities.

It would be mistaken, however, to assume that there is an unbridgeable gulf between dissidents and the party-state, or that there is an inert mass of the public in the middle. There is broad agreement across the spectrum on some general issues such as anti-corruption, balanced development, and the

environment, and the public, especially the netizens, become energized on many specific issues as well. A major example would be the public outcry in Vietnam in 2009 against Chinese investment in bauxite mining (Thayer, 2009). Anti-Chinese nationalism is a favourite theme of Vietnamese dissidents, but in this case there was broad and vocal opposition, and even General Giap wrote a public letter condemning the agreement. Although the government cannot formally negotiate a compromise with opposition, it is often flexible enough to accommodate critical opinion.

Meanwhile there have been major advances in the reform era in various areas of democratic governance, including local elections, greater governmental transparency, and deliberative democracy. Generally speaking, Vietnam has been more active in applying electoral rules in national leadership.¹¹ Reforms have increased personnel choice within the system by extending the reach of selection procedures based on more candidates than positions. Both party-states have been active at the grassroots level as well¹², and in China there have even been experiments with randomly selected panels of rural residents making authoritative decisions on local projects (Fishkin, He, Luskin and Siu, 2010). Local transparency and accountability have increased as well as the articulation of local interests, but there is no aggregation of interests outside the party-state structure. The point has been to increase popular responsiveness but not to allow opposition.

There are important differences in the politics of China and Vietnam. Some relate to differences in context and history. China's size tends to make its politics more internally oriented, and perhaps it also makes its central government more self-confident in economic experimentation but more cautious politically. In 1979 China could afford to let Guangdong Province get "one step ahead" in reform policies because it was a small and below-average part of the national economy. Vietnam could not take similar risks with Ho Chi Minh City (Turley and Womack, 1998). On the other hand, we can speculate that if Guangdong were now an independent country its politics would be more progressive than those of Beijing.

Two major historical differences between China and Vietnam are the effects of French colonialism versus China's "century of humiliation" and the leadership styles of Mao Zedong and Ho Chi Minh. The colonial experience gave Vietnamese progressives a common task, national liberation, and a culturally external target, foreign occupation. In China the national agenda was set by the failure of traditional China and the ensuing total crisis of domestic chaos. Vietnam's ideological milieu was less radically self-critical and more focused on a common goal of national liberation. By contrast, China's political style was set by "you live-I die" contests in a chaotic environment. The closest China came to the Vietnamese situation was the Anti-Japanese War. Then land policy shifted from redistribution to a milder policy of reduction of rent and

interest, and emphasis shifted from class struggle to a patriotic united front. However, this was a temporary interlude in the Chinese revolution.

The difference in ideological milieu was more than personified by “Uncle Ho” and “Chairman Mao”. These two charismatic leaders amplified the differences embedded in their historical situations. Both were pragmatic, but pragmatic in different circumstances. Class struggle and nationalism were important to both revolutions, but in different proportions. In Vietnam the united front organizations the Viet Minh and later the National Liberation Front played leading roles while their equivalents in China were peripheral, and Ho Chi Minh was the all-encompassing national figurehead for Vietnam. His personal leadership style was more consensual and moderate than Mao’s. Ho opposed the excesses of land reform, but allowed more radical leaders to take charge. In 1956 the Party publicly criticized the “leftist excesses” of land reform, not long before Mao Zedong in China began to explore new heights of leftist excesses. Mao’s personal role in the Great Leap Forward and even more so in the Cultural Revolution put a very different signature on Chinese politics. It is thus not surprising that in the 1990s Vietnamese reformists supported learning from the thought of Ho Chi Minh, while not even conservatives in China had much enthusiasm for Mao’s thoughts even though they remained a part of official orthodoxy.

3. Challenges to Modernization Theory

Ferdinand Tönnies was born into the rural, almost medieval environment of the Duchy of Schleswig in 1855, which was annexed by Prussia after the Second Schleswig War of 1864 when he was nine years old. He then pursued his education and academic career in Prussia, the most rapidly changing and industrializing polity in Europe. *Gemeinschaft und Gesellschaft* (Community and Society, 1887), his seminal work, expressed a vivid personal experience of transition from tradition to modernity, and it also captured the turn of European sociological interest away from future-oriented progress and toward historical and comparative reflections on the distance already covered by modernization.¹³

Tönnies is openly nostalgic about his (and the world’s) lost childhood. It was a non-commercial, village community in which action was motivated by the natural will (*Wesenwille*) of need and desire and relationships were nestled in familiar patterns of gender and rank. But the small world of *Gemeinschaft* is gone forever, trodden remorselessly underfoot by competitive world-metropolises (*Weltstädte*) driven by the instrumental, rational will (*Kürwille*) of infinite accumulation. Other thinkers, Emile Durkheim, for example, were happier to be rid of the oppressive homogeneity of community. Regardless of regrets, however, the division of cultures into

traditional and modern, communities and societies, articulated a watershed in European development.

The corollaries of the traditional/modern divide for the West's perspective on the rest of the world were profound. It secularized the West's superiority over the heathens. Modernization did not require missionaries or even intellectual enlightenment, only private property, markets, and competition. Global convergence on its terms was inevitable. There is no communal alternative to modernization. The cultural distance between any other society and the West was not a measure of generic difference but of backwardness. The diversity of communities was a product of their closure, and their gates could not withstand progress. There is little local colour in the neon light of modern society; it lights the same path everywhere to the ideological end of history.

The revolutionary and post-revolutionary histories of China and Vietnam are a challenge to this mindset. Rural revolution was neither a throwback to a pre-modern past nor an incipient capitalism. The communists mobilized villages, but they did so by introducing new values of class struggle and nationalism, and they promised a transformed future rather than a return to the past.¹⁴ Their key advantage over their opponents was popular mobilization. After victory the emphasis on the abstracted community of the party-state marching forward to further material and cultural modernization further confused the divide between *Gemeinschaft* and *Gesellschaft*. The motivations of the Great Leap Forward and the Cultural Revolution as well as socialist construction in Vietnam were certainly more *Kürwille* than *Wesenville*.

But the failure of leftism in China and Vietnam and the subsequent success of reform and openness raise the question of the essence of modernization. They tried and failed to take a different road, and yet their present and foreseeable paths of modernization are quite different from parliamentary states. Market forces now operate within self-restrained party-states, and even administrative rewards are primarily contingent on economic growth. Shanghai has again become a *Weltstadt*, more like other cities of its rank than like the rural hinterland that supplies its internal immigrant labour force. There is a convergence of domestic governance issues and policies that is not painted onto China from the outside by globalization but rather is emerging from the greater sophistication and diversity of its own society.

Perhaps the best evidence for a modern convergence of governance is provided by some of the challenges that the party-states set for themselves, including rule of law and intra-Party democracy. Strengthening the rule of law is more than just the routinization of the party-state, it is the adaptation of governance to a more diversified society. The rule of law may have corruption as its proximate target, but the deeper problem that requires public rule-making and enforcement is that societal interconnections now extend far

beyond one's acquaintances. In a village personal relationships can suffice for anticipating what Max Weber called the "social probabilities" (*soziale Chancen*) of social interaction.¹⁵ But the interdependencies of modern life reach far beyond the familiar, and one needs laws to structure expectations and accountability.

Intra-Party democracy might seem to be unrelated to modernization, but in fact it is crucial to the party-state's adaptation to post-revolutionary governance. Successes in economic development have shifted the tasks of governance away from goal-oriented executive targeting and toward the management of diversity. The Chinese goal of a "harmonious society" addresses this new orientation. However, if the communist parties are to continue to provide exclusive political leadership for a diverse society, then the various interests and concerns of the citizenry need to be reflected in the parties' membership and articulated in the parties' decision-making processes. The party's base must be as diverse as the citizenry. The Chinese decision to admit capitalists into the CPC is an important step in this direction, but it also needs to include believers in religion as well.¹⁶ An ideologically restrictive party-state precludes legitimate sectors of the citizenry from politics. Besides an inclusive base, the parties need to enhance meaningful participation in party elections, agenda-setting, and political discussion. In this regard Vietnam is a step ahead of China.

Would inclusive, governance-oriented parties still be communist? Clearly they are already so distant from Marx's revolutionary expectation of the final class struggle or Lenin's vanguard party as to make the question worth asking. On the other hand, the parties of China and Vietnam have arrived at their current structures and policies by coping with their evolving practical environments, and their current challenges also fit that pattern. The term "Sino-Vietnamese model" better fits the record and trajectory of their development than either "communist" or "Asian", though both contexts have been major influences.

The relationship of current Sino-Vietnamese experience to modernization theory is paradoxical. On the one hand, the convergence of governance tasks with other modernizing and modern societies confirms that there is a common problematique of modern politics. Urban planners in Buenos Aires, Bangkok, Guangzhou, and Ho Chi Minh City have much in common. Beyond the various concrete problems of modern governance, there is the generally acknowledged responsibility to encourage and coordinate the diversity of a modern society. China's leftist experimentation and the failure of command economies demonstrate that the societal texture can be damaged by harsh interventions.

On the other hand, the party-states in China and Vietnam have very successfully adapted to the tasks of economic growth, and their political-social

structure is central to their current modernizing social order. The party-states have been strengthened by success while at the same time greater prosperity increases the pressure for further adaptation. Communism in China and Vietnam began in a situation radically different from that of the West and only recently has seen itself as facing comparable tasks, and thus the Sino-Vietnamese path has been and remains different. Even as policy content becomes similar, the political constitutions of the party-states are confirmed in their differences. Why abandon a system that has been more successful than its parliamentary competitors?

4. A Sino-Vietnamese Model

The remarkable economic success of China over the past thirty years has led Joshua Ramo to propose a “Beijing Consensus” about development in opposition to the “Washington Consensus”.¹⁷ His formulation has been much criticized inside and outside of China, but it is certainly worthwhile to go beyond the narrative of China’s development to more general questions of the mechanisms and their applicability elsewhere. Broadening the focus to include Vietnam as well as China should help transcend some of China’s idiosyncrasies and specify background conditions for applicability.

The Sino-Vietnamese model can and should begin with rural revolution rather than with current reform. For most purposes this is a major limitation of the model, since the conditions for rural revolution have mostly passed from the world scene. But the continuing appeal of “Maoism” to radical groups in Nepal and India indicates some relevance. The lesson of the Sino-Vietnamese experience for ongoing rural radicalism was best put by Mao Zedong:

If we only mobilize the people to carry on the war and do nothing else, can we succeed in defeating the enemy? Of course not ... We must ... solve the problems facing the masses – food, shelter, and clothing, fuel, rice, cooking oil, and salt, sickness and hygiene, and marriage. In short, all the practical problems in the masses’ everyday life should claim our attention. If we attend to these problems, solve them and satisfy the needs of the masses, we shall really become organizers of the well-being of the masses, and they will truly rally around us and give us their warm support. Comrades, will we then be able to arouse them to take part in the revolutionary war? Yes, indeed we will.

(Mao, 1966: 147-148)

The lesson of the key importance of mass-regarding policy could apply to any political mobilization from below challenging an unpopular regime or occupying power. Suicide bombers and roadside explosives may improve the technology of resistance, but any action that terrorizes and alienates the popular base cuts the root of protracted struggle. A final lesson of rural

revolution is derived from the contrast between China and Vietnam and European communism. Revolutions based on mobilizing the power of the people have profound consequences for post-revolutionary capabilities. A party-state built from the ground up is in leadership situation fundamentally different from that of those constructed in post-revolutionary consolidation or imposition.

There are negative lessons from China's leftism and Vietnam's socialist construction. The Great Leap Forward demonstrated that mass mobilization does not work as a modernization strategy even when it is carried out by a state with extraordinary mobilizational capacity. Indeed, if China had been less able to mobilize then the tragic consequences of its failure would have been reduced. The Great Proletarian Cultural Revolution provided the even deeper lesson that society requires respect for its complexity in order to operate. Chaos, not a better, egalitarian world, is the alternative to complexity. The anti-modern utopian tendencies inherent in Marxism were buried by the Red Guards.

Vietnam did not provide the only negative lesson of socialist construction; the example of the Soviet Union is the overarching one. However, Vietnam's experience reaches beyond that of a command economy to that of an aid-dependent command economy. Under the pressure of its American war, Vietnam became dependent on China and the Soviet Union not only for military supplies and daily necessities but also for industrial support. But because of the exigencies of wartime life, much of the support earmarked for large projects was siphoned off for more basic needs (Fforde and Paine, 1987). The gap between a formal, inefficient, and aid-dependent industrial economy and an informal survival economy remained after the war as the nationalization of southern industry and the socialization of agriculture weakened the real base of the economy. Increasing desperation for donors also drove foreign policy, as China ceased its aid in 1977 and the United States failed to deliver on Nixon's promises of aid (Woodside, 1979). The Soviet Union and to a lesser extent other Eastern European states continued to prop up the high ground of the Vietnamese economy until 1990, but the availability of aid inhibited economic reform.

The positive lessons of China's economic success since adopting reform policies deservedly attract more attention, and Vietnam's success with similar policies amplifies their potential importance. The most prominent lessons are those of economic management, but it is a mistake to boil the political lessons down to "economic reform first, political reform later".

Barry Naughton has provided a set of six "conjectures" based on Chinese economic management that he thinks have broader application.¹⁸ He observes that the Chinese economy has evolved into three distinct but interactive sectors, the large industry sector of state-owned enterprises

(SOEs), hybrid local and foreign invested firms, and small-scale capitalism. All six of his conjectures relate to the positive interaction of the sectors in a competitive environment and the leading role of the state sector in opening new opportunities. China has not found the Philosopher's Stone of economic growth, but the characteristics underlying its success so far differ considerably from notions of liberal or aid-driven growth.

There are two important contextual limits to the application of the Sino-Vietnamese model of reform (Womack, 2010). The first contextual limit is that China has been able to pursue maximum growth with a state-based strategy because it had societal prerequisites for growth at hand and available developmental targets were set by the achievements of more advanced states, especially its Asian neighbours. China has not progressed because of innovation, but as the result of pragmatic adaptation of what worked in other places. Moreover, two decades of leftist egalitarianism had given China a population that was reasonably healthy, educated and organized, and desperately willing to make money. What Thorstein Veblen termed "the advantages of backwardness" can be over-emphasized, but in China's case it proved true (Veblen, 1915). It was also true for Vietnam since 1986-1990, and Vietnam had the additional advantage of having China as a model.

The second contextual limit more specific to China is that as China passes the threshold of upper-middle income states, it must pay more attention to sustainable development rather than simply to maximum growth. Sustainable development requires more than just attention to environment and resources. China must also develop its consumer base, extend its entrepreneurial pool, and prepare for its demographic shift to an older population. All of these require structural economic change. Naughton's emphasis on public leadership in economic growth becomes more important, because left to itself the market will pursue its marginal advantage rather than restructuring, but the party-state must recalibrate its leadership in order to continue to provide appropriate guidance.

While China's economy attracts attention, the political lessons of the Sino-Vietnamese model are as interesting as its economic lessons. Effective political direction during the reform era has been as important as economics. The party-states in China and Vietnam managed a total reorientation of their policy values and strategy and then retained sufficient flexibility to deal with new problems. The political accomplishment cannot be dismissed as simply a necessity of elite survival or an inevitable bowing to pressures from below. To attribute China's turn to reform and openness or Vietnam's *doi moi* (renovation) to elite self-preservation is a banality. There are few intentional lemmings in politics. The interesting question is the self-conception of the elite and how it perceives the practical horizons of its options. An elite that defines itself against the broader population is more likely to circle the wagons and

to use the power it has at hand to repress opposition. To use Gaetano Mosca's terminology, the communist parties of China and Vietnam have behaved like broad-based political classes rather than closed power oligarchies (Mosca, 1939). As to pressure from below, this requires mechanisms for aggregating interests that rarely exist in party-states. Neither China nor Vietnam faced serious popular challenges at the moment of their change of direction, and China's popular movements of 1986 and 1989 led to conservative policy movements rather than liberalization.

Of course, Robert Michels' iron law of oligarchy still holds. There are horizontal and vertical strata of group interests in the political structures. But the parties have broad bases, and although advancement is decided from the top down rather than from the bottom up, popularity is a criterion and election mechanisms are becoming more important steps in the confirmation process. These are areas where more improvement is possible and necessary, but the success thus far of China and Vietnam raises basic questions about the prerequisites of modern governance. Hitherto the assumption that effective political responsiveness requires competitive parliamentary politics has not been empirically challenged. Now it is. To dismiss the party-states of China and Vietnam as generic authoritarian regimes is to ignore what they have already accomplished and to refuse to consider the possibility of sustainable political development within the party-state framework.

5. Conclusion: What Is Modernization?

If we step back and consider the ideas of Ferdinand Tönnies from the perspective of an additional century of historical development, they remain remarkably fresh and useful. His description of two broad phases of historical development based on the presence of market society is popular again, while other popular theories such as the self-destruction of capitalism (Werner Sombart, Lenin), the decline of the West (Oswald Spengler), or the gradual replacement of markets by government planning (Joseph Schumpeter) seem more outdated even though they are more recent.

The dimension that is challenged by the Sino-Vietnamese model is that Tönnies intends to present a general theory of community and society, but in fact it remains a theory of Western community and society. Tönnies assumes that the internal forces of a community will drive its evolution into a modern society. He considers transitions deriving from either the "low road" of popular resistance or the "high road" of elite power, but he does not consider the situation of the destruction of traditional societies by the military force of outside powers and their subjection to the interests of conquering states. Only a Western theorist could consider modernization from this perspective, and this Western perspective limits the applicability of his theory to China,

to Vietnam, and to other non-Western countries. Facing modernization at gunpoint from the outside, it is hardly surprising that “the rest” yearned for a transfigured community of their own rather than a denatured and other-centred general modernity.

The Sino-Vietnamese experience strengthens and develops Thorstein Veblen’s insight that followers in modernization have different options from leaders, and that these options affect the role of the state. Veblen noted that the German state could play a more helpful role in the development of the steel industry than could Britain’s because Britain bore the burden of innovation – Germany knew where it was going while Britain didn’t (Veblen, 1915). The advantages of backwardness can easily be exaggerated – otherwise poverty would disappear. However, in the case of China, and even more so of Vietnam because it had the additional model of China, backwardness permitted strong party-states to effectively pursue maximum economic growth. As Naughton argues, they have combined market forces and public management in ways that would have surprised Marx as well as the Washington Consensus.

But if the linkage between tradition/community and modernity/society is a good fit only for the Western experience, what is the more general essence of modernity? Of course, where the line between tradition and modernity is drawn across gradual and complex processes is rather arbitrary. But I would argue that there are three interrelated characteristics of modernity that remain true in a global context. These are, first, societal complexity, second, increased productive capacity, and third, increased presence of public authority. As China and Vietnam have demonstrated before reform, these elements can work against each other. But the interrelationship of complexity, productivity, and power is not a problem to be solved, but rather a continuing challenge of management. While success reinforces some correct approaches, it also opens up territory for new mistakes. However, increasing prosperity reduces the systemic threat from mistakes. As A.O. Hirschman has observed in a different context, a society with surplus has much more room to make mistakes than one more concerned with survival (Hirschman, 1970). The presidency of George W. Bush may be taken as a multi-dimensional proof of this hypothesis.

The political key to the proper functioning of the three elements of modernization is popular responsiveness. The examples of China and Vietnam require the broadening of the idea of responsiveness beyond parliamentary democracy, but China and Vietnam still have some distance to go in reforming from mass-based vanguard party-states to citizen-based governing party-states. Their own revolutionary experience confirms that the people are the root of power, but the people and their needs are changing. Mao Zedong correctly perceived the danger of institutionalizing a complacent party-state;

the challenge remains of how to systematize popular responsiveness in a modern context.

China and Vietnam have had the advantage of being economic followers, but they increasingly face the challenge of being political innovators. Can a party-state reform itself to the point that it is responsive to all legitimate societal interests without allowing legitimate political opposition? Can party-states maintain effective guidance of increasingly complex and productive societies without lapsing into a neo-commandist political economy? There is no successful example that can be followed. Neither liberal democracy nor Marxism provides an adequate ideological template for this challenge. Of course, this was also true for rural revolution, but on the other hand it was true for the Great Leap Forward and the Cultural Revolution as well.

The challenge of continuing modernization in China and Vietnam is not likely to lead to complete success or failure, however. Like other polities, they are likely to continue a path shaped and reshaped by their decisions. Growing social complexity produces a diversity of interests, some of which will pose problems, but it also increases a general common interest in stability. Modernization beyond the West is likely to prove to be a general direction of development rather than a single, converging path even as the problems and techniques of governance become more similar.

Notes

- + An earlier version, “Moderniser le parti-État en Chine et au Vietnam” (Modernizing the Party-State in China and Vietnam), was published in French in *Revue Internationale de Politique Comparée*, Vol. 18, No. 1 (January 2011). I would like to thank Ben Kerkvliet and Ellen Zhang for their comments and suggestions, as well as the two anonymous reviewers for the *International Journal of China Studies*.
- * Dr Brantly Womack is the Cumming Memorial Professor of Foreign Affairs at the University of Virginia and an honorary professor at Jilin University and East China Normal University. He received his PhD from the University of Chicago. He is the author most recently of *China among Unequals: Asymmetric International Relationships in Asia* (World Scientific Press, 2010), and of *China and Vietnam: The Politics of Asymmetry* (Cambridge, 2006), translated as *中国与越南：政治的非对称性* (2010). Other translated books include *中国政治* (1994, 2003) and *毛泽东政治思想的基础, 1917-1935* (2006). He edited *China's Rise in Historical Perspective* (Rowman and Littlefield, 2010), and has authored more than a hundred articles and chapters on Asian politics. Current research concentrates on a general theory of asymmetric international relationships, Chinese external relations, and modern citizenship. <Email: bwomack@virginia.edu>
- 1. See especially Karl Marx, “Debatten über das Holztiebstahlgesetz”, 1842 (*Marx Engels Werke*, Vol. 1, Berlin: Dietz Verlag, 1972, pp. 145-148).

2. For an excellent overview see Wolf (1969).
3. Franz Schurmann, *Ideology and Organization in Communist China*, Berkeley: University of California Press, 1966.
4. Stuart Schram, *Mao Tse-tung*, Harmondsworth: Penguin, 1966.
5. David Milton and Nancy Milton, *The Wind Will Not Subside: Years in Revolutionary China, 1964 to 1969*, New York: Pantheon, 1976.
6. See Womack (1987), Race (1972).
7. Tsou (1994).
8. This is argued in greater detail in Womack (1993).
9. <www.hrw.org/pub/2006/manifesto_040606.pdf>
10. Ariana Eunjung Cha, "In China, a Grass-Roots Rebellion; Rights Manifesto Slowly Gains Ground despite Government Efforts to Quash It", *Washington Post*, 29th January 2009, p. A01. Text is available at <<http://www.hrichina.org/public/contents/press?revision%5fid=173861&item%5fid=85717>>.
11. See Abrami, Maleski and Yu (2007).
12. McElwee *et al.* (2006). There is a vast literature on village-level elections in China. See especially J. Kennedy, "Supply and Support for Grassroots Political Reform in Rural China", *Journal of Chinese Political Science*, Vol. 15, No. 2, June 2010, pp. 169-190.
13. Ferdinand Tönnies, *Gemeinschaft und Gesellschaft: Grundbegriffe der reinen Soziologie*, Leipzig: Fues Verlag, 1887 (6th and 7th ed., Berlin: Verlag Carl Curtius, 1926).
14. The classic account of the process of village mobilization is Hinton (1966). See also Race (1972).
15. Max Weber, *Wirtschaft und Gesellschaft*, 1922 (5th ed., Tübingen: J.C.B. Mohr (Paul Siebeck), 1972, I:1:10, p. 9).
16. Believers are admitted into the Vietnamese communist party. Neither party routinely expels members who become converts to religions.
17. Joshua Ramo, *The Beijing Consensus* (London: Foreign Policy Centre, 2004). For a comprehensive critique see S. Kennedy, "The Myth of the Beijing Consensus", *Journal of Contemporary China*, Vol. 19, No. 65, June 2010, pp. 461-477.
18. Barry Naughton, "China's Distinctive System: Can it be a Model for Others?", *Journal of Contemporary China*, Vol. 19, No. 65, June 2010, pp. 437-460.

The conjectures are:

1. Public ownership can be reasonably efficient, and the "mixed economy" can be a decent model of industrial organization, after all.
2. Competition is (still) more important than ownership.
3. Public ownership can be used to exploit market power and generate revenues for investment and public goods creation.
4. A strategy of investment-led growth is essential. Therefore it is acceptable to invest out ahead of demand, creating capacity that is only gradually utilized.
5. For a growth-oriented polity, the state sector may be used aggressively to create growth (and revenue) opportunities outside the state sector.
6. Managers of publicly-owned corporations can be motivated by tying their compensation to their company's performance in maximizing asset value.

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China's Grassroots Democracy: Development and Assessment

*Huang Weiping** and *Chen Jiayi***
Shenzhen University

Abstract

The development of China's grassroots democracy is an important embodiment of China democratic progress. Since the reforms and opening up of the late 1970s, grassroots democracy in China has undergone development along different dimensions, namely from the countryside to the city, from grassroots society to grassroots government, from outside of the ruling party to inner-party democracy, and from democratic election to democratic governance. This development has its roots in the macro reform decisions made by the central government, the possibilities of developing democracy out of China's political system, and also the growing grassroots political awareness and participation. China is a huge country of long history of centralized feudal-autocratic rule. The promotion of democratic politics and the implementation of democratic elections, therefore, require further development in the necessary social conditions. A consensus on the values of democracy and rule of law is yet to be formed, putting grassroots democracy at risks. With the society in transition, and the subsequent growth of plurality of social interests and intensification of social conflicts, the ways that the ruling party governs the country is being challenged. China's leaders are becoming aware of the importance of democracy and law, and are trying to promote a model of election called "public nomination and direct election." This model is an attempt at "leading people's democracy with party democracy," and exemplifies the gradual development of grassroots democracy under the context of long-term dynamic interactions between contending political forces and interest groups.

Keywords: *grassroots democracy, democratic elections, democratic governance, public nomination and direct selection (PNDS)*

JEL classification: *H10, K10, N45, P26*

1. Grassroots Democracy in China's Context

The development of China's grassroots democracy is a political phenomenon that arouses interest from home and abroad. It is also a concrete form of democratic politics with Chinese characteristics. Seen from the level of political system design, grassroots democracy includes mainly three components: first, villager' self-governance organized in the form of the village committee; second, residents' self-governance organized in the form of the community committee (also called the residents' committee); third, staff and workers' self-governance within state's enterprises or governmental institutions organized in the form of the staff and workers' representative congress. China's 1982 Constitution stipulates that "resident committees or villager committees, established by citizens in villages or cities according to their respective localities, are the people's autonomous organizations at grassroots level". In 2007, in the report to the 17th party congress of the Communist Party of China (CPC of the party hereafter), grassroots mass self-governance (*jiceng qunzhong zizhi* 基层群众自治) was elevated to the level of "(a) socialist political institution". Compared with formally written texts, researchers generally have a broader understanding of grassroots democracy. In addition to the village committee and the community committee, the direct elections of people's congresses at both county and town levels, the direct elections of town/township heads, public nomination and selection of grassroots cadres, and the homeowners' committee established by homeowners to protect their rights, are all included in the scope of grassroots democracy (Xu, 2008; Li, 2004a; Shi and Pan, 2008; Read, 2003).

The staff and workers' representative congress and the trade union organization in China, although being important components in the official definition of grassroots democracy, have always been merely used as "transmission belts" between the state and the worker in state-owned enterprises. In fact, they act as "quasi-official organizations", representing the state will, and their major function is to look after the interests and welfare of staff and workers rather than to represent their interests (Unger and Chan, 1995). In the newly developing non-state-owned enterprises (foreign enterprises and private enterprises), the development of the trade union is even slower and weaker. The insignificance of the trade union in these enterprises signifies its inability to represent the interests of the workers. Although there are voices calling for trade union reform, the trade union as a channel for workers to exercise their democratic rights and to realize industrial democracy is still a long road from being realized. The democratic function of the trade union in China's grassroots democracy is, comparatively speaking, negligible.

Therefore, this paper defines China's "grassroots democracy" as follows: "democracy" at "grassroots" level. In China, "grassroots" includes

two aspects, namely grassroots society and grassroots government (*jiceng zhengquan* 基层政权). The former mainly refers to the grassroots areas of self-governance as represented by the community committee and the village committee; the latter refers to state institutions including the governing administration, the CPC committee and the People's Congress at the levels of both county (including the districts in cities (*shixiaqu* 市辖区)) and cities without district jurisdiction (*bushequ de shi* 不设区的市) and town.

The conceptual definition of "democracy" is controversial in both political and academic circles in China. Nevertheless, democracy has remained a major content in the reform policy made by the highest-level of decision-makers in China. Deng Xiaoping once pointed out: "The Third Plenary Session of the 11th Central Committee proposed a series of new policies. There are two most important articles as far as domestic policies are concerned. One is to develop political democracy; the other is to conduct economic reform while reform in other fields is conducted" (Deng, 1993: 116). The key decision-makers in China have always emphasized that "there will be no socialism, nor socialist modernization, without democracy" (Deng, 1994: 168).

Undoubtedly, Deng Xiaoping interpreted "democracy" more from the perspective of exercising effective political energy. To him (Deng, 1993: 242), "the greatest democracy is to motivate people as much as possible." "As for the form of democracy, it depends on the situation." "Motivate people as much as possible" refers to the motivating the people's enthusiasm in constructing a socialist modern country. It requires the acceptance of the legitimacy of the basic political system of China, active participation into the modernization process, as well as support for the ruling party that leads the "reform and open-up" policies. As for the concrete "democratic form" that would motivate the people, it would depend on specific situations. Thus, this democracy differs greatly from the mainstream conception of democracy in western societies that stresses free competition in political elections.

This does not mean, however, that the leadership of China in the reform era ignored the value of democratic politics. In official documents of CPC, "democracy" is categorized into four aspects: democratic election, democratic decision-making, democratic management and democratic supervision,¹ which then can be divided into two dimensions, namely election and governance (decision-making, management and supervision). Among these, "democratic election" is regarded as the primary and fundamental form of democracy, the degree of which decides, or influences, the development of democratic decision-making, democratic management and democratic supervision. In other words, the development of democratic election conditions, to a great extent, the degree of democratic governance.

This paper discusses China's grassroots democratic institutions, including grassroots society (village and community committees) and grassroots govern-

ment (the CPC committee, the People's Congress, and the administration at the levels of county and below). Democratic election will be the main focus of this paper, but it will include discussion on the dimension of democratic governance. Period wise, this paper focuses on the post 1979 era. Even though community/residents committees existed as self-governance organizations guaranteed by the laws, these organizations were in fact not allowed much space of freedom under the totalitarian system in which the state and the society were highly integrated. This paper, therefore, focuses on the practice and logic of evolution of grassroots democracy since the end of 1978 when reforms were initiated.

2. Progress and Dimensions of China's Grassroots Democracy

In the development of China's grassroots democracy, a time gap exists between what is written in the legal texts for institutional design and what is implemented in the real life situation. Generally speaking, it takes a long time for the written laws to be implemented after they were formulated, and this in turns constitutes the space for developing China's democratic politics. From village elections, China's grassroots democracy has undergone a multidimensional expansion, i.e. from the village to the city, from grassroots society to grassroots government, from outside of the ruling party to within the party, and from democratic election to democratic governance. This tendency indicates the growth of China's grassroots democracy in terms of width and depth. China's democratization is in steady progress and is gradually realizing the legitimate political rights of citizens and CPC members in the written laws.

2.1. From Village Democracy to Community Democracy

2.1.1. Village committee elections

The development of grassroots democracy in villages is directly connected to the change of the rural economic structure, the support of the state, and villager's willingness to participate. The household contract responsibility system implemented in the reform era requires the overhaul of the rural collective economic system, as well as the reform of the rural political structure. The idealized "communism", based on the "trinity" of administrative institutions, economic organizations and grassroots society and was realized in the institution of "the People's Commune", found it hard to adapt to the reform of rural economic structure as well as to perform the maintenance of rural grassroots social order after the household contract responsibility system was implemented. The villagers strongly demanded more autonomy.

Beginning in Guangxi Autonomous Region in 1979, many village self-governance bodies such as the village committee came into being in various localities across the nation. These villagers' innovations were approved by the state. 1982 Constitution recognizes the village committee as a legal grassroots self-governance organization. In 1987, the *Organization Law of Village Committees (Trial Edition)* was first issued and implemented.

Since the village committee is a legally defined self-governance organization, its leadership has to be elected, necessitating the beginning of democratic elections in the countryside rather than the city in China, a country with a history that lacks democratic tradition. Since 1983, under the urging of the Ministry of Civil Affairs, village committee elections were put to be put in place in all villages. The *Organization Law of Village Committees (Trial Version)* stipulates that "the director, deputy director and members of the village committee will be elected directly by villagers. Each term of the committee is three years, and the members can be renewed and continued by election." The village committee elections mostly follow the procedures that have been used in the elections of the People's Congresses at county and township levels (Shi and Lei, 1999: 201-234). Fifteen years after the trial version, in 1998, the *Organization Law of Village Committees* was officially issued and promulgated. Standardization of electoral procedures and deepening of democratic nature of such elections could be ascertained. In order to ensure the fairness and justness of the elections, many useful election methods were created by villagers, such as "sea elections (*hai xuan* 海选)", "one-step method (*yi bu fa* 一步法)", "team campaign (*zuhe jingxuan* 组合竞选)", and so on.² The government also established election supervising bodies and legal consultation organizations, and sent election observers to oversee the election procedures. From 2005 to 2007, 623,690 villages across the country had completed their elections. Average rate of completion reached 99.53 per cent. 95.85 per cent of these elections had set up secret voting rooms, and 85.35 per cent of villages elected their leadership without going through a second round. Average turn out rate across the country was 90.97 per cent and 17 provinces experimented with the "sea election" in which villagers voted directly for the candidates.³ Village committee elections have become the most widespread form of democratic practice in China's grassroots society, as well as the most important channels for villagers to participate in politics.

Along with the increase of competitiveness in these village elections, a growing tendency in these elections was that the elite, defined by their wealth or capabilities, usually hold advantageous positions in the elections. Investigations conducted by the Ministry of Civil Affairs in provinces like Shangdong, Hebei and Henan, revealed that over 50 per cent of the village committee members were village elite (Shi and Pan, 2008: 98-99).

In areas where the economy was relatively more developed, like Zhejiang, over 2/3 village committee directors or village committee party secretaries were entrepreneurs, industrialists, merchants, livestock owners, or simply put, the wealthy elite.⁴ Direct elections thus have had the impact of “elite-ization” of the village leaderships, which indicated that increased electoral competitiveness requires the candidates to not only have talents and capabilities but enough resources to mobilize for support. There have also been increasingly more concerns regarding election bribery and the influence of clan forces, which could pose major challenges for the future development of village democracy.

Another factor that complicates the development of village democracy is the reform of the rural tax. In order to relieve the burdens on peasants and to prevent local cadres from taking money from peasants illegally, which resulted in tensions between the people and the government, the central government pushed forward, in 2003, the *Laws on Rural Tax-Fee Reform and Payment Transfer from the Central to the Local Government*. One direct result of this law was the cancellation of the agricultural tax. This policy turned out to be a double-edged sword for village elections: on the one hand, the abolishment of tax-fee collection alleviated people-government tensions, freed the local government from such unpopular tasks and gave village cadres more time to think about the voices and interests of villagers and to conduct village self-governance; on the other hand, the tax reform directly led to the centralization of financial power. “Township finance controlled by the county” and “village finance controlled by the township” have become the norms (Zhou, 2006) while salaries of and subsidies to village cadres come directly from township finance, not from the peasants. Thus, village cadres have become more “administrative”⁵ and the interests and issues that tied the cadres and the villagers began loosening up, which resulted in villagers losing their interest in elections and self-governance gradually (Ren, 2007).

2.1.2. Community committee elections

Seen from the perspective of institutional design, community self-governance in cities and village self-governance in the countryside are regarded as two cornerstones of China’s grassroots democracy. The community committee is “the people’s autonomous organization that conducts self-management, self-education, self-service, and self-supervision” (“Zhongbanfa 23hao Wenjian”, 2000) under the leadership of the CPC. By the end of 2007, the number of community committees reached 81,372. Judging by the progress that has been made so far, grassroots democracy in cities is lagging behind village democracy. In 1982, the community committee as a grassroots self-governance

organization was written in to the Constitution of China. The *Organization Law of Community Committees* was promulgated in 1989, which stipulates that community committee members are to be elected by local residents, household representatives or residents' team delegates. However, it was extremely rare to have members of the community committee to be directly elected by residents before 2000; mostly the personnel at the community committee were arranged by the government, the name "community" did not really live up to its name. Community committees, in fact, were reduced to the role of the "legs" of the grassroots government rather than being the "heads" of community residents. Their major functions were to follow through orders from the government, implement civil welfare policies, resolve disputes, collect data, and pass information to the government. They assisted the government in managing and controlling the grassroots society. Their roles of to express grassroots interests and voices were not as effectively explored as their counterparts in the countryside.

Grassroots democracy in cities, however, has gradually developed along with the progress of the reform and open up, as well as of the market economy. The traditional work unit (*danwei* 单位) system of the planned economy began to disintegrate. Housing reforms that privatize homeownership continued to progress, and increasingly there was a large influx of people into the society who were previously of members in the *danwei* system. The community committee was facing more and more "social persons" (*shehuiren* 社会人) who came from outside of the traditional *danwei* system. Inevitable were the community construction in cities and the reform of grassroots management in the mid and late 1990s. The residents who used to live in the welfare housing, and the community committees that were founded on such welfare housing, were reformed into a new type of community committees, which is now based on private residences regulated by the market. The functions of this new community committee have been expanded and further developed. The new community committee has more residents to look after within its jurisdiction, and the number of committee members has also been expanded to cope with the larger areas of responsibilities. In addition, the work environment and office facilities have improved. More importantly, the Ministry of Civil Affairs, which is in charge of urban community building, also attempted to introduce the election mechanism and methods of the village committees into the elections of community committee. Nationwide, the elections of community committees, although started off later than village committees, made faster progress. Starting from 2000, community committee elections have been introduced gradually in Shanghai, Beijing, Guangdong, Liaoning, Guangxi, Zhejiang and other provinces or major cities. At the end of 2004, there were 71,375 community committees in the whole country. Among them, 43,053 community committees hold elections in that year.

Of these, 9,715 used the direct election method, 12,975 used the household representatives election method, and 22,078 used the residents' team delegates election method (Zheng, 2005). Direct elections took up 22.56 per cent of the total elections in that year.

Direct elections of urban community committee learned from the election method of village committees, while at the same time making their own innovations. Starting from 2006, the Ministry of Civil Affairs encouraged that candidates conduct various campaigns, like public speeches, interviews, wall papers, broadcasts, community LAN and other channels during the process of election. The Ministry also stipulated open counting of ballots and on-the-spot announcement of election results. Considering such factors as the educational background and personal qualities of urban residents, the more convenient transportation network and the better communication infrastructure, urban community democracy appears to have more advantages compared to the social conditions of rural democracy. Yet, the former still lags behind the latter in terms of the degree of participation and competition, as well as the degree of fairness and justice. By 2009, only one third of the provinces had a rate of direct elections of community committees that exceeds 25 per cent. Only ten provinces had a rate of household representatives elections of community committees that exceeds 20 per cent (Shi and Pan, 2008: 358). Two major reasons stand out for this underachievement. The first is the more cautious attitude exercised by grassroots government toward the elections of community committees. Large number of officials is skeptical about direct elections. They are more inclined to designate people they are familiar with or trust as candidates for the community committees, to view the community committee as a channel to move around the officials, and to have members of the government or the ruling party to take up the community committees. Hence, the officials tend to use various means to control the election. The genuine expression of residents' will as represented by the committee election is greatly discounted. The second is the lack of collective property compared with the village committee. Community residents and the community committee have little shared interests. Community residents, especially the younger residents and white-collars, are generally indifferent to community elections. In some areas, a reform known as "separate installation of community-workstation" has been explored. Under this reform, the administrative functions of the community committee will be taken over by the newly established "community workstation (*shequ gongzuozhan* 社区工作站)". The purpose of this reform is to restore the constitutional status and function of the community committee as a genuinely autonomous organization, but in the current China's bureaucratic system, this reform at the end further decreases the authority and influences of the community committee among residents.

2.2. From Grassroots Society to Grassroots Government

2.2.1. Direct election of township head

After twenty years of village's self-government, the reform of direct election of town/township heads in China came into being at the end of 1990s. The elections of the village committees promoted election awareness and trained the ability of democratic participation among the peasants, which provided a firm basis for the direct election of township leaders. Take the town of Buyun in Suining City, Sichuan Province, which took the lead in exploring the direct election of township head, for example. The town's economy was in bad shape, while the government finance was also badly managed, which resulted in a lot of grievances and dissatisfactions among the people. The township head appointed by the upper leadership could neither alleviate the various conflicts in the town, nor gain the trust from the public. The local government thus attempted to reform the system of electing the township head. The procedures were as follows: first, the candidates were identified through recommendation by the public, self-recommendation, and the party's recommendation; then, these candidates were put to vote by members of village committees, village group leaders, and villagers' representatives in a joint meeting, and from this meeting two official candidates would be determined; third, the two official candidates then would compete against another candidate recommended by the local CPC committee for the votes of the people of the town, the winner of this contest would be designated as the sole candidate for township head; finally, as the only candidate, he would be elected by the township people's congress, in accordance to the legal procedure (Zhang 2002). After this reform took place in Buyun town, it was followed immediately in Guangdong, Henan, Guangxi, Jiangsu, Hubei, Yunnan, Chongqing and other provinces or cities. Direct election reforms of township leadership are regarded as an expansion of democratic election from grassroots society to grassroots government. It signals the beginning of the democratization of state institutions, and constitutes the second wave democratic development in China's grassroots democracy after the direct elections of village committees (He and Lang, 2002).

Compared with the election of village committees, the development of the reforms of township head election was by no means smooth. The experimental reforms encountered difficulties and obstacles from the laws, the established political system, and opposing political forces, and were unable to move forward. Seen from the perspective of laws, the township head is to be elected by the township people's congress rather than through direct election of villagers. For instance, after direct election in Buyun town was implemented, criticisms appeared immediately, charging such election violated the Constitution. From the perspective of the system, China is a socialist state

under the leadership of the CPC. It practices the cadre selection system of “the Party controls the cadre” (*dangguan ganbu* 党管干部). The township head, as a leading cadre in grassroots government, must be appointed from within this system. In other words, township head candidates should be nominated or decided upon by the upper level of CPC committee, not from below by the people. Seen from the perspective of politics, one possible consequence of the direct election of the township head is the decrease of the authority of the township CPC committee. The township head enjoys popular support through elections, while the political legitimacy of the CPC secretary appointed from above would be greatly reduced (Huang and Chen, 2009).

Township head election therefore faces several problems. The first is psychological – the fear among many cadres that this reform could undermine the absolute political authority of the ruling party. The second is an erroneous understanding of the reform – the reform is seen to open up an opportunity for the clan forces, black societies or other undesirable forces to legitimize themselves. The third is the limitation imposed by the political system – the reform contradicts the established cadre selection system and the principle of democratic-centralism (Huang and Zou, 2003: 201-208). The township head election reforms took place mostly between 1999 and 2004, after which they basically ended. In spite of all of the setbacks, the reform experiment produced a positive effect in the media and in people’s opinions, which also strengthened the higher leadership’s confidence in continuing pushing for the grassroots democracy. This can be seen in the fact that township election reforms have not totally disappeared, it is just that the direction of this reform later took a turn, from township head election to the election of township party committee. Township electoral reforms now consist mainly of the election reforms for the township party committee. Direct election has been changed to promoting the so-called “public nomination and direct election (*gongtui zhixuan* 公推直选)”, in which case “the people’s democracy” would have to be guided by and based on the gradual expansion of “democracy within the Party”. In addition, some other reforms such as direct election of township Communist Youth League committee and direct elections of party’s delegates to county party congress also came into being.⁶ This paper however will not discuss these reforms because of their limited influence and scope.

2.2.2. *Competitive election of grassroots congress representatives*

The people’s congress system is the basic political system of China. The Constitution stipulates that “All power of the People’s Republic of China belong to the people. The institution through which the people exercise the power of the nation is National People’s Congress and the People’s Congress at all levels.” People’s congresses at the county (district in cities)

and township levels are the grassroots-level people's congresses, and also the base-level organs of state power (国家权力机关). The 1979 *Law of Election of the People's Congress* and the *Organization Law of the Local People's Congress and Local Government* stipulate that representatives of the people's congress at and under the county (district) level are directly elected by the electorates. The *Election Law of the People's Congress*, at the same time, also stipulates the principles of competitive election and of preliminary election of the representatives in grassroots people's congresses. These institutional designs are meant for the people to exercise their rights to vote. In view of the relatively big gap between the urban and the rural economy, as well as the gap in the average literacy and education background between urban and rural residents, the election law also stipulates different ratios of the people's congress representatives between urban and rural constituencies. The ratio at county level people's congress is 1:4. In other words, the average size of the population represented by a rural people's congress representative at the county level is four times the size of the population represented by an urban people's congress representative at the same level. This rate rises to 1:5 at the provincial level and 1:8 at the national level. In 2010, the National People's Congress made amendments to the election law, one of which is the eventual realization of equal representation between the urban and rural constituencies.

The 1979 election laws thus provided the institutional basis grassroots people's congress elections, and inspired the passion for political participation among the people, who had just got out of the chaos of the "Cultural Revolution". Between 1979 and 1981, direct elections of the people's congress at county level were completed in 2,368 counties, about 85.92 per cent of the total number of counties; 96.56 per cent of the total electorate across the country participated in the elections.⁷ The election law also provided the institutional space for citizens' direct and independent participation of politics by stipulating that a candidate can be nominated by three other qualified voters jointly. Such legal provision expanded election competitiveness. In some universities and colleges in Shanghai, Beijing and Hunan at that time, a number of students stood for elections and conducted independent campaigns. They campaigned with certain political ideas, proposed campaign slogans and programmes, delivered speeches, etc. (Xiao, 2008: 410-413) The students' activities were however deemed to be harmful to political stability and against the main idea of the ruling party, the focus on economic construction. This phenomenon, the autonomous participation in people's congress elections, was ultimately unsustainable due to the political situation.

For a long time since then, elections of the people's congress representative were and still mostly are, arranged elections, basically just to confirm candidates that have already been decided by the ruling party. Most candidates

are officials from the party or government at different levels, while some are notable personalities from the society in various fields, whose candidacies are seen as honorary titles bestowed by the party. The openness and competitiveness of elections are totally absent. In spite of this, the institutional arrangement of direct elections for grassroots-level people's congress has already implied the idea that citizens can express their interests and appeals and realize their democratic rights by participating in people's congress elections. Zeng Jianyu, from Luzhou City, Sichuan Province, successfully nominated himself as candidate for a local people's congress election and won the election in 1992; Yao Lifa, from Qianjiang City, Hubei Province, did the same thing in 1995; both of them successfully practiced their rights as citizens.⁸ In 2003, during the people's congress elections in the districts and counties of Beijing, Shenzhen and other localities, many citizens nominated themselves as candidates and competed against the candidates recommended by the CPC. As individual participants, the independent candidates generally speaking, lacked the capabilities to mobilize social resources and financial support. Their campaign activities mainly focused on press conferences (through which they popularized their names and ideas) and organization of campaign teams, distribution of campaign materials and posters to voter. Some also took up legal actions to dispute election results (Tang and Zou, 2003; Zou, 2004; Li, 2004b). After 2003, the phenomenon of independent candidates also appeared in Qianjiang City, Hubei Province and Quanzhou City in Fujian Province.

Compared with the university students running for people's congress elections in the early 1980s, the independent candidates in 2003 in general participated to protect their economic interests; while not discounting they might have their own particular political ideals. Most of them were representatives of the property owners in residential areas. They ran for elections, out of the hope that by getting elected they could raise their political status and increase their influence, so that they can better defend their rights as consumers in economic disputes with real estate developers, property management companies, or even urban planning departments of local governments. Also, the campaign methods of these independent candidates were also more mature and diverse. For example, they kept their campaigns within legal boundary and attempted to resolve election disputes with legal means. Organizing campaign teams was also something creative. Independent candidates running for elections thus provided a push from the society outside of the establishment for the development of China's grassroots democracy, the increase of election competitiveness, and the gradual realization of citizens' voting rights.

Independent participation in grassroots people's congress elections, though not illegal, does not conform to the norms of the establishment and is hardly

supported by the government. In the meantime, these independent candidates also mostly failed in their attempts to win the votes and sympathy of the majority of voters, due to their lack of social prestige, political resources and publicity channels. However, the legacy left behind by their participation is by no means insignificant. Some election issues that appeared during the 2003 elections, such as how should campaign activities and election mobilization be regulated and how formal candidates should be determined from numerous preliminary candidates, were responded to in the amendments to the nation's election law in 2004. The amended law stipulates that if there are too many preliminary candidates in the direct election of grassroots people's congresses and if formal candidates are still undetermined after the consultation process, a preliminary election is allowed to determine the list of formal candidates. Also stipulated in the amendment is that candidates should meet the electorate before the election and answer voters' questions.⁹ Citizens' independent participation in these elections in fact pushed forward the improvement of the people's congress election system. It can also be concluded that the development of grassroots democratic politics requires both the adjustment of political decisions at the macro-level, and the independent participation on the part of individual citizens (Huang and Chen, 2005).

2.3. From outside of the Ruling Party to within the Ruling Party

As the ruling party of China, the CPC sets up the party committees from the central level to the local level. These party counterparts to the same-level governments are to "oversee all and coordinate every aspect" (*zonglan quanju, xietiao gefang* 总揽全局、协调各方), in short, to play the role of core leadership. The party also establishes party organizations in grassroots administrative institutions and grassroots self-governance organizations to exercise political leadership. In other words, grassroots organizations of the CPC in countryside exercise the political leadership of township governments and village committees. They are institutions in which the party uses to serve the people and carry out their work. According to the party's constitution and the *Temporary Regulations of the Communist Party of China regarding the Election of Grassroots Organizations* (*zhongguo gongchandang jiceng zuzhi xuanju gongzuo zanxing tiaoli* 中国共产党基层组织选举工作暂行条例), the leadership of grassroots party organizations is determined through competitive elections in either the party conference or the party representatives' conference at the same level. The nomination of candidates is the responsibility of the party committee of the previous term, which needs to be approved by the upper level party organization or to be approved by the presidium of the conference. In actual practice, ordinary party members and non-party citizens have basically no opportunity to participate in the nomination of leadership

candidates. The party's elections are parts of the party's cadre selection system, which does not have competitive functions.

With the progress made in elections of the village committee and the township leadership, the selection system of grassroots party organization leadership faces pressure from outside the party to address its own deficiency in democracy. If villager' self-government and township head elections continue while the methods of electing grassroots party leadership are left untouched and unreformed, the political authority of grassroots party organizations will be diluted. In order to strengthen the popular support for grassroots party organizations, the "two-ballot system" (*liangpiao zhi* 两票制) in the election of village party branches and the "public nomination and direct election" (*gongtui zhixuan* 公推直选) reform in the election of township party leaders came into being.

2.3.1. "Two-ballot system" in village party branch elections

The emergence of "two-ballot system" is related to the erosion of the authority of village party branch as a result of direct election of the village committee. The village committee, through electoral procedure, has the support of the majority of villagers; the village party branch is however elected only by village party members. Its authority is therefore less well-grounded than the village committee. In the face of such the village committee with public support, the village party organization faces being marginalized. In some places, the conflicts between the "two committees," even escalated into violent conflicts between members of the village committee and members of the village party organization (Jing, 2004; Guo and Bernstein, 2003). Grassroots party branches, therefore, began to explore reform measures that could enhance their own popularity; this is where the "two-ballot system" came in. The so-called "two-ballot system" election is to "vote twice" in the election of village party leaders: The first vote is by all villagers regardless of party membership to determine the preliminary candidates for the leadership posts of the party organization, then the party organization will determine the formal candidates from the tallies of these votes; the second vote is the vote by all party members, in an all-village party conference, that will determine the leaders through anonymous ballots.

The adoption of the "two-ballot system" extends the scope of nomination from within the party to outside of the party. It therefore expands the support of public opinion, enhances the degree of democratization in the election of village party leader, and strengthens the legitimacy of the political leadership of the village party branch. In many places, on the basis of the "two-ballot system", some party leaders enjoy popular support not only among party members but also among the villagers. These leaders are then recommended

for the election of village committee members. This is an effective way of “inner party democracy” leading “the people’s democracy”.

2.3.2. “Public nomination and direct election” in township party committees

The experimental direct elections of township heads also created similar issue of the conflicts between the “two committees” as in villages. Direct elections of the township head may have strengthened the legitimacy of the township head, but may also have resulted in the decline of township party committee’s authority. The township government would conduct its work under the elected township head rather than under the directions of the party committee. In such situation, tensions and power struggle between the township government and the township party committee could happen (Zhongong Sichuansheng Zuzhibu Ketizu, 2003). In other words, the reform of democratic elections of grassroots government cannot be separated from the political context it operates, as it could post serious challenges to the leadership of the party at the grassroots levels. And this is the reason such reforms have been heading into difficulties. It was under this background that the reform of township head elections evolved into the “public nomination and direct election” of township party committees.

“Public nomination and direct election” evolve from the “two-ballot system”. Similar reforms are also being explored in many localities, with different names such as “twice nomination and one election” (*liangtui yixuan* 两推一选), “direct recommendation and direct election” (*zhitui zhixuan* 直推直选), “sea recommendation and direct election” (*haitui zhixuan* 海推直选), and others. All of them basically have three major steps: (1) Preliminary candidates are recommended by the people and the party members. In addition to party’s organizational recommendation, qualified individual party members are allowed to recommend themselves, while joint recommendations by party and non-party members are allowed. (2) The party will conduct an evaluation process of the preliminary candidates that involves examination of candidates’ qualifications, democratic evaluation, and discussions by the leaders. Formal candidates will be determined in this stage on the basis of tallying the opinions collected in the evaluation process. (3) Finally, in accordance with the electoral procedure, an all-township party conference or party representatives’ conference is convened for all party members to directly elect the leaders of the township party committee.

Compared with the traditional selection procedure in which township party leaders are selected by the upper-level party organizations, “public nomination and direct election” expands the list of candidates for township party committee leadership. There are more ways for nomination to take place other than recommendation by the upper-level party organization. The

determination of formal candidates has to follow procedures that reflect public opinion, before these candidates are put to direct vote by party members. The role of public participation is expanded in the important process of nomination, and is therefore regarded as a major step toward democracy within the party.

Therefore, in current practice of “public nomination and direct election”, the ballots of ordinary party members and of the non-party people have become necessary for a candidate to secure a leadership position, although the votes by themselves are not sufficient. Those who wish to get elected, in addition to basic qualifications and credentials, would now have to win “public recognition”, such as securing enough support of the people in the processes of nomination and democratic assessment by the people, capturing enough support from party members or representatives of party members, and obtaining the majority of votes in the final step of election. Election, to a certain degree, enhances the trustworthiness of the leadership in the eyes of party members and the people. In making public policies or large-scale projects, officials would have to change their arrogant, arbitrary ways of work and to learn to patiently discuss with the ordinary party members and non-party members (Duan, Yang and Liang, 2006).

This reform measure of “public nomination and direct election” is successful. It has found the perfect balance between insisting on the leadership of the party and pushing forward grassroots democracy. This election measure ensures public opinions inside and outside of the party would be taken into account to. The upper-level party organization could also easily identify those party cadres who have the support of the people and the party and recommend them to important posts in township government. The implication is that party leaders will be first elected through “public nomination and direct election”, and from them some leaders would be selected to fill in the posts of peoples’ congress representatives, director of the congress standing committee, and town head through the legal procedure. The political legitimacy of the township party committee and its secretary, as well as the leadership role played by the party over the township government and township people’s congress, would be secured under such process. This reform thus signifies the CPC’s wish to guide and direct people’s democracy on the basis of expanded party democracy.

“Public nomination and direct election” as a reform measure has won the approval of the highest level of decision makers in China, as it promotes grassroots democracy while maintains the political leadership of CPC. This type of reform expands rather quickly. Nancheng town, of Qingshen County in Sichuan Province, took the lead in 1999 to practice public nomination and direct election in the determination of its township party committee. This was followed by provinces like Hubei, Jiangsu, Yunnan, Jilin, Chongqing,

and others. Before 2007, “public nomination and direct election” mainly was to be found at the level of township party committees, and Sichuan and Jiangsu were two provinces that conducted this reform in the greatest numbers in their localities. In the 17th CPC Report, party secretary Hu Jintao urges cadres to “popularize the method that combines party members’ and the people’s recommendation with upper party organization recommendation in determining the leadership of grassroots party organizations, gradually expand the scope of direct election of grassroots party organization leadership, and explore multiple forms of realizing grassroots democracy within the party.”¹⁰ “Public nomination and direct election” thereafter has been widely applied to the elections of CPC’s various grassroots organizations, including some CPC organizations in private enterprises. There are signs indicating that it can be adopted by higher levels of party hierarchy. Guiyang City, in Guizhou Province once tried this method in the election of a district (county) party secretary in 2008, and Shenzhen in Guangdong Province also introduced this method in the elections of some of the representatives of the municipal party representatives’ conference and the elections of some members of the municipal political consultative conference in 2010. This reform has increasingly become the main form of electoral reforms in China’s grassroots democracy.

2.4. From Democratic Election to Democratic Governance

The development of grassroots democracy includes not just the institution of democratic elections, but also the development of democratic supervision, democratic decision-making and democratic management, which we demarcate as democratic governance. While democratic election at grassroots level is continuously being pushed forward, grassroots democratic governance is also being explored in various localities.

In the countryside, villagers creatively establish various means of democratic participation to reinforce the supervision of village cadres since the reform of village committee elections, including the village council, village deliberative conference, and village supervisory committee and other organizations to demand for more openness of village affairs and village finances. Some places are even exploring referendum as means to involve villagers’ direct participation. Accordingly, major issues of the village such as management and distribution of the village’s collective property, public welfare, the use of homestead, among others, are to be democratically decided through votes by all villagers in the village.

The rise of the property owners committee (*yezhu weiyuanhui* 业主委员会) in many cities complements the existing community committee and takes up some of the functions the community committee is unable to perform, and also further reinforces urban grassroots democracy. Unlike the

community committee, which is not economically well-tied to the interests of community residents, the property owners committee is important to many community residents who are property owners. After commercialization of residential housing, the core interests of property owners in a community lie in the properties they own, which are also their lifesavings or future-lifesavings bought with a loan. If these property owners have disputes with the real estate developers, property managers, or local housing authorities, the community committee in general is unable to speak effectively on behalf of the property owners. Property owners thus resort to organizing the property owners committee to defend their own interests. This has become widespread in many of the big and medium-sized cities in China. According to the statistics provided by the Ministry of Civil Affairs, by the end of 2007, 22 per cent of the communities in China's cities had established property owners committees (Li, 2008). For protection of property value, these property owners committees have to interact frequently and in complicated ways, sometimes cooperatively and sometimes in adversarial manner, with other actors in communities, such as property management companies, real estate developers, community committees, community party branches, governmental street offices, and others. The interest-based close relationship between property owners committees and property owners has made these committees important organizations for property owners' self-governance (*yezhu zizhi* 业主自治) and for community self-governance. The property owners committee helps to articulate the property owners' interests, inspires greater political participation, and therefore promotes the development of grassroots democracy in cities (Li, 2009).

At the township level, "democratic talk" (*minzhu kentan* 民主恳谈) is regarded as a form of democratic politics unrelated to election but closely related with democratic decision-making, management and supervision by common villagers over township and village affairs. "Democratic talk" first appeared in 1999 in Wenlin City, Zhejiang Province. It operates generally in the following procedure. First, the township government convenes a "democratic hearing assembly" (*minzhu tingzhenghui* 民主听证会), to be participated by both villagers and township leadership to discuss "important work programmes of the party committee and the government, planning and adjustment of township and village administration, major projects, issues the people strongly feel that the party and government should deal with, and other important issues that involve the interests of the people". After carefully listening to the ideas and opinions of the people, the township leadership will then make decisions on the spot (CPC Wenqiao Township Committee and Wenqiao Township Government, 2002: 44-45). As "democratic talk" expands, its contents and forms have also changed. In some towns in Wenlin city, like Xinhe town and Zeguo town, it has evolved into a mechanism to supervise the budget of the town government by the town people's congress.

Town people's congress representatives and voters from the town can jointly convene a democratic talk assembly to deliberate and decide on the budget items of the town government. The reports of the talk assembly will then be submitted to the formal meetings of the people's congress for discussions and decisions. Hence, although unrelated to election, the democratic talk does improve grassroots democracy (He, 2007).

In some cities in China, reform measures that will improve the operation and working mechanisms of the grassroots people's congress are also being explored. Being a representative in the people's congress is not a full-time, professional job. The representatives only exercise their duties only when the people's congress is in session. There are no systematic channels in which the representatives interact regularly with the voters in their constituents. In recent years, Shenzhen has pioneered new institutions to increase representative-constituents interaction through the setting-up of the "people's congress representative office" (*renda daibiao gongzuoshi* 人大代表工作室) and the "people's congress representative contact workstation" (*renda daibiao lianlu gongzuozhan* 人大代表联络工作站). The former is to let representatives at all levels to have a standardized system to meet visiting voters at regular time and place, listen to their opinions, understanding their ideas, accept their supervision, and convey public views to the government. It is a bridge that links up the common people with the government and the people's congress. The latter invites public spirited community leaders to work voluntarily as assistants of the people's congress representatives of their communities, so that these representatives are able to meet regularly with the community voters in their constituencies. The community leaders volunteering in the workstation also help the people's congress representatives to understand better social conditions in the communities, aggregate public opinions, and draft proposals (Zou, 2007). The workstation therefore connects the community residents with the people's congress representatives. The "people's congress representative office" and the "people's congress contact work station" effectively channel the demands for political participation from outside of the established system to inside the system in stable and orderly manner. They also promote the democratic functions of the people's congress in articulating, aggregating and adopting public opinions. They are fully approved and eagerly popularized by the local government, and inspire some representatives of the local party conferences and members of the political consultative conferences to use similar means to enhance their contact with the common people. Such innovations also increase the contribution to grassroots democratic development by the main bodies of the existing political system in China.

With the development of China's economy and society, the cheap labour advantage, which for a long time has fueled the high-speed economic growth, is going through a major change. Workers are increasingly aware of their

rights and demand more participation. Waves of strikes to protest low pay in Guangdong, an economically powerful province, were seen here and there in recent years, which resulted in the relatively large-scale pay raise in the province's enterprises. This tendency has got the attention of the China's leaders. In 2010, the provincial government of Guangdong issued the *Guiding Opinions regarding Strengthening Human Concerns and Improving Working Environment*. The document supports the collective negotiation power of the employees over pay matters, encourages workers' contribution of ideas and advices to enterprises and their participation in the democratic management of enterprises, pushes forward the role of the trade union in China to become the truly "representative" and "spokesperson" of workers' interests, demands the improvement of trade union election, and proposes the professionalization of trade union staff and its recruitment system.¹¹ With this document, China's official trade union may be changed to more effectively adapt to the changes of China's economic growth patterns and to answer the appeals of the workers to share the fruits of such growth.

3. China's Grassroots Democracy: Impetus and Predicament

Viewing the last 30 years of China's grassroots democracy, one could easily conclude that grassroots democracy has become the primary experimental field for direct election, the major channel to train citizens' democratic skills and consciousness, and the most important sign of democratic progress in China. The moving forward of grassroots democracy has its own inner momentum. At the same time, it could not be separated from the strategic planning of the party and the government to open up the field of grassroots democracy and the innovative moves of local officials. However, compared with the heated discussion of China's grassroots democracy 10 years ago, the current development of grassroots democracy is trapped in impasses. There is a growing gap between people's expectation of democracy and the numerous problems in the actual development of grassroots democracy. Consequently, the enthusiasm for grassroots democracy at all levels, from the central to the local governments, from the political to the academic circles, and from the government to the public, is decreasing. Some people have even lost their confidence in grassroots democracy.

3.1. Grassroots Democracy Development Driven by the Government and the Public

The initial development of grassroots democracy in China benefited from the double push from the government and the public. Seeing from the perspective of the government, the ruling CPC took the promotion of grassroots

democracy as an important step in augmenting its political legitimacy. While the maintenance of general social stability and high-speed economic growth ensures its effective ruling position, the CPC also has kept on exploring and reforming the election system at grassroots levels to reinforce and enhance its public support. Increasingly the Chinese government agrees with the mainstream values like democracy, rule of law, and human rights. It has joined the *International Covenant on Economic, Social and Cultural Rights* (1997) and the *International Covenant on Civil and Political Rights* (1998). The 16th CPC Report, while insisting not to fully copy the western political model, nevertheless proposes to “learn from the fruits of human political civilizations”. Since the 15th CPC Congress, China’s key leaders had insisted on expanding grassroots democracy as the most widespread and fundamental practice of socialist democratic politics.

In addition, many grassroots democratic reforms, such as the reform of township head elections and “public nomination and direct election” of township party committees, were also used by local officials as means to create political accomplishments (*chuangzao zhengji* 创造政绩). In some less-developed areas, local officials attempted to improve local governance by developing grassroots democracy and elections. Although such measures were unlikely to change local economic predicament quickly, they could contribute to people’s trust in the cadres and alleviate the tense relationship between the people and the government. When local officials were unable to impress politically by developing the economy, or when there were inadequate financial muscle to “buy peace” (*huaqian mai taiping* 花钱买太平) like what economically-developed areas did when facing conflicts from different interests, local officials would have to resort to promoting grassroots democracy to deal with such interests and conflicts and political reforms to escape from governance predicament (Li, 2003), even if such approach is filled with risks and uncertainties.

Seeing from the perspective of the public, the drive of common people to participate in the election and governance of grassroots democracy first came from people’s awareness of their interests since the reforms, which was then constantly reinforced by marketization. Out of the need to defend their own interests, the people gradually realized the necessity to defending their interests with their own political rights, and as a result their demand for political participation became increasingly stronger. Secondly, the spread of modern political culture improved people’s democratic awareness. As social science knowledge became popularized and the state became increasingly open, political values like democracy, ruling of law, human rights, competition and equality were spreading out to the population. Thirdly, the gradual growth of the civil society was also an important drive for the development of grassroots democracy. The property owners committee in the cities and other

various forms of social organizations were emerging, which pointed to the fact that, under the conditions of the market economy, citizens were organizing themselves to defend their own rights. Increasingly, the people would start to pay more attention to not just private but public affairs, and they would defend not just their individual rights but collective rights through organization.

3.2. Predicament and Adversities in China's Grassroots Democratic Development

After 30 years of development, grassroots democracy is experiencing “growing pains” too. Chinese civil society development is still at the early stage, the rule of law in the society is still underdeveloped, and the social conditions for a nationwide electoral democracy are still lacking. Election bribery and penetration of the black societies in village committee elections have not been dealt with effectively. The rate of direct election in community committees is still too low; it has not yet reached one third of the total. Not only most of them are controlled or interfered by the government, residents also have not had much concern about the elections. “Public nomination, direct election” for township party committee has been in repetitive experimentation stage and yet to be formalized and standardized. Direct elections of grassroots people’s congresses, while clearly stipulated and written in the laws, still have factors outside of the written laws that keep obstructing independent participation in elections. There are multiple factors that contribute to this situation.

First, there is the inconsistency between grassroots democracy development and the macro-level political system. The development of grassroots democracy is eventually restricted by the present political system. Grassroots democracy will not be able to proceed further if the macro-level political system is not reformed. After thirty years of experimentation, direct elections are still in place only at the levels of grassroots society and grassroots government. Elections above the level of county are still the traditional indirect elections. The principles of “party controls the cadres” and democratic centrism still guide the appointments from above of all major leaders at various levels. If this is not reformed, the experiment of direct elections at grassroots level will basically always remain under the imposed “ceiling” from above.

Second, alternating party rule, economic recession, and disorders of political situation caused by democratization in former Soviet Union, Eastern European countries and Taiwan also resulted in the wariness of introducing more democracy in China among not just the political and academic circle in China, but even in some circles of the society. Without the strong foundation of a developed civil society, a hastily developed electoral democracy would result in the rise of irrational populism. In order to maintain high-speed economic growth and continuous political stability, the Chinese government

has to maintain a balance between many values, including state interests, economic growth, social order, citizen freedom and political democracy. The authoritarian model in some East Asian states such as Singapore, therefore, becomes a model for the Chinese government to learn from. Doubts and worries regarding the electoral democracy also appear in the academic circle in recent years, including the criticisms of universal values,¹² the proposal of government based on rule of law but without democracy (Pan, 2003), and critical reflections on elections.¹³ These skepticisms indicate that a good number of Chinese scholars are doubtful of the appropriateness of western-style democracy or electoral democracy in China.

Third, many local officials are simply not interested and motivated to develop grassroots democracy. In official performance assessment, economic growth and social stability rank the highest. The former decides the future career of the official; the latter decides whether the official can maintain his current position. Democratic elections subject the grassroots cadres to the supervision of the people rather than the upper leadership, which may result in the tensions between the local officials appointed by the upper leadership and the local cadres elected by the people. Many local officials, therefore, are passive toward grassroots democracy.

Fourth, the desirable outcomes brought forth by grassroots democracy are yet to be certain. Grassroots democratic development certainly helps in the realization of citizen's democratic rights and in increasing trust between the people and officials, which in turn also promotes the sense of responsibility among the grassroots cadres. However, the under-development of rule of law and the long tradition of rule-by-people (*renzhi* 人治) in China, combined with the introduction of competitive elections, will bring forth many negative impacts, including bribery, clan conflicts, and the interference from black societies (Lu, 2009; Xiao and Wang, 2009; Yu, 2004). While it can be argued that clan influences and black societies are not necessary the by-products of elections (they exist with or without elections), and election bribery is no different from the buying and selling official positions in the current cadre selection system, such negativities nevertheless still have shaken the confidence in grassroots democracy among some cadres and common people. For many people in a developing country, pursuits of economic interests are still seen as more practical than demands for more democracy.

Finally, there is a contradiction between "constructed democracy" (*jiangouxing minzhu* 建构型民主) and "inborn democracy" (*neishengxing minzhu* 内生型民主). Upon closer observation, the many dimensions of the development of China's grassroots democracy can be divided into two major types: inborn democracy and constructed democracy. Inborn democracy includes villagers' self-governance, independent participation in grassroots people's congress elections, the property owners committee, and the people's

congress representative workstation. All of these have strong support from the public and are led by effective local opinion leaders. Constructed democracy includes community committee elections, township elections, and others. These are democratic reforms initiated under the direction of the ruling party and the government. The people's participation in constructed democracy is weak and passive. At the urban community level, the contradiction between inborn democracy and constructed democracy form is especially obvious. On the one hand, community residents are generally indifferent to government-guided community committee elections; on the other hand, resident property owners actively participate in the property owners committee, which has been facing various restrictions imposed by local authorities. Such contradiction reveals the contradictory attitude of the government and the party toward developing grassroots democracy: they want to the development of grassroots democracy to be under their effective control so that people's demands and appeals for participation can be brought into the established institutionalized channels, and yet they are worried that independent political participation of the people will result in social instability and threaten the authority of the ruling party.

Broadly speaking, the key dilemma of China's grassroots democratic development is this: On the one hand, there are high expectations of democratic politics, which is seen to be able to reinforce the existing system, prevent corruption, select the able officials, coordinate different interests, balance different conflicts, and promotes harmony. Once it is found that democratic politics is not a "cure" to all social diseases, confidence and passion in democratic politics decrease. On the other hand, the social foundation for the development of China's democratic politics is still weak, including the weak sense of the rule of law among both the government and the people, and the slow development of civil society. Many preconditions for electoral democracy are still being developed. Therefore, it is inevitable that negative effects will emerge in the practice of grassroots elections, which consequently also dampen the faith in grassroots democracy, or even the general applicability of democratic politics in China, of some officials and people. Hence, under the present situation, in which there is still no consensus on how to judge the value of democracy, especially electoral democracy, in Chinese society, there are many obstacles in developing grassroots democracy, not to mention the instinctive objection of the vested interests group in the current political system.

4. General Evaluation of China's Grassroots Democratic Development

The development of China's grassroots democracy is a major area of democratic progress in China in the reform era. Its institutional evolution is manifested in the development from the countryside to the city, from

grassroots society to grassroots government, from outside the ruling party to within the ruling party, and from democratic election to democratic governance. Grassroots democracy is encouraged by both the central leadership and by the wide participation of the people. If the democratic progress of China's macro-level political system is manifested in the identification with democratic values in official texts and political publicity, the democratic progress at the grassroots level is concretely expressed in the actual level and degree of development of grassroots political participation by the people.

4.1. Developing Grassroots Democracy Is a Strategic Move for the Reinforcement of CPC's Ruling Foundation

Since the opening-up and reform, China's decision-makers have been determined to develop democratic politics gradually under the conditions of maintaining stability and economic growth and in accordance to the national conditions of China, in order to have the legitimacy of the party's ruling status more firmly grounded. When summarizing the lessons learned from the tragic "Cultural Revolution", Deng Xiaoping pointed out that "politically speaking, the democracy of the people should be fully employed to make sure that the people as a whole can truly enjoy the rights to participate in the management of the state through various effective means, especially the management of local government and enterprises, and to enjoy all citizen rights" (Deng, 1994: 322). Jiang Zemin regarded "expanding grassroots democracy" as "the widest practice of socialist democracy",¹⁴ and he encouraged orderly political participation so that democratic politics can be institutionalized, standardized, regularized. Hu Jintao emphasized people-based politics, as well as the all-round sustainable development of the economy, politics, society, culture and the environment. Democracy and rule of law are acknowledged as the principal elements in constructing a harmonious society. He also pointed out that the "grassroots self-governance system, which is energetic and led by grassroots party organizations, should be perfected, the space of grassroots self-governance should be expanded, and democratic management system should be improved, so that both in both urban and rural areas, living communities that are orderly, well-managed, with good services, and civilized can be built."¹⁵

The above discourses from Chinese leaders indicate that they have always regarded the development of grassroots democracy as a foundational work for the construction of a Chinese-style socialist democratic politics. On the basis of social stability, economic progress, and performance-based legitimacy, reforms of China's grassroots democratic elections have been undertaken to reinforce the popular support and procedural legitimacy of the party and to respond to the increasing demands for participation by the people.

In recent years, China's decision-makers are highly alert to the series of major challenges confronting the CPC and the state, and also have a strong sense of governance crisis, especially when it comes to the widespread official corruption and the growing gap between the rich and the poor. On the one hand, the state's financial power is growing rapidly and the government is in possession of great quantity of resources; on the other hand, power is highly centralized and lacks effective supervision, which has been around for a long time and has never been changed for the better. The common people's mistrust of the local government is spreading, and collective riots happen frequently. Therefore, the party admitted very frankly in the 4th plenary session of the 16th Party Congress that "the ruling position of the party is not inherent, nor secure forever. We must be prepared to deal with the dangers while we are safe, strengthen our crisis consciousness, and learn from the rise and fall, successes and failures, of other ruling parties in the world so that we can strengthen our construction of ruling capability." The party also demanded "scientific, democratic, and law-based governance" (*kexue zhizheng* 科学执政、*minzhu zhizheng* 民主执政、*yifa zhizheng* 依法执政). Continuously pushing forward the development of China's grassroots development is therefore a strategic move by the party to secure its ruling position.

4.2. The Development of China's Grassroots Democracy Still Has an Immense Space

The political framework embodied in the formally written laws in China has actually provided an immense space for the development and practice of grassroots democracy. China's Constitution, the *Law of Election*, the *Organizational Law of Local Governments*, the *Organizational Law of Village Committees*, the *Organizational Law of Community Committees* and the *Constitution of Communist Party of China* all specify a wide scope of political rights enjoyed by Chinese citizens and members of the CPC. As long as these rights are effectively protected and fully exercised, huge improvement of China's grassroots democratization is possible. The democratic rights of Chinese citizens and members of the CPC, especially the right to vote, for a long time have not been, and still are not, effectively and fully exercised, nor are they any rules or regulations to protect the exercise of these democratic rights. A system of legal appeals for the people to protect their democratic rights is still lacking.

Therefore, the development of China's democratic politics requires continuously improving laws and regulations and, more importantly, a true respect for the laws. By enhancing the culture of rule of law in the society, putting in the efforts to discover and activate the democratic elements

within the existing political system, and putting into political practice the citizens' legal rights provided in the written texts of laws, China's grassroots democracy still has an immense space to develop. Many vital and innovative measures of reform in grassroots democracy in various localities across the country are actually implementation rules to realize the rights of citizens and party member and re-discovered channels of interest articulation within the current political framework.

4.3. The Main Characteristic of China's Grassroots Democratic Election Is "Public Nomination and Direct Election"

Democracy can take many forms, but the most basic one is undoubtedly the system of election. It institutionalizes and quantifies the expression of public opinion. It embodies "people's sovereignty" and "all power of the People's Republic of China belong to the people". China's leaders, therefore, place "democratic election" ahead of "democratic decision-making, democratic management and democratic supervision,"¹⁶ and the "right to vote" ahead of "the rights to know, to participate, to express, and to supervise" (*zhiqing quan* 知情权、*canyu quan* 参与权、*biaoda quan* 表达权、*jiandu quan* 监督权).¹⁷

China's leaders have always searched for a "Chinese-style" democratic election system. "Public nomination and direct election" developed from grassroots democratic practice is increasingly approved of and promoted by the government, and could be the Chinese-style model of democratic election the leadership is seeking. This model effectively embodies the party's guiding principle for developing socialist democracy, which is "the organic unity of the leadership of the party, the people being their own masters, and rule of law," (*dangde lingdao, renmin dangjia zuozhu he yifa zhiguo sanzhe youji tongyi de yuanze* 党的领导、人民当家作主和依法治国三者有机统一的原则).¹⁸ The initial stage of candidate recommendation exemplifies public opinion and people's participation. The second stage of determination of formal candidates on this basis of party's assessment of the candidates exemplifies the party's leadership. The final stage of voting in accordance with the legal procedure exemplifies the rule of law. The three stages of the model embody the three elements of the "organic unity", and hence are fitting to the current developmental needs of China's political democracy. The model is gradually promoted in grassroots democratic practices and even can be expanded to higher level of political elections. One could argue that "public nomination, direct election" is the linking chain between CPC's traditional top-down cadre selection system and the bottom-up election system. It allows the traditional cadre selection system to absorb the electoral elements and provides an institutional platform to realize Deng Xiaoping's ideal of

selecting cadres who are “supported by the people”. It makes party’s cadre appointments more reflective of quantifiable public support.

4.4. The Development of China’s Grassroots Democracy Is a Long-term Game between Various Political Forces

The development of China’s grassroots democracy is driven by social and economic development and the people’s political participation since the reform and opening up, and it is also reflective of the long-term game between various political forces. It is a gradual process.

On the one hand, Chinese people’s needs and ability of political participation are growing. Democratic politics is not inherent in human nature; it is something learned through conflicts of interests in the society. It is a mechanism to settle interest conflicts in modern political civilization. The long feudal history of China lacks democratic political culture tradition. Hierarchical moral code and paternalism were followed for thousands of years in this vast agriculture-based civilization. Economic development and social interests division since in the reform era have resulted in the increasing awareness of rights and rule of law, a new mechanism that integrates and coordinates the new types of interests in a market economy is urgently needed. People increasingly realize that “the most important is that the interest demand of the majority of the people must be considered first.”¹⁹ The development of democratic politics is an inevitable tendency of societal progress. China’s grassroots democracy has expanded from the countryside to the city, from grassroots society to grassroots government, from without the ruling party to within the ruling party, and from election to management. In this process and through repeated practice, the people have gradually learned about democracy, understood democratic procedures, formed democratic habits, and developed civil society in which rule of law is possible. The development of China’s grassroots democracy is driven by public political participation, at the same time it also promotes the people’s ability to defend their rights and exercise their political power in accordance with the laws.

On the other hand, officials at all levels of either the party or the government also need to seek a consensus, from what have taken place in grassroots democratic development, on the value of democratic politics. Undoubtedly, within both political and academic circles there are voices that cast a suspicious light on democratic politics, question the appropriateness of election democracy in China, and debate what form of democracy fits China the best. Therefore, when Hu Jintao emphasized constructing democracy and rule of law, and a just and fair harmonious society, and when Wen Jiabao asserted that “democracy, rule of law, freedom, human rights, equality, and fraternity are not particular to capitalism, but fruits of human civilization

formed in long history and values commonly pursued by humans”,²⁰ certain media voices and scholars emerged to cast doubt on the “universal values” and equate human rights, democracy, and other values that originated from the west as ideological traps of the western powers.²¹ Wen Jiabao in recent years frequently mentioned the importance and urgency of political system reform and emphasized that without the safeguard provided by political system, the fruits of economic reform will be lost, and modernization will not be realized. He criticized the over-centralization of power without meaningful check, and argued that if this problem is to be solved people must be empowered to criticize and supervise the government, corrupt officials must be punished, and citizens’ rights to vote, to know, to participate, and to supervise must be safeguarded.²² Then, some official media published several articles and emphasized, repeatedly, that the reform of political system must insist on “the correct political direction”, which reflect their cautious attitude toward and fear of the filtration of western political models, and their approval of the current system. These articles especially denied the urgency of political reform and did not see the political reform as lagging behind economic reform.²³

From here, it can be seen that regarding what is democracy, whether democracy needs to be developed, how to develop democracy and what form of democracy should be developed, as well as issues of political system reform, are highly controversial within the government and the society. In confronting these controversies, China’s leaders have continually paid heed to the tenet of Deng Xiaoping (Deng, 1993: 374): “not to argue” (*bu zheng lun* 不争论). “Not to argue” does not mean not to tell the right from the wrong; it is meant to “to avoid disturbances” (*bu zhe teng* 不折腾) and to “buy the necessary time to reform”. “Arguing merely complicates things and wastes time. Then we would be able to do nothing.” “Don’t argue, but do with bravery and courage.” China’s decision-makers, from the current practice of grassroots democracy and inner party democracy, have been trying to lay a solid foundation, win wide support and seek more consensus for the gradually developing democratic politics. In a sense, it can be said that huge pressures exerted by the various problems and challenges in the process of modernization are the real driving force of the development of democratic politics, just as China’s reform and open up were forced by a crisis situation.

Notes

- * Dr Huang Weiping 黄卫平 is Professor and Director of the Institute for Contemporary Chinese Politics, Shenzhen University, China. He also served as a part-time researcher of the Institute of Political Development and Government, Peking University, and was an expert of the committee of the Center of Chinese Government Innovations, Peking University. Professor Huang’s main research

interests include Chinese political reform and comparative elections. He is the author of *The Reform of Township Election in China* (Beijing: People Press, 2009) and the editor of *Contemporary Chinese Politics Report* (Beijing: Social Science Academic Press, 2002-2011). <Email: huangwp@szu.edu.cn>

- ** Dr Chen Jiayi 陈家喜 is Associate Professor at the Institute for Contemporary Chinese Politics, Shenzhen University, China. He holds a PhD in Political Science from Fudan University, China. Dr Chen's main research interests include the CCP's adaptation, private entrepreneurs' political participation, and local governance. He is the author of *The Political Impact of Private Entrepreneurs in Reform China* (China: Chongqing Press, 2007) and *The Political Change of Shenzhen Special Economic Zone: 1980-2010* (Beijing: Commercial Press, 2010). <Email: jxchen767@126.com>
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16. *Ibid.*
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Community Party Building in Urban China

*Ngeow Chow Bing**
University of Malaya

Abstract

This paper analyzes the community party building programme in urban China. Community party building represents an effort of the Communist Party of China to transform itself from a “revolutionary party” to a “governing party”. The party building programme involves the expansion of the party’s organizational presence and the various mechanisms to re-organize and integrate party-members. It shows that the CCP is concerned about its organizational erosion at the base level, and is taking measures to remedy the situation. The paper also discusses the relationship between the party organization and local democratic development.

Keywords: Chinese Communist Party, community construction, community party building, grassroots democracy, urban reforms

JEL classification: N35, N95, P36, Z19

1. Introduction

The study of Chinese politics cannot escape from the study of the Chinese Communist Party (CCP or the party hereafter). Born in 1921 in a divided China, the CCP finally emerged victorious over foreign and domestic rivals in 1949. It re-built the state and reshaped society in accordance to the ideological blueprints of its leaders and the Soviet model. The party created a totalistic system that infused the party, the state, and society, with the party as the centre permeating all aspects of social, economic, and political lives. Over the years, the system was buttressed by the development of a number of totalistic institutions, such as the ubiquitous work units in the cities, the people’s communes in rural areas, the household registration system (*hukou* 户口 or *huji* 户籍) that restricted internal migration, the class identification system (*shenfen jieji zhidu* 身份阶级制度) that classified the “class back-grounds” of citizens, the centralized job allocation and employment planning system that highly restricted social and occupational mobility, the personal dossier

system that kept track of an individual's misconduct throughout his or her life, the state and collective ownership of means of production that centralized the control of economic resources, and the extensive party networks among the people. The communist party-state was able to achieve a level of centralized political control that was never seen in the pre-CCP rule of the Kuomintang.

Some scholars were doubtful of the sustainability of the monistic and totalistic party-state. Shiping Zheng (1997) argued that there is an inherent structural conflict in such a system because the two principal entities (the party and the state) follow two fundamentally different organizational logics: the party is a perpetually revolutionary-mobilization organization, while the state is by nature a conservative bureaucratic institution. A Chinese scholar described the pre-Deng political structure as “double-track” (*shuangguizhi* 双轨制) – meaning the parallel party and state apparatuses – which resulted in the confusion of responsibility and accountability and stifled the functioning of legislative initiatives and the rule of law. The consequence of which was the pervasive rule of men (*renzhi* 人治) (Li, 2000: 172-178). In the eyes of many China watchers, the collapse of the communist totalitarianism in the Soviet Union and Eastern Europe and the near-death experience of the CCP itself in the 1989 students' movement provided the indication that the CCP's rule might collapse sooner rather than later in the 1990s. Yet, the CCP was remarkably resilient (Nathan, 2003). It was able to dismantle or reform most of the above-mentioned totalistic institutions in order to pave the way for marketization reforms and economic growth, without shattering the security of its political authority. The party managed to institutionalize succession politics and increase political participation, create or revive several alternative institutions to handle newly emerging challenges in the reform era, and transform itself, using the preferred terms in China today, from a “revolutionary party” to “governing party”.

Thus, compared to the China scholarship in the post-Tiananmen era, the recent scholarship started to pay more attention again to the CCP. Bruce Dickson (2003, 2008) manages to produce the most empirically-sound scholarly work on the patterns and effects of party-business alliance, which points to the remarkable transformation of the party from a proletarian party (at least in ideology and rhetoric) to a party of elite, including commercial elite. David Shambaugh's (2008) study documents the efforts undertaken by the party to study communist, ex-communist, non-communist parties all over the world to increase the party's governing capacity. Although the party shows signs of organizational decline and atrophy, the party is also taking pro-active adaptation measures to improve and transform itself in order to stay ahead as the paramount leadership organization in a rapidly changing China. Zheng Yongnian (2010) argues that the CCP is able to reproduce its domination over the state and society by introducing some democratic

elements and limited political participation in the process of reproduction of what is termed as “organizational emperorship”. The pessimistic accounts of the party as a corrupt, irrelevant, incompetent, and disintegrating organization are not without basis of truth, but fail to pay attention to the processes of transformation, revitalization, and re-institutionalization of the party.

This paper is an attempt to examine one particular aspect, at the base-level, of the transformation of the party – community party building in urban China. The concept of community party building (*shequ dangjian* 社区党建) was being articulated about the same time of the formulation of the community construction (*shequ jianshe* 社区建设) policy in late 1990s and early 2000s. Community construction aims to re-build and strengthen the grassroots administrative organs in urban China – the street offices and the residents’ committees, in order for them to play a more prominent role in urban governance and management. The reforms of the state-owned enterprises in the 1990s began the transformation of the urban work unit from an all-encompassing institution that handled economic production, ideological education, political mobilization and social welfare, to a more economic-oriented entity. The residents’ committee, which for a long time served as a supplementary institution to organize people outside of the orbit of work units in China’s cities, was now being bolstered and revived. The reinvigoration of the residents’ committees was also accompanied by a vision to transform these grassroots organs into modern functional communities under the community construction policy. Party building in urban communities thus has also become an important component of the community construction policy.

Following this introduction, this paper is divided into four parts. Section 2 will introduce the basic concept of party building in China’s political discourse. Section 3 deals with the organizational mechanisms of urban community party building. In Section 4, I discuss the relationship between urban community party building and community democracy. The last section offers a conclusion.

2. The Concepts of Party Building and Grassroots Party Building

The party occupies a special place in the state-society relations in China. As a system founded on the Leninist principles, the party and the state are in many ways institutionally mingled, with the party clearly on top of the state. On the other hand, many Chinese scholars also argue that the communist party is a “societal” organization, in the sense that it originated from a social movement and it continues to represent and articulate societal/class interests. Society is therefore the “base area” of the party. It provides the necessary “space” for the party to mobilize, organize and consolidate support (Wang, 2003: 228). The “party building” programme goes beyond the mere expansion of party

membership and construction of party organizations within both the state and society. It includes a wide range of self-strengthening measures designed to ensure the party remains capable of leading both the state institutions and societal forces, as well as competent in the performance of the numerous tasks of governance, serving the people, social integration, and mobilization. It also requires party members to be well trained in ideology, organizational skills and organizational discipline. Since the beginning of the reform era, the party building programme demanded the party organizations to be more professional and capable in excelling in administration and planning (Saich, 1986). In other words, ideology (red) and professionalism (expert) are both important elements of the party building programme. The ultimate goal is to construct a well-disciplined, deeply penetrative, organizationally sophisticated, and highly competent mass party, with a committed mission to modernize China (Sun, 1997: 120-125).

As mentioned before, the CCP sees itself as in the midst of transforming itself from a “revolutionary party” to a “governing party”. The party building programme in the reform era therefore has to reflect these changes. Especially for the present Hu-Wen leadership, the “strengthening of governing capacity” is the critical mission of the party in the new century. In the Fourth Plenary Session of the 16th Central Committee in 2004, the party approved the “Decision on Strengthening the Building of Governing Capacity of the Party”, a document that reflects the current administration’s approach to governance and party building. The document demands the party to comprehensively improve its ability to guide and manage the socialist market economy, to govern through scientific and democratic method, to promote oversight of power in the decision-making process, to build up the rule of law, to construct a harmonious society, and to elevate the theoretical and ideological training among the cadres (Chen, 2005).

2.1. Grassroots Party Building

There are three main levels in the party’s organizational hierarchy: centre, regional (encompassing provincial, municipal, and county units) and grassroots units. Grassroots party organizations are established in enterprises, villages, schools, urban communities, social organizations, companies of Peoples’ Liberation Army and other local organizations. Depending on the number of party members in a particular grassroots unit, different types of grassroots party organization can be formed. A party branch (*dangzhibu* 党支部) contains more than 3 but less than 50 party members. A party general branch (*dangzongzhi* 党总支) has more than 50 but less than 100 party members. If a local unit has more than 100 members, a party base-level committee (*dangjiceng weiyuanhui* 党基层委员会, or in short *dangwei* 党

委) should be established. Collectively they are all referred to as “grassroots party organizations”.¹ The leadership of the party organization is elected by the party members under its jurisdiction. According to one count, the CCP has about 3.792 million of this kind of grassroots party organizations (Gore, 2011: 54). Sometimes a smaller unit, the party small group (*dangxiaozu* 党小组), may exist, usually formed by only three party members. The party small group however is not an official unit and its work and activities have to be directed and led by a superior party organization (Lu and Ding, 2003: 55-70).

The Chinese Communist Party has always stressed the importance of its grassroots units. It views them not only as effective mechanisms to penetrate and mobilize the sociopolitical energy of the mass, but also as foundational blocks of the party’s organizational edifice. Former Chinese leader Jiang Zemin once warned that weak and ineffective grassroots units would cause the “party’s leadership and government, the party’s entire work, and the socialist state’s political power” to collapse (Jiang, 2003: 168-170). With the current Hu-Wen administration’s emphasis on governing capacity, grassroots party building programmes have been restructured to accommodate this concept as well. For example, the organization department of Fujian provincial party committee highlighted six aspects of the governing capacity of the grassroots party organizations. They include (1) development, (2) serving the masses, (3) competitiveness, (4) execution, (5) management, and (6) control. “Development” refers primarily to the ability to promote and guide economic development. “Serving the masses” demands the party members to become activists and volunteers. “Competitiveness” is a particularly novel idea, which means that grassroots party members should not be afraid to compete in an electoral setting in order to enhance their own qualities and to consolidate the party’s governing status. “Execution” refers to the strict following and successful implementation of the policies and instructions from superior party leaders. “Management” means that grassroots party organizations have to manage and supervise their own party members well, making sure that they are well qualified and disciplined and able to maintain the “advanced nature” of the party. Finally, “control” demands grassroots party organizations to be a vigilant and effective force in responding to and resolving political and/or natural crisis situations. Grassroots party organizations are thus seen as one of the forces upholding social stability (Zhongong Fujian Shengwei Zuzhibu Ketizu, 2006).

Grassroots party organizations are by nature more proximate to the people and the society. This validates the importance of the party’s “social nature” (*shehui shuxing* 社会属性) in grassroots party building. As mentioned above, there is a theoretical view in China that sees the party as having a dual nature (political and social), which then justifies its active intervention in the society. Thus, while political power in the form of state authority is withdrawing

from the social sphere, political power in the form of the *party* power continues to expand its influence in the society. As a party that purportedly is committed to “serving the masses”, the “social nature” of the party brings forth some service-oriented elements in grassroots party building – interest mediation and societal attentiveness (*shehui guanhuai* 社会关怀). Under interest mediation, grassroots party organizations should ensure effective communication between different interests, classes, strata. They should play a leading role in coordinating and mediating disputes and conflicts between social forces. Under societal attentiveness, the party should be attentive to and care about the spiritual lives (thus working on ideological education), political lives (grassroots self-governance and democracy), and daily lives of the people (social-cultural activities and helping the vulnerable groups) (Lin, 2002: 60-62). The idea that grassroots party organizations should be more “socially attentive” illustrates the efforts of the party to become a more pragmatic, welfare-oriented and service-guided organization, while remaining broadly paternalistic.

3. Community Party Building: Mechanisms of Organization and Integration

Before the 1990s, the party’s base-level units in the cities were organized mostly in work units, reflecting the Leninist principle of organizing the party on the basis of production and government bodies. The idea was to embed the party in different sectors of the urban society. Through integrating these sectors under the party’s leadership the party would be able to extend its reach into the main structure of the society. Therefore, party’s base units that were established on the basis of residential areas (street offices and residents’ committees) had only a marginal and peripheral role in much of the organizational history of the party in the cities.

3.1. Challenges Facing Community Party Organizations²

The reforms of the work units, which permitted state-owned enterprises to undergo bankruptcy, corporate reorganization, merger, and layoffs, have significantly increased the number of party members who are unattached to any party organization – the so-called “pocket party members” (*koudai dangyuan* 口袋党员) (Zhongguo Chengshi Shequ Dangjian Yanjiu Ketizu, 2002: 115).³ Furthermore, among the vast migrating labour force in the cities there is also a large number of party members who have no contacts with their party organizations. According to the party’s constitution, each and every party member shall have an organizational relationship (*zuzhi guanxi* 组织关系) attached to a grassroots organization of the party. These party organizations

are responsible for disseminating party directives to the members, organizing “democratic life meetings”, managing and supervising party members, ensuring the strict following of party discipline, and others (*Constitution of the Communist Party of China*, 2007: 28-29, 45-46). Without an organizational relationship with a party’s unit, the “pocket party members” in effect have been cut off from the party’s reach. With increasing number of party members released from work unit reforms and migrated from rural areas, many of them are now residing in urban communities and remain unattached to any party unit. Many of these party members actually “enjoy the freedom of living in anonymity and are glad to be rid of party disciplines and obligations” (Gore, 2011: 62). The party will lose substantial mobilization resources if these organizationally unattached party members remain unorganized.

The established party organizations in the communities, on the other hand, have been showing signs of decline in the reform era. The remarkable socioeconomic transformation and increase of urban wealth took place without significant role played by these grassroots party organizations. Although the grassroots party organizations continued to perform rather well in certain political tasks such as monitoring of dissidents and mobilization in political campaigns, they were less capable in the task of societal integration. The capability, work-style, knowledge, organized activities of the party organizations seemed to be lagging behind the demands of material improvements in the society. The introduction of electoral mechanism to urban communities – the elections of the residents’ committees, also to a certain degree sidelined the importance of the community party organizations. There was an acute sense of “marginalization” of these community party organizations.

In addition, there are many party members whose organizational relationships are attached to the work units outside of their communities (the so-called “on-work” members, the Chinese term is *zaizhi dangyuan* 在职党员). For these party members, their obligation to participate in party’s organizational activities is fulfilled in their own work units, not in the communities. They are not even required to reveal themselves as party members in the communities. Many of them are indeed uninterested in the work and activities of community construction, while the community party organization also has traditionally no authority over them (Wu and Chen, 2002). According to one estimate, on average only 30 per cent of the party members in urban communities had their organizational relationship attached to the community party organizations, 60 per cent of the party members were the so-called “on-work party members”, and about 10 per cent were “pocket party members” (Zhongguo Chengshi Shequ Dangjian Yanjiu Ketizu, 2000: 265). In 2003, the organizational department of Guizhou provincial party committee estimated that only 0.37 per cent of the party members in the

province had their organizational relationship attached to the communities (Shengwei Zuzhibu Zuzhichu, 2003: 31).

Another issue is the emergence of the so-called “two-new” organizations (*liangxin zuzhi* 两新组织), referring to private or foreign enterprises and the newly established social organizations (such as NGOs, foundations, charities). Both of which are concentrated in the community residential areas. Many of these organizations have very few or no party members at all.⁴ The rapid increase of these organizations without the organizational leadership and participation of the party indicates the irrelevance of the party in the more dynamic sectors in the society. Individual party members in these organizations are also in many instances “pocket party members”.

Finally, there is also the issue of how to integrate and coordinate two types of party organizations in the cities – horizontal party organizations such as community- and street-based party organizations, and vertical, work unit party organizations stationed in the communities. The work units reforms do not mean that party organizations attached to the work units are dismantled. Contrary, work unit party organizations continue to be important means of political mobilization and organizing, though not as extensive as the pre-reform years. Many work units are bureaucratically ranked higher than the community-level residents’ committees and street offices, and the community party organizations are usually unable to coordinate well with the party organizations of the work units stationed in their communities. Although work unit-based party organizations command huge resources, they have relatively few incentives to assist community party organizations in community construction. On the other hand, street- and community-ranked party organizations are given many responsibilities but without the authority to fully mobilize the necessary resources. This vertical (work units) / horizontal (streets and communities) conflict is indeed common in China’s administrative system – the so-called “*tiaoquai chongtu* 条块冲突” (vertical-horizontal conflict).

The above discussions thus highlight some of the issues that have emerged. The community party building programme, in a sense, is formulated to tackle these challenges and to maintain the overall political and organizational leadership of the party in society. As early as 1996, the Central Organizational Department of the CCP (*zhongyang zuzhibu* 中央组织部) issued the document “Opinion on the Strengthening of Party Building Work in Street Offices”, the first major party document stressing the importance of grassroots party organizational work in the cities. The Ministry of Civil Affairs’ 2000 policy document on community construction, “Opinion on Promoting Community Construction Nationwide”, again emphasized the leadership role of the party organization in the process of community construction. Political leaders from Jiang Zemin to Hu Jintao

Table 1 Formal Responsibility of Community Party Organizations in Two National Documents

2000 Ministry of Civil Affairs Document on Community Construction	2004 CCP Central Organization Department Document on Community Party Building
<ol style="list-style-type: none"> 1) to publicize and implement party's line, principles and policies and the laws and regulations of the state 2) to unite and organize party members and ordinary residents in carrying out various tasks of community construction 3) to support and ensure rule of law and fulfillment of responsibilities by the community residents' committee 4) to strengthen its own organizational construction and ideological political work 5) to perform the exemplifying role of the party members in the communities 	<ol style="list-style-type: none"> 1) to publicize and implement party's line, principles and policies of the state 2) to discuss and decide important matters regarding community construction 3) to lead the community residents' committee and support community self-governance 4) to maintain close ties with the masses, resolve civil disputes, and maintain social stability 5) to organize party members and the masses in the work of community construction 6) to strengthen its own organizational construction

have consistently emphasized the strategic importance of community party building, seeing the programme as crucial to the consolidation and strengthening of the organizational foundation of the party (Zhang, 2008). In November 2004, the central Organization Department issued the directive "Opinions on Further Strengthening and Improving the Street and Community Party Building Work".⁵ This document serves as the official policy guideline for the community party-building work. Together with the 2000 Ministry of Civil Affairs document on community construction, they specify the basic responsibilities of the party organizations at the grassroots levels. Table 1 summarizes the basic responsibilities laid out in these two documents.

With the directives from central party and government leaders, the grassroots party building in urban China is now focused on community party building. It is thought that through community party building, the political, ideological, and organizational leadership of the party organizations will once again be securely in place in view of the diversifying and pluralizing urban society in socioeconomic changes. The political, policy, and social functions of the community party organizations are in turn indispensable in maintaining stability, ensuring effective implementation of policies and

directives from higher levels of authority, and providing the platform for building up social capital such as cooperation and participation (Peng, 2007: 74-78). Community party building is infused with community construction. It is asserted that community party organizations are in many ways also social organizations, with their mission to serve and provide welfare to the people. Furthermore, these organizations are endowed with more resources and authority in comparison with other organizations or institutions. The communist traditions of mass line and mass work are said to be able to facilitate the carryout of community construction. Many party members are also community residents who are well aware of the challenges and issues in community construction. Being party members with the supposed “advanced nature”, they can contribute more to the efforts of community construction (Zhongguo Chengshi Shequ Dangjian Yanjiu Ketizu, 2000: 157-165; Wang, 2003: 243-249).

3.2. Party Organization at the Street-Office Level

Organizational work of community party building is not confined to the residents’ committee level only. An important part of community party building is to strengthen the authority of the street-level party organization, the immediate superior of the community-level party organization in the organizational hierarchy of the party. As mentioned above, within the administrative hierarchy the community-level occupies the lowest rank. In order to strengthen the authority of the lower-ranked horizontal party organizations, one of the ways is the reorganization of the street-level party organization, instituting a “street party work committee” (*jiedao danggongwei* 街道党工委) in place of the regular “street party committee” (*jiedao dangwei* 街道党委).

The “street party work committee” is different from a regular party unit. The “work committee” is a dispatched organ of the district-level party committee, higher-ranked than the street-level. Leaders of the “work committee” are directly appointed from above, not elected from below. Other than the responsibilities specified in the party’s constitution, the “work committee” is also entrusted with specific responsibilities and functions by the district party committee. The term of office for leaders of the “work committee” is also longer than the leaders of a regular party organization (Lu, 1999: 51-52). The composition of the leadership of the “work committee” generally includes some representatives from work unit-based party organizations. For instance, in Shanghai, the leadership of a street party work committee consists of 11 to 13 members; among them are directors of street-level public security bureaus and representatives from the party organizations in government’s functional departments and other work units.⁶

Through the “work committee” system the vertical and horizontal authorities are connected and integrated. Since the authority of the street party work committee comes from the district party committee, it is empowered to “mobilize the resources and [to] coordinate the related work of the various offices and units” (Takahara and Benewick, 2006: 160) within the street’s jurisdiction, at least those with comparable rank at district level. In such a way, under the overall leadership of the street party work committee, community party organizations could become more forceful when dealing with high-ranked work units stationed within their jurisdictions.

Shanghai has also been pioneering some other more comprehensive reforms at this level. One of the notable measures taken by Shanghai was its decision to define “community” at both the street office and residents’ committee levels (which creates a lot of confusion for outsiders). The “community party work committees” (*shequ dangongwei* 社区党工委), structured at the street office level, were implemented in several pilot sites in 2005. These work committees are more functionally specialized, with special committees established to deal with administrative organs, the “two-new” organizations, and residential areas (Peng, 2007: 80-82).

Although the establishment of party work committees has achieved some results in integrating vertical and horizontal authority, by no means does the street party work committee have institutionally guaranteed the full cooperation of all work unit-based party organizations. Central, provincial and municipal units are all ranked much higher than the street party work committee. Securing their cooperation can be a quite a struggle. On the other hand, the dispatched organs of district government’s departments at the street level are in theory integrated under the authority of the street party work committee, but it is not as easy as it seems. Each of these organs still has to follow the leadership and command within the vertical bureaucratic channel, under the notion of “dual leadership” (*shuangchong lingdao* 双重领导). How the “dual leadership” concept operates is still not quite institutionalized and it is not uncommon that the authority of the street party work committee is sidelined. In order to better coordinate and integrate the horizontal party organizations and the vertical party organizations, the 2004 Central Organization Department document suggests establishing some kind of “party building coordination mechanism” which would give the horizontal party organization more powers.

In Beijing, a “party building coordination committee” is established at the street level with its branches extended to the residents’ committee level. The “coordination committee” is an attempt to create a system of “integrated horizontal-vertical party networks, with the horizontal party organizations in charge” (*tiaokuai jiehe, yikuai weizhu* 条块结合, 以块为主). According to one survey, at the end of 2002 all street offices in Beijing had established

some kind of “coordination committees”. A total of 3,084 work unit party organizations have joined the coordination committees, among which are 451 central-level work unit party organizations (Beijing Chengshi Shequ Dangjian Ketizu, 2003). Similar mechanisms also operate in Shanghai and Tianjin, with different titles such as “community party building joint conference” or “community party building research society” (Zhongguo Chengshi Shequ Dangjian Yanjiu Ketizu, 2000: 252; Ketizu, 2005; Gu and Gu, 2006: 209-216).

3.3. Party Organization at the Residents’ Committee Level

As mentioned above, one of the main challenges of community party building is simply to establish an organizational footing in the communities. The goal is to have at least one formal party organization (branch, general branch, or committee) for every community residents’ committee. Thus, any community with more than 3 “pocket party members” should establish a formal party presence. The organizational relationship of the retired, laid-off, and migrating party members should be transferred to the community party organization. Fresh college graduates with party membership also should have their organizational relationship with the party established in the communities before they find employment and transfer their organizational relationship to another unit. Formal organizational presence of the party in the community thus allows it to fulfill the leadership role and permeate into the daily lives of community residents. As of 2004, 93 per cent of the community residents’ committees in China had community party organizations (Zhan, 2005: 4). “On-work” party members are also asked to participate in the party’s activities in the communities. They are to become full-time “24-hour” party members (fulfilling party’s duties during work and at home) rather than the “8-hour” party members (fulfilling party’s duties during work hours in work units only) (Li, 2008: 26).

Establishing a formal organizational presence is only the first step. Although community party organization is defined as the leadership core in the organizational system of a residential community, in reality how relevant it is to urban residential life depends on the ability of the party organizations to lead, to relate to the people, and to deal with other community organizations and institutions. The relationship between the residents’ committee and community party organization will be dealt with in a later section. Here, I shall discuss several other aspects of party organizational activities at the residents’ committee level. As mentioned before, the “social nature” of the party justifies its active role in the society. Many community party organizations indeed strive to become some sort of social work organizations, with strong service and welfare elements. Interestingly, these party organizations attempt

to describe and delineate themselves as part of the “voluntary sector”. Here, the term “party members-volunteers” (*shequ dangyuan zhiyuanzhe* 社区党员志愿者) suggests that community party building aims to foster permeation of the party into the voluntary sector. In contrast to ordinary residents, party members are said to have more activist and voluntary spirits that can contribute to public-spirited activities. Some empirical studies in China contend that among the volunteers in several Shanghai localities, majority of them were party members (Liu and Xu, 2001). Furthermore, party members shall become leaders and organizers of the voluntary organizations and activities in urban residential areas. They are to direct and monitor these activities so as to ensure that they will not become politicized and pose a threat to the party’s authority (as in the case of Falungong, which started off as exercise activities in urban communities) (Pan, 2000).

3.4. Party Organization below the Community Level

Below the community level, party’s organizational penetration is to be extended to blocks and buildings – the so-called “*loudong dangjian* 楼栋党建” (also referred to as *louyu dangjian* 楼宇党建 or *louzu dangjian* 楼组党建). Party members of a community who are scattered in different residential blocks and buildings within the community are organized into party branches or cells in their respective blocks and buildings. This will create an organizational network with the community party organization as the centre and the smaller units as its tentacles extending to each block and building. Many of the activists and leaders of residents’ small groups are party members, and sometimes residents’ small groups coincide with the smaller party branches and cells. These party members in the most basic units play the leading role in mobilizing their neighbours to participate in various community activities, doing ideological work, as well as being the eyes and ears of the party. In a district in Shanghai, party cells are required to ensure that there are “no illegal activities ..., no security-threatening incidents, no superstitious activities” in their buildings and blocks (Zhonggong Shanghaishi Jiading Quwei Zuzhibu, 2007: 11-12). On the other hand, these smaller units are also the most basic units of the party to “serve the people”. They pay visit to sick neighbours, mediate family and neighbourhood disputes, and organize some cultural activities and exercises for the old and retired people (Wu, 2006).

Between blocks/buildings and the whole community, sometimes an intermediate level – the section (*pian* 片), is also delineated to facilitate party building. Section party building (*zuzhi jian zai pian shang* 组织建在片上) is meant to bring party organizations or small groups that are too scattered into a more unified command and management (Li 2008).

3.5. Party Organization in “Two-New” Organizations

Organizational penetration also extends to the so-called “two-new” organizations. Party building work in these organizations in a minimum sense would involve organizing the party members working in these organizations (no matter how few they are) into formal branches and cells (Lu and Ding, 2003: 744). Apart from organizational penetration, community party building aims to co-opt and recruit the social elite emerging in the private economy and social organizations. One effective way to extend party building in these organizations is again through block party building, in this case establishing party organizations in commercial buildings (Ou, 2005). For example, whereas a private enterprise might have only one or two party members, a commercial building with several enterprises might have enough party members to establish an organizational presence. Block party building is reportedly a successful strategy of grassroots party building. Due to the efforts of block party building, in Shanghai as of 2008, there were 12,941 party organizations established in the “two-new” organizations, a 320 per cent growth over 5 years, and that more than 205,000 party members now had party organizational relationship attached to the “two-new” party organizations.⁷

3.6. Issues in Community Party Building

On the organizational front, the community party building thus aims to consolidate and entrench the party’s organizational foundation in urban communities, and if successful, the party may also be able to re-establish its ubiquitous presence in urban society. Whether these efforts are able to accomplish the intended goals, however, is still not yet certain. Weaknesses of the community party building are frankly acknowledged in China. Many party organizations are still far from having the different aspects of “governing capacity” emphasized by the present leadership. One Chinese analyst highlighted several main problems of community party building, including overconcentration on the quantitative aspect (expansion of party members, formation of party organizations and increase of party activities), while neglecting and paying inadequate attention to qualitative side, such as the actual political and organizational performance and capabilities of these party organizations (Liu, 2008). Actual participation by party members was not as active and passionate as assumed, while the organizational activities were impractical and irrelevant. General social indifference toward party organizations and their activities was still prevalent. Some party organizations became hollow once key leaders moved to other places. The lack of cohesiveness among newly established party organizations was not unusual: while some party organizations were being established, others were failing

and disintegrating. Another study based on a survey of 8 communities in the city of Taiyuan shows that the community party organizations did well in the areas of propaganda, ideological education, dissemination of central directives, while performance in the area of social service was rather unsatisfactory. In other words, the community party building had not been successful to turn the party organization from a political-revolutionary organization to a more pragmatic and service-oriented organization. The same survey also shows that the integration of community party members, “on-work” party members and “pocket party members” was rather poor, with close to 50 per cent of the “on-work” party members and “pocket party members” reporting no or weak relationship with the community party organization (Wang, 2004). Several reports on the progress of community party building in different provinces and cities show that the results have not been satisfactory, with problems such as organizational integration, low morale of party members, underinvestment of resources, low quality of party workers persisting (Chen, 2008; Sun, 2005; Wu, 2005; Jiangshusheng Dang de Jianshe Xuehui and Taizhoushi Dang de Jianshe Xuehui, 2007). A foreign observer of China’s party building programme has also questioned the wisdom and viability of maintaining such a huge party organization in the era of market economy, which inevitably erodes the authority and purpose of these party organizations. In such a view, the party building programme is futile (Gore, 2011).

Notwithstanding the mixed results of community party building programme, the role of the party organization as the “core leadership” in community governance is without doubt. How party organization might affect community democratic development and *vice versa* will be discussed in the next section.

4. Community Democracy and Community Party Organization

The policy of community construction encourages the development of community self-governance and community democracy through the elections of the residents’ committees. However, the community party organization, as a component in a Leninist organization, is bound to follow instructions from above. Thus, conflicts between the residents’ committee and community party organizations are possible and real. Which organization is the “boss”? Is it the residents’ committee, which is popularly elected (no matter how flawed the electoral procedure is), or the community party organization, which is not popularly elected but privileged to perform the leadership role?

Unsurprisingly, the mainstream view in China does not see such incompatibility. Instead, the leadership of the party organization is deemed to be indispensable in the development of grassroots democracy. Although the party organization is the “core leadership” in communities, it does not directly

interfere with the decision making process. Its main job is to ensure that the decisions made and carried out by the residents' committee do not contradict the overall national policies and laws. Furthermore, the leadership of the party is also necessary so that anti-government and destabilizing forces in the society would not have a chance to seize on the opening up of democratic space to create political and social instability. Some analysts suggest that without the supportive role played by the party organization, community democratic development would not have proceeded in a smooth and orderly fashion (Gu, 2001). Democratization has to be orderly, and community party organizations are the "stabilizing forces" in the process of democratic development (Xie and Pu, 2007, Hu, 2007).

In a residents' committee election, a party leader typically serves as the leader of the election committee in charge of election organizing. The party organizations thus has various means to manipulate an electoral process, such as disqualifying candidates who challenge the party's choice, directing residents to vote for a particular candidate, or even stuffing ballot boxes. Even if the party organization refrains from such blatant electoral interference, that fact that it has the support of the street office authorities, commands greater resources such as monopoly in policy discourses and networks of activists and party members, indicates that there is much influence and control that can be exercised by the community party organization in residents' committee elections (Zheng, 2005). On the other hand, the party organization is also instrumental in the mobilization of residents to participate in residents' committee elections. A survey on Shanghai residents shows that party members are generally more active and willing to contribute to community construction than non-party members (Zhongguo Chengshi Shequ Dangjian Yanjiu Ketizu, 2000: 166; see also Takahara and Benewick, 2006: 169). The party members in this sense are playing the "exemplary role" (*xianfeng juese* 先锋角色) in electoral participation and mobilization.

Whether democracy should accommodate the party, or whether the party should accommodate democracy, is a tough question in community democratic development. So far, there are two main approaches to resolving the problem: (1) infusing the leadership of the community party organization with the residents' committee, and (2) reforming the community party organization to make it more democratically accountable to non-party members.

4.1. Infusing the Leadership of the Community Party Organization with the Residents' Committee

There are strong suggestions to infuse community party organizations and residents' committees. This is achieved through two methods: (1) the secretary of the community party organization being also the chairperson

of the residents' committee, a practice known as "*yijiantiao* 一肩挑" (one shoulder carrying [all responsibilities]); and (2) members of the leadership committee of the community party organization are concurrently holding positions in the residents' committee, a practice known as "*jiaocha renzhi* 交叉任职" (cross-holding of office positions). Infusing both organizations is the approach favoured by the national leadership. The 2004 Central Organization Department document encourages cross-holding of positions between community party leaders and officers of the residents' committee, and that community party secretary should also become the chair of the residents' committee through elections.

In early 2006, the Ministry of Civil Affairs also issued a directive on residents' committee elections that encourages cross-holding of office positions. In this document, it suggests that party members who are interested to run for positions in the party's leadership should first get elected as officers of the residents' committee before being nominated as candidates in party elections. Those who are unable to get elected in the residents' committee elections should not be nominated in party elections, especially if it is the position of the party secretary. As for party members who are already officers of the residents' committee, they should run for leadership positions of the party in party elections (the document is collected in Zhan, 2006: 183-189). Both *yijiantiao* and *jiaocha renzhi* are meant to achieve "structural integration" in which residents' committee officers overwhelmingly are also party members (Wang, 2003: 173).

As of 2004, 89 per cent of the chairs of the residents' committee throughout the country were party members (Zhan, 2005: 5). This statistic, however, does not tell us whether these party members were also party secretaries or not. Table 2 provides some of the data on *yijiantiao* and *jiaocha renzhi* in selected provinces and cities in the years 2003-2007. From the table we can see that the infusion approach was indeed quite successful. About half of the residents' committee members were party members.⁸ While in Beijing 42 per cent of the chairs of the residents' committees were party secretaries, other provinces and cities reported more than half of their residents' committee chairs also concurrently served as party secretaries, with the city of Nanjing reporting a 90 per cent rate of *yijiantiao*.

Theoretically speaking, infusing the two bodies could lead to greater democratic accountability of the party organizations. Under this approach, the party secretary and other party leaders have to stand before the test of public opinion in residents' committee elections. As the above-mentioned 2006 Ministry of Civil Affairs directive spells out, those who have failed the test of residents' committee elections should not be allowed to contest in party elections. The party indeed would have to accommodate democracy. From a practical perspective, incorporating the two bodies also strengthens

Table 2 Percentages of *Jiaocha Renzhi* and *Yijiantiao*

	Cross-holding of positions (<i>Jiaocha renzhi</i>)	Chair of the Residents' Committee as Secretary of the Community Party Organization (<i>Yijiantiao</i>)
<i>Cities</i>		
Beijing	47	42
Shanghai	54.7	NA
Nanjing	57	Above 90
Jinan	52	NA
Qingdao	NA	63
<i>Provinces</i>		
Liaoning	49	75
Hubei	NA	Above 70

Source: Zhan, 2006: 68,75,84,100,108-109; E, 2007: 45; Takahara and Benewick, 2006: 163.

the residents' committee. The infusion approach reduces the possibilities of conflict between the party organization and the residents' committee (Gu and Gu, 2006: 230-242). Party members in the residents' committee could use their resources and connections in the party to help the work of the residents' committee.⁹

However, infusing the two bodies could also lead to the subordination of the residents' committee by the party organization. The high percentage of *yijiantiao* raised the suspicion that this is the unwritten required "quota". In fact, in 2003 the organizational department of Shanghai party committee issued an instruction that required that at least 50 per cent of the winners in residents' committee elections should be party members (Zheng, 2005: 98). One would not be surprised to learn if the party organizations dominated and manipulated the election process to achieve this quota. There are critics of this approach as well from a different perspective. "Structural integration" blurs the line between the community party organization and the residents' committee. One of the unintended consequences might actually be weakening of the community party organization, since now it would have to involve itself in the detailed daily community administrative affairs. The authority of the party organization thus would now have to depend on the performance and effectiveness of the residents' committee. In turn, it would have limited time and energy to strengthen its own organizational and integration work (Kojima and Kokubun, 2004: 230-232).

4.2. Party's Democratic Reforms

To reduce the “democratic deficit” of the party organizations, a number of cities have also experimented with some institutional innovations to make the community party organizations more democratically accountable to the people. I will discuss two of them: (1) the reforms of party's elections; and (2) the increased supervision of party's leaders.

4.2.1. Party's electoral reforms

Broadly speaking, most of the leaders at the various levels of party hierarchy, from the centre down to the community and village level, are supposed to be “elected”, but in practice party's elections are nothing more than a formality process to confirm the selection already made through the *Nomenclature* system. In the community, the street-level party officials would nominate the candidates for community party's elections, and the party members basically just confirmed the selection.

A reform known as *gongtui zhixuan* 公推直选 (public nomination and direct election) has been introduced in some cities to democratize the electoral process. *Gongtui zhixuan* originated from the elections of party chiefs in rural villages, in which it aims to bolster participation by party members and the public, and to increase competition between candidates. There are different models of *gongtui zhixuan*, but all of them, as the name *gongtui zhixuan* suggests, involves ending the overt monopolization of nomination by party officials and allowing for direct election by party members.¹⁰ As of 2008, 296 community party organizations in Shanghai were reported to have carried out *gongtui zhixuan* reforms.¹¹ Other cities that were reported to have experimented with *gongtui zhixuan* include Beijing, Shenzhen, Ningbo, Nanjing, Dalian, Chengdu, etc. These reforms in party's elections allow non-party residents to have a say in the election process.

The most common practice of *gongtui zhixuan* is to allow nomination of candidates by ordinary party members (jointly or self-nomination) and *non-party* residents' representatives. Street party officials then decide from the preliminary nominees who would become the formal candidates. Party members will then directly elect the secretary and other leadership positions. In some instances, nominees were not necessarily restricted only to those party members whose organizational relationship is attached to the community. In order to encourage the participation of work unit party members stationed in communities, they are sometimes nominated to run for elections of community party organizations.¹²

In a district in the city of Sanmenxia in Henan province, a similar model called “*santui zhixuan* 三推直选” (three nominations and direct election) allows community party members, non-party residents' representatives,

and representatives from work units and businesses to nominate the candidates.¹³ In a Shenzhen district, the “*santui yiping yixuan*” 三推一评一选 (three nominations, one evaluation, and direct election) model allows for organizational nomination, joint nomination by party members, and self-nomination. The participation of non-party residents is in the stage of “democratic evaluation” meeting of the preliminary nominees, in which these nominees are evaluated by the party members and non-party residents’ representatives, before the street party officials determine the final list of formal candidates.¹⁴

4.2.2. Increased supervision

Another set of reform measures are intended to increase democratic supervision of the party leadership by party members and ordinary residents. One example is the “community party oversight council” (*shequ dangwu jiandu weiyuanhui* 社区党务监督委员会) established in a community in the city of Chengdu. The oversight council is elected separately from the leadership committee by the party members. Party leaders and their family members are not allowed to sit on the oversight council. The duties of the council include preventing power abuses and corruption by party leaders, ensuring the integrity of the procedure of party elections, and implementing the system of “disclosing party’s affairs” (*dangwu gongkai* 党务公开). The oversight council has the right to sit on the meetings held by the leadership committee, to read every party document, to question members of the leadership committee, and to recommend impeachment of particular party leaders (Jin, 2007).

In designing the system of oversight council, there was a strong emphasis on “oversight by a different body” (*yiti jiandu* 异体监督). The oversight council is still a party organ, but it is clear to the district officials who designed this system that to effectively supervise the party leaders, there has to be an institution independent from the control of these leaders. Although it would be premature to argue that “check and balance” and “separation of powers” are taking hold within the CCP, the idea of “supervision by a different body” is nevertheless something novel. The party always has an internal regulation and corruption investigation mechanism – the “disciplinary inspection committee”. The disciplinary inspection committee, however, is controlled by the party committee at the same level of the party hierarchy (Lu, 1999: 174-199). In investigating power abuses and corruption occurring at the same level, the disciplinary inspection committee is not very effective. In comparison to the disciplinary inspection committee, the design of the oversight council and the idea of “supervision by a different body” represent a progressive step toward a more democratically supervised party organization.

Will the party eventually accommodate the rise of community democracy? Or will community democratic development remain in the firm control of the party? Such is not an easy answer. The party is not unaware of its “democratic deficit”, judging by the party’s electoral and supervision reforms discussed above. It clearly recognizes the need to increase participation and contestation in order to have a claim in democratic legitimacy. But an optimistic picture of a democratically reforming community party organization still has to be balanced by the fact that no matter how many tests of popular scrutiny the party leaders go through, their ultimate boss is the higher-level party organization, under the party doctrine of “democratic centralism”. A community party secretary that rides on popular support against the bosses at the street-level could be perceived to be destabilizing to the regime and violating party’s discipline. So far the evidence supports the argument that the party has tentatively in some aspects accommodated democracy, but whether this is sustainable in the long run remains to be seen.

5. Conclusion

The Chinese Communist Party is in the middle of a transformative process. True, much of its Leninist characteristics have not been abandoned, as demonstrated by the occasional suppression and mobilization campaigns. But concomitantly, the party is trying to restructure, reshape, and redefine itself as a party that is able to take on monumental tasks of governance and development in the process of modernization and in the environment of globalization. The “three represents” theory, ridiculed for its theoretical obscurity by outside observers and dissidents, actually serves important strategic purpose for the party to modernize itself, to become a capable “governing” party of the whole people. The class and social bases of the party are enlarged to cover all major strata of society, while the ideological orientation becomes forever pragmatic and eclectic. The party, in this sense, exhibits certain features of what is called the “catch-all” party in Western party systems.

Of course, the CCP is still different from a political party in a democratic political system. The CCP dominates the state and society and does not tolerate organized opposition. The party claims to represent and articulate the interests of all elements of the society, but does not tolerate these interests to form the basis of political pluralism. Instead, the party aims to co-opt, integrate, and monitor these interests. In this sense, community construction and community party building are the efforts of the party to engage with the society and to bring these social forces under the firm control of the party. However, the interaction between party and society also forces the party to undergo changes in order for it to remain relevant and legitimate. The

analysis of the construction of party organization in urban communities and the relationship between the party organization and community democratic development presented in this paper thus offers an angle for us to examine the complexity of the party's transformation.

Notes

- * Dr Ngeow Chow Bing 饶兆斌 is Lecturer at the Institute of China Studies, University of Malaya. He received his PhD in Public and International Affairs from Northeastern University (Boston, USA). Dr Ngeow's research interests include political reforms in China, comparative democratization, and nationalism. He has published scholarly articles in *Issues and Studies* and *Ethnopolitics*. <Email: ngeow.c@um.edu.my, peterngeow@hotmail.com>
1. Therefore, throughout this paper I will use the generic term "community party organization" rather than the more specific "community party committee", "community party general branch" or "community party branch".
 2. The following discussion is based on Chu, 2005; Hu, 2003; Zheng, 2004; Wu, 2007; Wu, 2008; Peng, 2007: 72-73, 78-79; Zhongguo Chengshi Shequ Dangjian Yanjiu Ketizu, 2000: 94-107; Wang, 2003: 228-233.
 3. They are called pocket party members because they keep their party certificates in their own pockets, i.e. no organizational attachment.
 4. According to one estimate, as of the end of 2007, only 4.1 per cent of the employees of "non-public" enterprises were party members, only 8 per cent of these enterprises had organized party presence. Cited from Wu, 2008: 65.
 5. "Zhonggong Zhongyang Zuzhibu Guanyu Jinyibu Jiaqiang he Gaijin Jiedao Shequ Dang de Jianshe Gongzuo de Yijian" [Opinions by the party central organization department on further strengthening and improving street and community party building work], *Renmin Ribao* 人民日报, 22nd November 2004.
 6. Wang Guoyi, "An '1+3' Tizhi Tiaozheng Shequ Dangzuzhi Shezhi" [Adjusting community party organizational set-up according to the '1+3' system], *Zuzhi Renshi Bao* 组织人事报, 7th September 2006.
 7. Hong Meifen, "'Liangxin' Zuzhi Dangyuan 5 Nian Zeng Liangbeiduo" [Party members of "two-new" organizations growing more than double], *Jiefang Ribao* 解放日报, 26th June 2008.
 8. This pattern is confirmed in the two residents' committees in Shanghai that I interviewed. Both residents' committees had 50 per cent party members.
 9. This point was made to me by a residents' committee chair I interviewed in Shanghai in November 2007.
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Social Change, Power Configuration and Global Governance



Beyond the Olympics: Power, Change and Legacy

*Brian Bridges**
Lingnan University

Abstract

The Beijing Olympic Games of 2008 threw into sharp relief questions not just about how China could manage such a sporting mega-event but also about whether it could cope with the longer-term social, economic and political implications and legacies. Sport, including such mega-events as the Olympics, can be used by governments for internal purposes, such as encouraging national solidarity, driving the economy or even raising political popularity. It can equally serve as an instrument of external relations, such as promoting an image internationally or developing new sporting/diplomatic contacts. This article examines the expectations, immediate results and potential longer-term legacies of the 2008 Olympics for China, its leaders and its people, and also for its external partners. It argues that although the commercial and infrastructural benefits were important, Chinese sporting prowess was confirmed and the Olympic movement influenced, China was not completely successful in winning the hearts and minds of the (Western) world.

Keywords: China, Beijing Olympics, legacy, sport, soft power

JEL classification: F52, F59, N45, Z13

1. Introduction

An Olympic year means that the host city, and country, are rarely out of the international media headlines. For the three Asian cities which have hosted the summer Olympics – Tokyo in 1964, Seoul in 1988 and Beijing in 2008 – such global attention, which needless to say they had expected to be positive, was part of the attraction of hosting such an event. For all three countries, these Games acted as a kind of “coming-out party”, either to re-establish a place in the international community (1964) or to confirm their emergence (1988 and 2008). Yet, at the same time, in all three cases the decision to award the

Games to those cities/countries, the run-up to and even the Games themselves were not without controversy. In 2008 the success of the Beijing Olympics in terms of the spectacular opening ceremony, record-breaking Chinese sporting achievements, and a generally well-regulated mega-event brought praise for China's capabilities. Yet, at the same time, the flame relay around the world – the unharmonious “journey of harmony” to all the world's continents – and the heavy-handed security presence in and around Beijing certainly provoked a measure of controversy. The Beijing Olympic Games, therefore, threw into sharp relief questions about not just how an economically-transformed China could manage this mega-event in terms of sporting organization, but also the manner in which it has coped with the political, economic and social implications and legacies.

Although sport can be seen as one facet of the contemporary phenomenon of globalization, at the domestic national level it can perform a number of political, economic and sociocultural functions. Sport can be used for internal political purposes, such as encouraging national solidarity or political leadership popularity, just as much as a means to improve the health of a country's citizens, forge social cohesion or provide an additional source of employment and income (Girginov and Parry, 2005: 162). China has been no exception to this general rule. Despite the ideal espoused by the founders and some early leaders of the Olympic movement that “sport has nothing to do with politics”, scholars and observers have frequently noted and commented on the deep linkages between sport and politics. Therefore, it would be naive to expect the Olympic Games, the premier international sporting event, to be free of such political influences. As one senior International Olympic Committee (IOC) official has recorded, “in practice, it is evident that sport and politics do indeed mix, at many different levels” (Pound, 1994: 50). Sport can equally well serve as an instrument of external relations and “nation branding”, for in the words of Richard Espy, “sport can provide a malleable foreign policy tool indicating various shades of political significance depending on the intent, and perceived intent, of the parties concerned” (Espy, 1979: 4). In a world still characterized by tensions between ideologies and states, it is not surprising for “participant units in transnational institutions like the Olympic Games to behave as if these are, to paraphrase Clausewitz, an extension of politics by other means” (Hargreaves, 2003: 21).

The Olympics have been characterized in many ways, but their use as a demonstration of “soft power” has become more critically observed in recent times. Since Joseph Nye first coined the term in the early 1990s, “soft power”, which he saw as more intangible form of attraction when contrasted with the hard power of coercion and inducement, has come to extend and expand its meaning so as to become rather amorphous in practice (Nye, 2004). Nonetheless, broadly culture, values and institutions are said to constitute

this soft power. In his keynote speech to the 17th National Congress of the Chinese Communist Party (CCP) in October 2007, President Hu Jintao stated that the CCP must “enhance culture as part of the soft power of our country to better guarantee the people’s basic cultural rights and interests” (Nye, 2008), thereby casting it in a domestic context, but the concept clearly has external policy implications as well.

2. Sport in China

The Chinese take pride in a physical culture that dates back centuries, even millennia, but from the late 19th century there was an increasing influence of so-called “Western” sports. Although the 2008 Olympics have been frequently depicted as China’s “coming-out party”, it should be noted that Chinese athletes have been involved in the Olympics, albeit intermittently, for many decades. China’s first IOC member was elected in 1922 and sporting delegations participated in the Olympics from 1932 onwards. After 1949, Mao Zedong’s slogan of “New Physical Culture” implied both mass sporting activities and anti-imperialist mobilization. Sport served several purposes: domestically, making all Chinese healthy and physically fit would boost the economic productivity and the security of the country, while internationally sports could demonstrate the superiority of the socialist system. The Cultural Revolution severely damaged elite sports in China, but, as the open door policies began in the late 1970s, Chinese athletes returned to international competitions and once again Western sport, especially commercial sport, began making increasing inroads into Chinese popular consciousness (Close *et al.*, 2007: 145-155). Moreover, as Xu Guoqi observes, “No more ‘friendship first, competition second’ – instead, winning in international sports became the Chinese obsession” (Xu, 2008: 197). Consequently, sport came to act both as a “tool” for the Chinese government to uphold Chinese nationalism against Western “economic and cultural imperialism”, and also as an “agent of postcolonialism in Chinese cultural centrism” (Hwang and Jarvie, 2003: 90).

Mainland China’s involvement in the post-war IOC was handicapped by the long-standing dispute between the People’s Republic of China and Taiwan (Republic of China) about which National Olympic Committee (NOC) represented China. There were several confrontations within and outside the IOC over representation during the 1950s, but from 1958 China effectively withdrew, while Taiwan competed at the various subsequent Olympics under different names. However, in the early 1970s, as the Cultural Revolution wound down and new diplomatic openings to the West and Japan occurred, mainland China returned first to the Asian Games and then began to lobby for re-joining the IOC (Xu, 2008). This dispute was not finally settled until 1981

when the PRC's NOC was accepted as representing China and the Chinese Taipei Olympic Committee came to represent Taiwan.

The award of the 2008 Olympics to Beijing was decided at the IOC meeting in 2001, with the eventual winner becoming clear at an early stage in the voting. Given the frustration that the Chinese had felt with their failure in an earlier bid to host the 2000 Olympics (when they felt they had lost unfairly to Sydney, in part because of concerns over China's human rights record at a time when memories of the 1989 Tiananmen Square massacre were still relatively fresh (Close *et al.*, 2007: 158-159; Xu, 2008: 232-242)), it was not surprising that the decision was greeted with euphoria inside China, both by leaders and by citizens. But there were more mixed reactions from the outside world. In particular, some foreign media, politicians and non-governmental organizations focused on China's poor human rights record and whether it was appropriate for such a country to host the Olympics; these concerns were to find louder echoes as the date for the Olympics grew closer.

3. Living with Legacies

Answering questions just over a year before the Beijing Olympics began, the IOC President Jacques Rogge argued that "the Olympic Games will have a positive, lasting effect on Chinese society".¹ Is it possible yet to judge whether that is so? This leads us to consider the concept of "legacy" which has now become such an important part of the Olympic movement's lexicon. As J.A. Mangan reminds us: "legacies can be benign or malign, advantageous or disadvantageous, intended or unintended" (Mangan, 2008: 1869). They can also be either tangible or intangible. In considering the short-term impact and longer-term legacy of the Olympic hosting by China, a broad tripartite framework will be used. The three components of this framework are: economic, sociocultural, and political-diplomatic.

Firstly, economic and environmental legacies. The Chinese government devoted considerable financial resources not just into the construction of Olympic facilities, such as the famous "Bird's Nest" stadium for the opening ceremony and athletics as well as the "Water Cube" for the swimming, but also into the construction of related infrastructure, such as roads and expressways, underground railway lines, a new airport terminal, and environmental improvement. As a result, Beijing, which would have developed anyway, received what Victor Cha has described as an accelerated "physical facelift" (Cha, 2009: 104). The original budget for the sporting activities themselves was US\$1.6 billion, but officials from the Beijing Organising Committee for the Olympic Games (BOCOG) later admitted that that figure was not realistic and that the final cost was closer to \$3 billion (including the Paralympics probably around \$2.8 billion, compared to the Athens Olympics

cost of \$2.4 billion). The related infrastructure improvements are estimated to have cost around \$40 billion, the largest amount ever utilized by an Olympic host (Lee, 2010: 210). Foreign companies complained about the murky bidding processes for some of these construction and infrastructure processes and one Beijing Vice-Mayor was sacked because of corruption.² Nonetheless, foreign companies, with dreams of greater access to the huge China consumer market, were keen to become Olympic sponsors and suppliers. Over 200 broadcasting companies from around the world paid an estimated \$2.5 billion for the television rights.

In conducting its cost-benefit analyses, China expected wide-ranging economic benefits from this new infrastructure development, high technology progress and tourism. The Olympic-related activities were said to have added the equivalent of 0.3 per cent to China's national gross domestic product (GDP) and 2 per cent to Beijing's own growth every year since 2001 and, if all the infrastructure developments are included, then Beijing's economy grew by around 12 per cent annually during the 2002-2007 period (Dong and Mangan, 2008). Foreign tourism to Beijing had been growing at an annual rate of around 5 per cent during the 2002-2007 period and continued to rise in 2008 and subsequently. While increases in tourism receipts may have been tempered in 2008 by the widespread international coverage given to air pollution and to the failure to make sufficient tickets available to international audiences, nonetheless the overall impact is to at least add the two iconic Olympic venues to the list of must-see sights for overseas (and indeed domestic) visitors to Beijing. Taking the "High-Tech Olympics" as one of its three key Olympic slogans signalled China's ambition to showcase its technological advancement and maybe, as the 1964 and 1988 Olympics had respectively done for Japanese and Korean companies, provide a springboard for Chinese companies to go global. Certainly the technological wizardry of the opening and closing ceremonies impressed the world, but it is too early to say yet whether companies like Lenovo can yet emulate, for example, Samsung after 1988 in radically transforming their global presence and branding.

The "Green Olympics" had been another one of the three key elements of the Beijing Olympic slogan. Aware of the air quality issues, the government instituted drastic measures in the run-up to the Olympics, including adjusting the industrial structure of the city, physically removing seriously contaminating factories, heightening pollution monitoring, publicizing recycling regulations, planting trees and forcing motorists to use their cars only on alternate days for the duration of the Games (Cha, 2009: 114-117; Dong and Mangan, 2008: 2032-2034). In the view of Wolfram Manzenreiter, China demonstrated "its capability to respond to international expectations" (Manzenreiter, 2010: 35). The so-called "blue sky" days in Beijing did increase in 2008 compared to

previous years and residents of Beijing noticed the improved air quality, even though the continued rapid increase in car ownership subsequently threatens to undermine such clean-up efforts. Critics maintain that the 2008 measures were only a temporary short-term fix and that the deliberate suppression of “bad” news, such as the Sanlu baby milk powder scandal, only showed how little real progress was being made. However, other observers do note that one positive effect of the Olympics was that they “awakened many Chinese to environmental issues that they might not otherwise have confronted ... [government policies are] bound to have an effect on wider practices and ways of thinking” (Cha, 2009: 117). Environmental problems across China, however, do remain extremely serious, so much so that Paul Harris argues that China has become the “global epicentre of environmental disaster” (Harris, 2008: 89), and as such the improved consciousness of environmental priorities will need to be converted into sustained government and private sector action.

Secondly, sociocultural legacies. The Chinese, like the Koreans and other earlier hosts, wished to infuse significant aspects of the host country’s culture into the proceedings, especially during the spectacles of the opening and closing ceremonies. Using the slogan of “One World, One Dream”, the Chinese seemed determined “to turn their hosting of this mega-sporting event into a celebration of a Chinese renaissance and the harmonization of world civilizations” (Vertinsky, 2006). President Jiang Zemin, at the time of the hosting’s selection, described the advantages of the Olympics for promoting “cultural exchanges and convergence between East and West” (Xu, 2006: 96). One theme that the current Chinese government under President Hu Jintao has been stressing is the concept of “harmonious socialist society” and Chinese sports scholars have argued that the 2008 Olympics were an important manifestation of that concept in reality: Chinese sportsmanship combined with the Olympic spirit to create the “humanistic Olympics”. Thus, the third element of the Olympic slogan, the People’s Olympics (*renwen Aoyun* 人文奥运), was, as Susan Brownell and others have argued, not a promise to the international community to improve human rights (though some outside China interpreted it that way) but rather a way to “engage the Chinese people” by preparing them for a globalizing world (Manzenreiter, 2010: 34).

Yet, how far has the “Olympic fever” in China – which was typified by the rush to buy tickets and the enthusiastic crowds watching the flame relays in various Chinese cities – resulted in a longer-lasting impact on society and sporting culture in China? There is little doubt that encouraged by government publicity, a nationwide educational programme in schools on Olympism, and fanned by the informal and formal media there was much support and enthusiasm at the popular level for the Olympics – initially

perhaps concentrated mainly in the hosting cities of Beijing and Qingdao, but increasingly across the country. Here, as Xin Xu has argued, “state interest and public aspiration converge” (Xu, 2006: 94). While Olympism as a concept may not feature so prominently in Chinese education curricula in the future, at the very least pride in China’s Olympic successes and the tangible symbols of that (especially the Olympic venues in Beijing) has remained strong since 2008 and almost certainly will continue to remain strong within the Chinese population in the future.

Certainly, in the run-up to the Olympics there was investment in sporting facilities in cities other than the hosting ones, though of course on a much smaller scale than for the key cities. One intended legacy of the new expensive national-level facilities in Beijing had been that these would be used for “grassroots” sporting activities, although media reports suggest that such usage has been somewhat limited (Dong and Mangan, 2008: 2025). 8th August, the date marking the opening of the 2008 Beijing Olympics, has been designated as China’s National Fitness Day since 2009. On that date, all public sports facilities are open for free and activities and campaigns emphasizing fitness are held across China. But without further investment in sporting facilities and training processes, especially outside the main urban centres, sport will tend to remain an elite and competitive arena rather than one than has much practical reality for ordinary people. The saturation coverage of the Olympics on China’s domestic media in August 2008 undoubtedly contributed to the Chinese government’s ability to assert Chinese nationalism and pride, and may have in the short run inspired some Chinese youngsters to try to emulate the medal winners, but its longer-term impact on wider sporting culture within China is likely to be more limited.

Finally, political-diplomatic legacies. Just as South Korea, under a military dictatorship albeit one showing strains, suffered international criticism about the lack of democracy and poor human rights record during the 1980s in the run-up to the 1988 Olympics (at least until the dramatic democratization of 1987), so China found that even after successfully winning the 2008 Games for Beijing, political controversy would not die away.

Two aspects remained at the forefront: China’s human rights record (both domestically and in terms of its support of notorious governments overseas) and the relationship with Taiwan. While the latter did reach a degree of resolution – and was perhaps more important for what did not happen rather than what did – the former became the subject of increasingly greater critical attention as the opening of the Olympics approached.

US and European politicians, non-governmental organizations such as Amnesty International, and much of the Western media had been critical of the Olympics going to Beijing in the first place because of China’s domestic human rights record, but Western governments had been more neutral. Some

Western government officials, indeed, saw this as a significant opportunity to put China under the international spotlight and so obtain some improvement in political conditions within China (Maguire, 2006; Smith and Himmelfarb, 2008). Chinese officials were aware of the potency of this issue and at the time of their bidding campaign claimed that the Olympics would help to promote “the development of society, including democracy and human rights” (Lee, 2007). The human rights aspect continued to be the subject of international media interest, not just in terms of political reform (or the lack of it) but also regarding the rights of Tibetans, other minorities, and the spiritualist Falun Gong believers.

The large-scale demonstrations by young Tibetans in March 2008, the harsh reaction by the Chinese authorities, and the exclusion of the international media from Tibet, however, proved the catalyst for renewed criticisms of China, which were to become focused on the Olympic flame relays being carried out around the world. Far from being a “journey of harmony” and a celebration of sporting endeavour, the torch relays became security and logistical nightmares and a public relations disaster for China (Edney, 2008). At one stage the IOC President Rogge resorted to using the word “crisis”, although there was no serious likelihood that China would have ever agreed to any abandonment of the global relay.³ But most overseas relays had to be shortened and strongly protected, so much so that far fewer members of the public were actually able to see the torch passing by than would have been expected. There were significant disruptions in London, Paris, San Francisco, New Delhi, and Seoul; relays in Islamabad and Jakarta were held behind closed doors; and only in Pyongyang did the flame receive a protest-free and unanimously enthusiastic welcome. Various politicians called for a boycott of the Olympics and, in particular, its opening ceremony. Several political leaders, such as from Germany, Czech Republic, and Brazil made it clear they would not attend the opening ceremony; some such as the British prime minister opted for the closing ceremony, while others such as France and Japan remained ambivalent until closer to the event and linked their attendance implicitly or explicitly to the Chinese leadership opening up meaningful dialogue with the exiled Tibetan leader the Dalai Lama.

The anti-Chinese (or pro-Tibetan) demonstrations and boycott calls overseas were in turn played back into China and into overseas Chinese communities, resulting in efforts to mobilize Chinese residing overseas in relay cities in the later stages of the tour to take to the streets to show solidarity (Canberra and Seoul were good examples⁴) and within China to instigate targeted boycotts, such as the case of the French supermarket chain store Carrefour. The increasingly widespread use of the Internet and mobile phones amongst the younger generations in China enabled these expressions of popular nationalism to quickly find support.

At the same time, China's links with unsavoury governments in other parts of the world, primarily Sudan (which has been responsible for atrocities in the Darfur region) and Burma/Myanmar (which violently suppressed peaceful demonstrations in September 2007), were highlighted to the extent that some activists – inside and outside Hollywood – began to use the label of the “genocide Games” (Cha, 2009: 130-137). As with the Tibet issue, Chinese officials – and IOC officials – were at pains to argue that such political issues should not be linked with the Olympics hosting, but at the very least the heightened degree of international scrutiny made China more sensitive to these international issues and may have contributed to the Chinese government's decision in late 2007 to send a peace-keeping contingent to Sudan (Cha, 2009: 153-154).

But the international protests over Tibet did not result in any corresponding concessions over what it is seen as a crucial internal matter. Despite belated offers to talk with the Dalai Lama's representatives, the Chinese leadership's primary impulse was to tighten down the system and try to ride out the storm in the expectation that once the Games began the worst would be over. The inflamed Chinese nationalism, of course, only further constricted the options open to the Chinese government, even if they had wanted to make ameliorating gestures. Instead, the Chinese government seemed to adopt a “conscious strategy of selecting key, high-profile cases, usually involving foreigners, to demonstrate token liberalization”, while acting swiftly and decisively against internal dissent (Cha, 2009: 139).

On the broader issue of whether the Olympics might contribute to the democratization of China, using the South Korean analogy, caution must be extended, since the political situation, economic size, and external alliance connections differ in the two cases (Wasserstrom, 2002). In the South Korean case, the struggle for democracy reached a peak in the spring of 1987 with large demonstrations and clashes on the streets of Seoul. Faced with the prospect of either using military power (which would almost certainly have resulted in bloodshed and could well have led to the IOC deciding to shift the Games somewhere else) or making concessions to the opposition's demands, the leadership chose the latter, paving the way for a democratic transition before the Seoul Olympics opened (Bridges, 2008: 1947-1948; Cha, 2009: 123-128). While the hosting of the Olympics was not the main cause of this democratization, at least it was a crucial component. Prior to 2008, some Chinese intellectuals did discuss various ways to make China more “democratic” – and the South Korean case was noted – but there was little indication that the Chinese political leadership was willing to go down this road either before or after the Olympics. It certainly felt little internal pressure in the run-up to the Olympics and even subsequently to promote democratization or even improve human rights. Even though it has reacted

with excessive sensitivity to the award of a Nobel Prize in late 2010 and to the “Arab spring” of 2011, the leadership has really not felt the need to do more than issue platitudinous statements along the lines of that given by Premier Wen Jiabao, last October, that the Chinese people’s “wishes for and needs for democracy and freedom are irresistible” (Consonery, 2010). It is certainly ironic that well-known artist-cum-activist, Ai Weiwei, one of the key designers of the iconic Bird’s Nest stadium, was arrested in early 2011 and only released on bail two months later.

As Jeffrey Wasserstrom reminds us, what he calls “transitology” (effectively the transitions away from one-party rule) has shown that such transitions are complex processes. Even though the Olympic hosting played some part in the South Korean move to democratization, it should be noted that Mexico hosted the 1968 Olympics while effectively a one-party state but it took at least another 2 decades before that party lost power (Wasserstrom, 2002: 127).

The Taiwan issue was also an important one for China. Unlike the North Korean efforts after the decision on the 1988 Games was awarded to Seoul, Taiwan did not try either to elbow its way into the 2008 Olympics hosting or to argue for a boycott of those Games. Indeed, the Taiwanese NOC representative voted in favour of Beijing’s bid at the votes for both the 2000 and the 2008 Games.⁵

As with any regional or international organization of which both the PRC and Taiwan are members – there are very few, but the IOC is one – how China deals with Taiwanese participation in meetings held on the mainland has become an enduring subject of controversy. In this particular case, the route of the Olympic flame also became an issue. Despite behind-the-scenes informal negotiations between Chinese and Taiwanese officials, when the planned torch relay route was announced in April 2007 the Taiwanese were unhappy with finding Taipei after Ho Chi Minh City in Vietnam and before Hong Kong in the planned route. This was taken as implying that Taiwan was a part of China’s domestic route.⁶ The IOC intervened to urge further discussions between the two sides, but talks broke down again in September 2007 after the mainland asked Taiwan not to show its flag or play its national anthem while the torch was in Taiwan.⁷ So, finally, the Olympic torch did not go to Taiwan.

While the flame plan for Taiwan was deemed unsatisfactory by the Taiwanese leaders, the Chinese government could at least take heart from the fact that Taiwanese President Chen Shui-bian’s aspirations for a more “independent” existence for Taiwan, which had naturally upset the mainland leaders and even the United States, did not result in an attempt by him to exploit China’s fear of losing the Olympics by attempting some more provocative action before he left office in May 2008, in the belief that China

would not dare react militarily. The parallel with 1987, when the South Korean leadership balked at risking losing the Olympics, was not put to the test in the China-Taiwan case.

4. Actions, Reactions and Legacies

The Beijing Olympics were a massive event for China and there is much truth in Victor Cha's assertion that they were "arguably the most important event for China since the 1949 revolution in terms of its identity, diplomacy and development" (Cha, 2009: 147). Bearing in mind Zhou Enlai's reputed remark that it was "too early to tell" about the impact of the French Revolution, it may also be too soon to give the final reckoning on the Beijing Olympics, but it is likely that the commercial and infrastructural benefits will be seen as being important and long-standing; Chinese sporting prowess has been confirmed; and China has become better known to the world (though that does include warts and all). However, domestic political change did not occur on any scale and, paradoxically, the limits of its "soft power", at least in the West, may have become more apparent.

Most of this paper has dealt with the impact of the Olympics on China internally, but the external dimension cannot be ignored. Two aspects can be considered here: how far the Games contributed to changing (or confirming) China's image in the world and how far the Beijing Olympics may have impacted on the Olympic movement. Firstly, generally, "a host state would be very sensitive to international perceptions of and reactions to its behaviour in the context of hosting a sports mega-event such as the Olympics" (Xu, 2006: 102). That certainly was the case for South Korea in 1987-88 (Bridges, 2008); but does this observation have the same force for China in and after 2008? As the world's oldest continuous civilization, China does have considerable cultural assets, especially in the view of other Asians; in addition its robust economic growth record (including its so-called model of the "Beijing Consensus") and, more recently, the moral power of its stress on a "harmonious world" contribute to creating a "soft power" which is attractive to some countries and peoples (Huang and Ding, 2006: 26-31). Although some scholars, such as Susan Brownell, have argued that for China the main emphasis of the Olympics was focused on the domestic Chinese audience (Brownell, 2008), the Beijing Olympics could not but have an external impact and be viewed as part of China's putative "soft power", whether intended or otherwise.

However, Wolfram Manzenreiter's detailed analysis of a range of public opinion polls around the world suggests that "the Beijing Olympics failed to win over the hearts of Western publics" and that, if anything, "paradoxically, China's engagement with the Olympic Games has exacerbated

the communication gap between East and West” (Manzenreiter, 2010: 42-43). His analysis demonstrates that whatever positive image impacts derived from this mega-sports-event they were temporary in effect and were frequently overwhelmed by subsequent more contradictory, even negative, messages transmitted through the Western media (Manzenreiter, 2010: 29-33). Yet, most of these polls were conducted amongst European and American populations (plus Japan in many cases), so they may reflect on the “West” but not necessarily on how Asian neighbours, for example, reflected on the Olympic impact. In the specific context of Hong Kong, which might be considered as possessing both Sinicized as well as Westernized societal characteristics, however, one survey suggests that while China has improved its Olympic “image” (or “Olympic spirit”) through its dynamic sporting achievements its human rights image had relatively speaking regressed (Lee, 2010).

Secondly, one of the slogans, at least in its Chinese original, “New Beijing, New Olympics” (*xin Beijing, xin Aoyun* 新北京, 新奥运), implied a transformative function within the Olympic movement. John MacAloon, the doyen of Olympic studies, reminds us that in the IOC’s discourse there are subtly different shades of meaning between the English word “legacy” and the French word “heritage”, in which the former tends to be tilted towards the present’s contribution to the future, while for the latter the “semantic emphasis on the accumulated historical, cultural and moral capital that comes to the present from the past” is more important (MacAloon, 2008: 2067). In that context, what have Beijing and China added to – or subtracted from – the pre-2008 Olympic heritage? In the view of one foreign consultant to BOCOG, writing a year after the Beijing Games, “it was two weeks that forever shaped the future of the Olympic movement” (Hickson, 2009), but without specifying exactly what that meant. Wolfram Manzenreiter comments that the event itself “deserved unanimous accolade and should be rated as an outstanding benchmark for future organizers” (Manzenreiter, 2010: 36). Through hosting the Olympics so spectacularly China has been able to impact on some of the Eurocentric tendencies within the Olympic movement and even justifiably shift the movement more towards that universalism that it claims to represent. Unfortunately, at the same time, China has ensured that never again will such a lengthy international torch relay be carried out (the organizers of the 2012 London Olympics have already ruled it out), while the recent global financial crisis has also made it unlikely that any other country would be willing or able to commit such huge financial resources to such a mega-event in the near future.

Clearly China is in the midst of a “great transformation” with profound economic and sociopolitical implications (Yeoh, 2010). In world power terms China in 2008 felt less vulnerable than, for example, South Korea did twenty years earlier, but, given its deep memory of past Western and Japanese

imperialist actions on its territory, China was – and indeed still is – extremely sensitive to slights, perceived or real, from the outside world. The flame relay protests were an affront to Chinese pride and dignity and even though the Chinese did not feel the threat of a boycott on political/human rights grounds to be a serious one, that did not prevent a domestic upsurge in Chinese nationalist feelings. A successful Games did assuage some of that fervour, but as China continues to grow in economic, political and military power, the potentiality for greater nationalistic feelings amongst its population is very real. The challenge for its neighbours and the rest of the world is to find a way to manage that rise in a peaceful and stable manner.

Notes

* Dr Brian Bridges is Professor in the Department of Political Science at Lingnan University, Hong Kong. He has been teaching at Lingnan since 1993 and served as Associate Director/Director of the Centre of Asian Pacific Studies during 2002-2009 and as the founding Head of the Department of Political Science during 2007-2010. He obtained his PhD from the University College of Swansea (Wales), studied at Waseda University, Tokyo, in the 1970s, and worked for the BBC before leading the East Asian research programme at the Royal Institute of International Affairs (Chatham House) in London. He specializes in and has written widely on the international politics of Northeast Asia, relations between Europe and Asia, and the sports-politics nexus. One of his current research projects analyzes the use of sports in inter-Korean relations. <Email: bbridges@ln.edu.hk>

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Leadership Displacement and the Redesign of Global Governance: The Race of China and India⁺

*Suleiman I. Cohen**
Erasmus University Rotterdam

Abstract

Although past history contains examples of the rise and fall of world leading economies, the catch-up trends of China and India are unique. The paper highlights four unique features in leadership displacement. First, when economic, demographic, and regional interactions are formally considered, leadership displacement would be of a greater magnitude than is implied by simple GDP comparisons. This is demonstrated by applying an index of interactive influence. Second, the two economies appear to be more complementary to each other than competitive, which deepens the displacement effects. Third, although any catching up tendency is subject to external and internal uncertainties, yet an assessment of the external uncertainties suggests a likely acceleration of the displacement, while a brief analysis of involved internal risks suggests that such risks have subsided and are fading. Fourth, and foremost, China and India have distinctly different socioeconomic and polity systems than today's firm-dominated leading countries such as US and EU. The systemic differences are likely to accentuate externality problems at the global level. And given these systemic differences, resolution of the externality problems would require substantive redesigns of current rules of global governance.

Keywords: economic systems, leading economies, global governance, China, India

JEL classification: F47, N15, O11, P52

1. Introduction

Past history has many examples of the rise and fall of leading economies as world leaders. By implication, some of the back runner economies catch up and displace the front-runner as the world economic leader. Although there is

a well-documented literature on past cases where the displacement hypothesis (DH) has applied, the cases of the catch-up of China and India are unique. Centuries ago, both countries were at one time the world leading economic powers; and a comeback is new in economic history, cf. Maddison (2003). Besides, it is very likely that both would become the world economic leaders with equivalent economic powers at about the same time, which is also new.

There are four new features regarding the DH in case of the catching up of China and India, which the paper emphasizes. First, measurement of a country's leadership in terms of the relative GDP of the alternative contenders is a limited notion of leadership. When due consideration is given to economic, demographic, and regional interactions in an index of interactive influence that we develop and apply, the displacement of US and EU by China and India is of greater magnitudes than is implied by relative GDPs. Second, it is more likely that the two economies form a complementary couple rather than a competitive couple, with significant implications for displacement tendencies. Third, the catching up is occurring in an increasingly globalizing world with greater international interdependencies, agent awareness, change and uncertainties; these factors involve external and internal constraints that would further influence and shape the pace of the displacement; the impact of these constraints is likely to strengthen rather than weaken the displacement tendencies. Fourth, and most importantly, China and India have distinctly different socioeconomic and polity systems than today's firm-dominated leading economic systems of US, EU, Japan, and a few other OECD countries; the differences are likely to accentuate externality problems. New global governance rules have to be designed and negotiated between old and new economic powers, and implemented towards resolving externality problems. Such accommodations involving distinct societal systems are an unexplored territory, and if the externalities are not resolved satisfactorily all leading, and other countries, are hurt.

The paper is organized as follows. Section 2 displays forecasts of the relative growth of China and India in the global economy. Section 3 broadens the notion of a leading country by developing an index of interactive influence. The index is then applied and the results examined with respect to the magnitudes and pace of the catch-up of China and India in the global and regional contexts. In section 4, we elaborate on the issue of how far the two countries are competitive or complementary to each other in a globalizing world, and the implications thereof for the displacement tendencies. In section 5, we examine how far the increasing globalization, international interdependencies, agent awareness, change and uncertainties due to external and internal constraints would influence the displacement tendencies. In section 6, we open up a new subject for analysis by outlining different prototypes of economic systems, and examine the positioning of

China and India among these systems. The section elaborates on theoretical foundations and empirics in support of distinct driving forces that apply for China and India, as compared to US and EU. Global interactions between the different systems would accentuate externality problems. In section 7, our examination of the resolution of externality problems suggests that the ways in which global governance is currently conducted (mainly driven by market settings and commercial interests prominent in the US and EU economic systems) may have to change profoundly under a quasi-dominance of China and India (whose economic systems are driven by multi-polar motivations typical of familial, state, and persuasion settings as well as market settings and commercial interests). As the interactive influence of China and India increase, it can be expected that the typical multi-polar driving forces characteristic of their socioeconomic systems would gain momentum over commercial forces in the design of global governance. The findings suggest the emergence of a more balanced distribution of power and influence, which can be conducive to more cooperation. Finally, section 8 adds concluding remarks.

2. Future Economic Growth of China and India

In historical terms, China and India shared together the fact they were once the largest economies in the world before being outpaced from about the 18th century by European countries, US and others, and falling back to the status of developing countries in the 20th century. Both countries are entering the 21st century as major players in the world economy.

After two centuries of downfall the two economies have risen again and are forecasted to regain their leading positions by 2050. The BRIC model by Wilson and Puroshothaman (2003) was a first attempt to use simple country models, for Brazil, Russia, India and China among others, hence BRIC, to examine the likely outcomes of displacement scenarios for major countries. The authors used a standard five equations and five variables model for each country they treat. The first equation is a Cobb-Douglas production function $Y = AK^\alpha L^{1-\alpha}$ where Y is GDP, K is capital stock, L is working age labour and A is technical progress. The second, third and fourth equations lay out projections of L , K , and A . L is exogenously taken over. K grows on the basis of assumed depreciation and investment rates. A is positively related to the catch-up achieved in GDP per capita, reflecting benefits of the developing country from positive externalities. Finally, there is an important equation that determines the country's real relative exchange rate to the US dollar, E . The assumption is that E is determined by the differential in labour productivity with US, thus, $\Delta \ln(E) = \Delta \ln(Y/L) - (\text{growth of } Y/L \text{ in US})$. Currencies tend to approach their purchasing power parity exchange rates as higher productivities are achieved.

The results obtained for 2040 or 2050 are startling. The BRIC countries would overtake OECD countries in terms of GDP; especially the economies of China and India will be bigger than those of US and EU, respectively. But the income per capita gaps would remain, though lower. The framework sees countries go richer at the back of real growth, and at the back of appreciating currencies. About two-thirds of the increase in BRIC's GDP in USD is from real growth and one-third is from appreciating currencies.

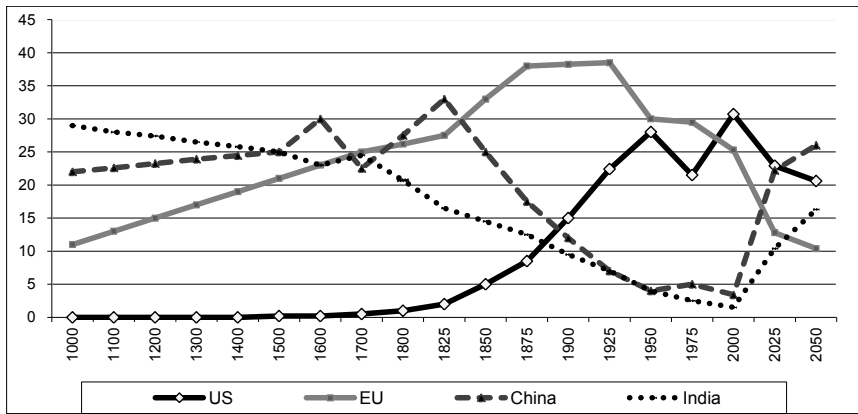
Compared to economy-wide economy models commonly used at the World Bank and UN, the BRIC-model can be criticized on grounds that their projections are based on individual country models that are not linked to each other in a world model. Price and volume interactions between the individual countries, and gains of one country meaning a loss for the other, are excluded. For example, as higher growth leads to higher returns, it can be speculated that capital flows will move accordingly prompting shifts in portfolio investments, currency realignments, and possibly further currency appreciation. The latter may affect economic growth negatively. These interactions are excluded. The main argument in defence of the BRIC results is that the authors looked at ways to cross check the plausibility of the forecasts, which proved to be positive.¹ More studies on the prospects of the emerging economies by investment as well as academic circles have come out in support of a conditional displacement hypothesis.²

Figure 1 gives trends of the percentage distributions of the world GDP for US, EU, China, and India from the 10th and into the 21st century. China and US are forecasted to have equal shares of the world GDP, about 23 per cent, in 2040, but China would surpass US by some 5 percentage points in 2050. By then, India would surpass EU by 4 percentage points. The top four countries in 2050 are thus China, US, India and EU, with the following GDP shares: 26.0, 20.6, 16.3 and 10.4. After 2050 the growth rate in India's GDP is forecasted to be higher than that of China's GDP.

3. Measuring Dominance by an Index of Interactive Influence at the Global and Regional Levels: Results Show Strengthened Displacement

Use of the world's distribution of the GDP in Figure 1 as an indication of the interactive influence of competing countries, is not well founded theoretically. Measurement of the interactive influence of competing countries in the world stage requires developing an index of interactive influence that draws on the foundations of microeconomic behaviour. In general, the driving forces within and between interacting economic settings are (a) the economic agents who inhibit the settings, and (b) the economic transformations which economic agents undertake, and eventually exchange. Examples of interacting settings are households, firms, governments, or, in the present context,

Figure 1 The Fall and Rise of China and India



Notes: The vertical axis denotes the percentage share of a country’s share in the world GDP. The horizontal axis denotes years.

Sources: Years 1000 to 1975 are reported in OECD, see Maddison (2003). Year 2000 and forecasts for 2040 and 2050 are from Table 1.

countries. In this section we develop an index of interactive influence that applies for countries.

An interacting setting (i.e. country g) exercises its influence relative to other settings (i.e. other countries g') through two channels: (a) the extent and intensity of agents engaged in the economic transformation of goods and services in g compared to g' , and (b) the volume of economic transformations realized in g compared to g' . An index of the interactive influence of country g , denoted by I_g , is thus expressed in relative terms, and has two components: (a) the relative share of agents (i.e. population) of country g in the total world population, and (b) the relative share of economic transformations (i.e. GDP) of country g in the total world GDP, respectively A_g and C_g . While A_g is the share of agents in country g , with respect to all agents in all countries, C_g is the share of commodities transformed in country g , with respect to all transformed commodities in all countries. Eq. 1 proposes that the greater the shares of interactive agents (i.e. population) and shares of transformed commodities (i.e. GDP) present in a particular country the greater is the interactive influence of that country and the probability that that country’s set of norms, conducts and structures prevail over the others. The weights ω_1 and ω_2 applying to these two shares are given equal weights, $\omega_1 = \omega_2 = 0.5$, so as to keep the formulation to its basics.

$$I_g = (\omega_1 A_g + \omega_2 C_g) \tag{1}$$

Country g achieves dominance when $I_g \geq I^*$.

The equation states further that the probability that the norms, conducts and structures characteristic of a particular country g becomes most influential, i.e. achieves dominance, and thus eventually prevailing over those of other countries is likely once a critical value of the index is reached at I^* . In this equation, I^* is a proportion, which represents a critical mass. Once a country's index surpasses the critical mass, the country's interactive influence and dissemination of its set of norms, conduct and structures to other countries will be strengthened further via network externalities. There are different views concerning the likely value of the critical mass. Values of 2/3rd and 3/4th are among the most quoted in the literature relating to a critical mass.³ There is thus justification for fixing the value of I^* at around 0.7.

Summarizing, the two shares A_g and C_g , and their weights, form an *Index of Interactive Influence*, I_g , which is indicative of the assertive power of entity g (this can be a country) over other interacting entities (other countries). This index can be generalized and applied for a more general analysis of economic systems as will be shown in a later section. The index is applied in Table 1 to highlight the relative influence of the alternate contenders in 2000 and in a future year, 2050.

What are the expected relative magnitudes of agents and economies of the major competing countries in about four decades from now? As regards the number of agents the experience of the past and present is that UN demographic projections tend to be realized, and can be trusted. The current ranking of the population size of China and India as number one and two will be reversed in 2050. Their population shares will be 15.3 and 18.0 per cent, respectively. US and EU would follow at 4.4 and 4.8 per cent, respectively. The future GDP shares were reported in the previous section.

Table 1 indicates a reduction in the interactive influence of US, EU and Japan, who represent firm-led economic system, some marginal increase for Russia that is closest to a state-led economic system. But the significant gainers in interactive influence are China and India, with scores of 20.7 and 17.2. Their interactive influences are almost doubled, with India's increment greater than China's. These changes in relative influences will not pass unmarked in a globalizing economy.⁴ It is also interesting to note the moderation in the dominance of China, following the index as compared to an assessment based on GDP only. This is due to a lower population growth in China than in the world population.

The index of interactive influence allows for more applications and results, such as drawing conclusions on the relative dominance of China and India within their surrounding regions, East Asia and Pacific (EAP) and South Asia (SA), respectively (see Table 2). The larger the number of agents and the size of the economic transformation in the leading country the greater the influence will be of the leading country over its neighbours. It becomes

also more likely that its neighbours adopt the systemic features of the leading country, once the index passes the threshold value of 0.7.

China, with a population in 2000 constituting 70 per cent of EAP, and a GDP that is also about 70 per cent of all EAP's GDP, gives a country index of interactive influence for China of 70 per cent, suggesting an overwhelming Chinese influence in the region. The next country with some influence is Indonesia with an index of only 10 per cent. Given the above figures it is likely that the future development of the economies of the EAP region will mirror the impact of the Chinese economy; and increasingly more systemic features of China will be adopted in the EAP region.

India, having the biggest population and economy in South Asia, with 75 per cent of the total population and 76 per cent of the total GDP, has an index of interactive influence of 75 per cent, which is an overwhelming

Table 1 Future Outlook of Major Countries as Reflected by the Index of Interactive Influence

	2000			2050		
	Population (millions) %	GDP (USD bn) %	Index of Interactive Influence, %	Population (millions) %	GDP (USD bn) %	Index of Interactive Influence, %
World total	(6124)	(31800)		(9191)	(170721)	
US	4.7	30.7	17.7	4.4	20.6	12.5
EU	6.9	25.3	16.1	4.8	10.4	7.6
Japan	2.1	14.6	8.4	1.1	3.9	2.5
Russia	2.4	1.2	1.8	4.2	3.4	3.8
China	20.7	3.4	12.1	15.3	26.0	20.7
India	17.1	1.5	9.3	18.0	16.3	17.2
Rest of world	46.1	23.3	34.7	52.1	19.4	35.8
World	100.0	100.0	100.0	100.0	100.0	100.0
US+EU+Japan	13.7	70.6	42.2	10.3	34.9	22.6

Sources: Population figures are from UN Population Division at <http://esa.un.org/unpp/>. GDP figures for 2000 are from World Bank at <http://devdata.worldbank.org/query/>. GDP projections for 2050 for the individual countries, expressed in constant price of 2003, are from Wilson and Puroshothaman (2003). We used their projected aggregated growth path for France, Germany, Italy and UK to obtain the projections for the EU, which consists of the 15 Western European countries. The projections for the Rest of World Group are from Fogel (2007). The projected world total for the GDP is thus obtained by summing the regions, and the percentage distribution by region is calculated. The index of interactive influence in column 3 = (col. 1 + col. 2)/2. Col. 6 = (col. 4 + col. 5)/2.

Table 2 Regional Index of Interactive Influence: Positions of China in EAP, and India in SA

Year: 2000	Population		GDP US\$		Country Index of interactive influence (Average of Col. 2, 4)	GDP per capita US\$	GDP per capita ppp\$
	Million	%	Million	%			
Total EAP	1806	100.0%	1713600	100.0%	100.0%	949	3747
China	1263	70.0%	1200000	70.0%	70.0%	950	3939
Indonesia	206.3	11.4%	165000	9.6%	10.5%	800	2904
Total SA	1351	100.0%	608891	100.0%	100.0%	450	2209
India	1016	75.1%	460200	75.6%	75.3%	453	2364
Pakistan	138	10.2%	73300	12.0%	11.1%	531	1880

Source: Population and GDP figures from World Bank at <http://devdata.worldbank.org/query>.

figure that predicts an eminent stronghold of the Indian economy on the SA region. The next country is Pakistan with an index of only 11 per cent. The case for regional dominance of India is as strong as for China, and is likely to be more secure.

Table 2 shows also the Chinese GDP per capita in US\$ and in ppp\$ to be equivalent to the average for EAP. The equivalence is also present in the case of India and SA, though of course, at lower levels. Having equivalent levels of economic welfare is known to contribute to greater regional interactions and alignment to the leading country. In conclusion, consideration of regional influence and alignments would further bolster the leadership positions of China and India.

The above magnitudes aside, both China and India possess important commercial and political influences as major exporters and investors such as a greater command of foreign exchange reserves and ability to lend and invest abroad, greater ability to influence trade and investment decisions in recipient countries, an enhanced role for the state and state agents nationally and abroad; and so on. Many of these influential features cannot be adequately modelled or quantified, however.

4. Complementarity Strengthening Displacement

In an analysis of the scope of the world displacement of leading incumbents by leading newcomers in terms of the size of the GDP, it is important to determine whether the economies of China and India are tending more towards becoming fierce competitors of each other or tending more towards filling complementary positions in a globalizing economy. If they are fierce competitors then one of the two will probably be more successful than the other in the long run, and the group of world leading economies will be joined by one newcomer resulting in the displacement of *one* incumbent. On the other hand, when both the economies of China and India have tendencies to occupy complementary positions in a globalizing world, and grow rapidly in more or less equivalent rates, both countries would at some time become leading newcomers resulting in the displacement of *two* incumbents. A complementary relationship between the economies of China and India viewed in a global perspective is likely to intensify the displacement effects for the leading incumbents.

The underlying tendencies can be highlighted from both the demand and supply sides. Regarding the demand side, countries at about the same level of income per head, say France, Germany, Netherlands or UK, have similar demand patterns and would be competitors of each other in that respect. Countries with differing levels of economic welfare demand differently, and thus minimizing demand competition. This latter situation would apply

more to China and India. The GDP per capita in US\$ in China in 2000, was slightly more than twice that of India, 950 compared to 453 US\$. Expressed in purchasing power parity dollars the ratio is slightly less than half (see Table 2). Major differences in the composition of wants of China and India, due to a striking wedge in income levels, minimizes demand competition between the two countries.

Turning to the supply side, a division of labour appears to be already taking place between China and India in supplying the rest of the world with exports of goods and services, very much in line with comparative advantages. The trade and investment relations of China with the rest of the world focused on accelerated exports as the source of foreign exchange income, the predominance of manufactured goods in these exports, and the increased alignment of these manufactured exports with foreign direct investment and joint ventures. The higher comparative advantage of China in supplying industrial merchandise came less as a surprise to many than India's higher comparative advantage in supplying modern services over industrial merchandise.⁵ India's comparative advantage was not intended by the policy makers, and not predicted either by observers two decades ago. *Ex post*, this comparative advantage can be viewed as a process of natural selection influenced by internal and external developments.⁶ Among the internal factors that offer an explanation is that there were likely less growth incentives in the heavily state controlled industry in India, and specially manufacturing, as contrasted with the less controllable services sector, and especially if they are electronically allied services. Among the external factors, India was not in a position to compete with major exporters of manufactured merchandise, for instance, China or East Asian forerunners that have invested significantly in cost-saving industry-oriented physical infrastructures and that were about a decade or more ahead in liberalizing their economies and utilizing extended networks of commercial relations and foreign funded industrial enterprises. In contrast, India was more prepared for exporting modern services at a cheaper cost.⁷

Table 3 shows for 2004 the composition of China's exports to be 90 per cent in goods and only 10 per cent in services. The composition of Indian exports was about two-thirds in goods and one-third in services. As in China so also in India the incoming foreign direct investment tended to be invested in lines that associate with the lines of exports.

The table highlights also the different country accents on GDP growth of industry and services. Furthermore, the break-up of the growth by sector in accounting contributions of growth in factor inputs and factor productivity, shows growth in factor productivity in industry in China is to be about 5.7 times higher than in India. Turning to services the opposite is noted. Growth in factor productivity in services in India is about 4.3 times as high as in

Table 3 Export and GDP Performance in Industry and Services, China and India, 1993-2004

	Annual growth rate of exports (%)		Share in total exports (%)		Annual growth of GDP	Of which due to growth in factor productivity
	1995-2000	2000-2004	2000	2004	1993-2004	1993-2004
China						
Industry	14.2	24.2	89.1	90.5	11.0	6.3
Services	9.7	19.7	10.9	9.5	9.8	0.9
India						
Industry	6.7	14.5	72.2	67.1	6.7	1.1
Services	19.8	21.6	27.8	32.9	9.1	3.9

Sources: Columns 1 to 4 from World Bank at <<http://devdata.worldbank.org/query/>>, Columns 5, 6 adapted from NEBR Working Paper 12943 by Bosworth and Collins (2007).

China. The table emphasizes different paths that China and India have walked on. China's path was a matter of choice and imitation. India's path was more accidental and circumstantial.

In conclusion, if both economies of China and India would continue to have less competitive and more complementary positions in the global economy, the likelihoods of both becoming new leading economies at about the same time, and more displacements occurring at the top, are enhanced. Even though the two countries occupy for now complementary positions in the global economy, they still compete for foreign sources of trade and investment from the rest of the world (ROW). Under austere scarcity conditions, ROW cannot escape at one time making economic choices between the two giant economies. The then would-be-held expectations of the relative future prospects of the two economies could play a significant role in determining the future courses of the two economies. In the meantime, however, as the domestic components of these economies become larger and contribute more to self-propelling growth mechanisms, dependence on foreign trade and financial inflows may diminish.

5. Risk Factors Not Hindering Displacement

As usual, the above forecasts and analysis on the displacement hypothesis are conditional on the absence of major external and internal constraints. At the external front, assumed is the absence of economic calamities caused by

world recessions, credit crunch, trade protectionism, inelastic supply of energy resources; and at the internal front assumed is absence of social and political instability caused by inequality divides, poverty hazards, ethnic conflicts, civil disorder, polity shake-up, or financial mismanagement. We shall single for comment the risks of world economic recessions, being the foremost external constraint; and the growth-equality trade-off, being the most vocal internal constraint.

5.1. External Constraints

World economic recessions are examples of externality failures. Recessions can be due to substantive imbalances in spending (either under-spending causing an initial fall in consumption or over-spending causing inflation) and/or imbalances in lending (either under-lending causing an initial fall in production, or over-lending causing an initial over-production and inventory surge) in a leading country, followed by chain effects in the other countries through less trade and less investment. World economic recessions have also been caused by currency crises, speculative bubbles, excessive interest rates, substantive national debt of leading countries, as well as price hikes of oil, and major wars involving leading countries. Recessions are always accompanied with a loss of confidence in recovery, and thus affecting the consumption and investment climates in negative ways, and fuelling the recession tendencies.

Take the latest world economic recession that started in mid-2008 and has cut through 2009. It was triggered in 2006-8 in the US, by over-lending among other causes, and spread worldwide thereafter. Its effects on the displacement hypothesis are now taking shape. It is likely that the recession would hasten rather than delay the displacement, as evident from various IMF forecasts of GDP growth for 2009 for leading countries. The estimates put China and India at growth rates which are several percentage points higher than for US, UK, Germany and Japan.

5.2. Internal Constraints

Ultimately, realization of the future economic prospects would require stable and sustainable societies and polities. While these issues are more complex and less predictable, it can be logically proposed that in situations where the trade-offs between growth and equality are within tolerably experienced fair values the risk of social and political instability is least. When the trade-offs are unfair the risks of instability tend to mount. Achieving economic growth *with* income redistribution, i.e. *reducing the growth-inequality trade-offs over time* is essential for the sustained development of the economic system. Converging tendencies in the economic welfare of agents belonging to the

same national economic system is a necessary condition, since agents, rightly or wrongly and justified or not justified, do compare their lots with the lots of others. And if the gaps in living go beyond some reference range, agents will be inclined to object, voice, or exit. The result is that the sustained development of the social system is challenged and is at risk.

The growth dimension is readily available in the growth rate of the GDP per capita. The equality dimension is best described by the Gini index. Table 4 shows that the concentration of income in the richer portion of the population has increased in the period between 1980 and 2005 at a greater rate in China than in EAP, i.e. 21 points in EAP in China as against 2 points in EAP. But China did better than EAP in economic growth. However, the assessment of increases in income inequality cannot be done in isolation from the growth in income per capita, since both interact in development. A relative measure of the *trade-off* is obtained by *dividing the change in the Gini index between t and t-1 by the average growth rate of GDP per capita in t and t-1*, which is found in the last columns of Table 4. Higher values of the trade-off measure are indicative of greater conflicts between equality and growth; and falling values over time is indicative of a satisfactory resolution of the trade-off. China shows values that are much higher than EAP, moving from 2.6 times to 7.7 times higher over a period of 25 years. On the other hand, within China itself there is the positive signal that the trade-off is shown to be falling down over the 25 years from 1.77 to 0.77; which suggests that the critical threshold of growth-inequality disruption crises has already passed without disrupting crises.

The table shows India to do better than average within its region of South Asia. In spite of the higher growth in India, the Gini index is slightly lower in the period 2001-5. According to the reported data India has been more able to combine growth with least negative redistribution than the other SA countries as shown in the inequality-growth propensities that are calculated in columns 7 and 8 of Table 4. In 1981-2000 a one per cent growth is coupled to a 0.78 increase in the Gini index, and this falls down in 1991-2000 to 0.4. The propensity for the SA region is higher at 1.12 and 1.00. These tendencies are comforting and suggest that India, as well as China, have survived and gone through the critical threshold.

In conclusion, a comparison between China and India with respect to the trade-off measure would support the statement that China's pattern of growth was realized with a more negative redistribution, than the case of India's growth pattern that so far has been realized with less negative redistribution. The calculated trade-off measure for China for the two periods are high at 1.77 and 0.77, compared to India at the lower rates of 0.78 and 0.40. Most importantly, in both cases the trade-offs are falling over time, which suggests that the internal constraints are not likely to be in a position to obstruct the

Table 4 Trade-off between Economic Growth and Gini Index: China, India, 1980-2000 and 1990-2005

	Average annual growth in GDP per capita %, in constant prices			Gini index %		Change in Gini index / growth of GDP per capita		
	Col. 1 1981-90	Col. 2 1991-2000	Col. 3 2001-5	Col. 4 1981-90	Col. 5 1991-2000	Col. 6 2001-5	Col. 7 1981-2000	Col. 8 1991-2005
EAP	5.8	7.1	7.3	38.3	42.6	43.3	0.67	0.10
China	7.8	8.7	8.5	25.7	40.3	46.9	1.77	0.77
China/EAP							2.6	7.7
SA	3.4	3.2	4.6	30.0	33.7	37.6	1.12	1.00
India	3.6	3.8	5.3	32.1	35.0	36.8	0.78	0.40
India/SA							0.70	0.40

Source: Col. 1 to 6 from <http://devdata.worldbank.org/query>, Col. 7 = (Col. 5 - Col. 4)/(Col. 1 + Col. 2)/2. Col. 8 = (Col. 6 - Col. 5)/(Col. 2 + Col. 3)/2.

displacement tendencies. Both countries seem to have passed the critical test of balancing growth with inequality in a sustainable stable society.

Notwithstanding, consideration needs to be given to the extent of poverty, which is closely related to inequality perceptions. Measurements of absolute poverty in China show significant reductions in poverty, which is normal in view of the very high economic growth. As for India, measures of poverty based on an expenditure of \$1 a day (ppp) give for the year 2004 a national PHS of 34 per cent of the population. The risks of voice and exit to the stability and development of the social system can thus be relevant in the Indian context, and may reduce the fair values of the trade-off between growth and equity that characterized the Indian economic system so far.

6. The Different Economic Systems of China and India Compared to US and EU, and Their Impact for Global Governance

This section maintains that (1) China and India have distinctively different economic systems than US and EU; and (2) when countries belonging to distinctive and competing economic systems interact globally, collective failures due to occurring externalities are accentuated. New designs of global governance would have to accommodate to displacement facts.

6.1. Different Economic Systems

In what sense, do China and India have different economic systems than US and EU? And what is the significance of that? Satisfactory answers to these questions cannot be done without displaying several notions and elaborating on their application. Our starting point is the behavioural setting, which is the basic microeconomic component of an economic system. A behavioural setting g is defined as a physical site populated by interacting agents who have become members of the setting by accident and/or choice. Behavioural settings relevant for economic analysis are those that generate for their participants added value from the transformation of some activity. Agents inhabiting such a setting engage in a value added transformation of goods and services, subject to institutional rules, information flows and physical and technological boundaries. The most common examples of behavioural settings of interest for economic analysis are the *household*, *firm*, and *state* settings, to be denoted by $g = \{h, f, s\}$. There are more behavioural settings that are not engaged in economic transformations, and other behavioural settings that have significant bearings for economic transformations, as will become clear later on.

Transformation processes in the household, firm, and state settings are driven by *intrinsically* different behavioural motives that are typical of the

given environment that circumscribes the setting. While social sharing and reciprocal exchanges are the underlying motives in household settings, profit maximization is the rule in firm and market settings, and political returns are most frequently pursued in state and related settings. While the coordination mechanism in households is typically sociologic in character, in firms coordination is economically motivated, and in state settings coordination is politically motivated.

The three distinct behavioural motives can be modelled, as done in equations 2, 3 and 4. In the household setting the agents lump together their benefits and costs in an effort to make total benefits exceed total costs. In eq. 2, V_h stands for the value added in the household setting, while benefits B and costs Q of agents i and i' are lumped together and somehow shared among all i . The agents would thrive to distribute these benefits and costs between i and i' in ways that contribute to a positive value added for the whole setting. The resulting distribution can be affected by personal and relational circumstances.

$$V_h \equiv B_i + B_{i'} - Q_i - Q_{i'} \geq 0 \quad (2)$$

In the firm setting each agent would like to realize the highest positive returns to oneself. In eq. 3, V_f stands for the value added in the firm when agents i and j maximize their relative returns, defined as benefits less costs per unit of capital invested; the latter can be approximated by taking multiples of the total costs, or to simplify things we set the total costs as the denominator. The resulting income distribution is likely to show returns of one agent higher than the other.

$$V_f \equiv \Sigma(B_i - Q_i) / \Sigma Q_i \geq \rho \quad (3)$$

To model the state setting we employ for variables B , Q , V subscript s , and for the pre-state setting subscript ps . We also employ $k = 1, \dots, K$ to represent agents with state authority. The equations below show a higher value added in the state setting, (eq. 4.2), as compared to the pre-state setting, (eq. 4.1). This is due to a reorganized transformation with intervention of state agents k that results in $\Sigma B_i > \Sigma B_{psi}$ and/or $\Sigma Q_i + \Sigma Q_{ik} < \Sigma Q_{psi}$. Part of ΣQ_i is a privately incurred cost and the other part is the collectively invested expenditure that allows for the higher value added transformation.

$$V_{ps} \equiv \Sigma B_{psi} - \Sigma Q_{psi} \leq 0 \quad (4.1)$$

$$V_s \equiv \Sigma B_i - \Sigma Q_i - \Sigma Q_{ik} \geq 0 \quad (4.2)$$

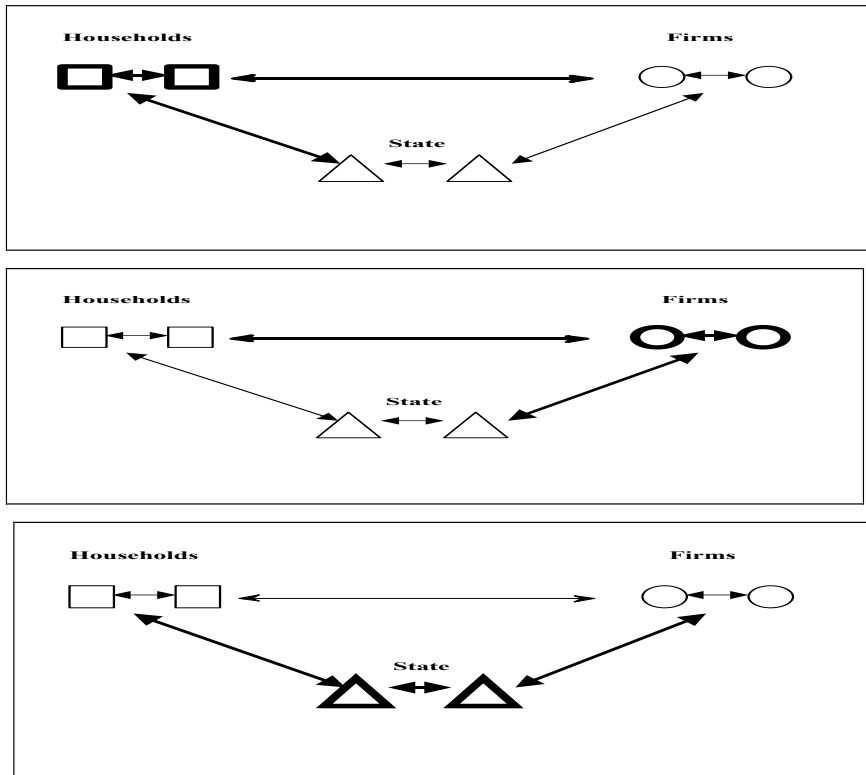
Agents in the state setting, $k = 1, \dots, K$, acquire an authority to extract a remuneration from all other agents denoted by Q_{ik} , such that the average remuneration for k is higher than the average level of benefits left over for

agents i, \dots, I . Distribution of incomes will manifest on the average a higher level for the authority agent k than for subordinate agents i .

In any country there are households, firms and state settings co-existing in large numbers side to side. The same agents can be members of more than one setting simultaneously. Agents communicate with agents within their own settings and other settings. In Figure 2, the squares, triangles and circles refer to the three behavioural settings, each with its own members; the *engagement lines* linking them indicate transformation and mutual exchanges taking place among agents in or between the organizations, as well as communicated behaviours. As shown in Figure 2, the engagement lines can be drawn lightly or heavily, so as to reflect the relative strength of the engagement lines.

A setting generates material and immaterial outcomes that are distributed as material and immaterial rewards to its members. The distributed rewards in competing settings are crucial for an evaluation that participating agents regularly do, and which guides them in their decision to continue in the setting, voice or exit and enter another setting. The propensity to move and

Figure 2 (a,b,c) Configurations of Socioeconomic Systems: HIM, FIM, SIM



participate in alternative settings satiates when the marginal utility of the agent of shifting a unit of effort between settings is equal to the marginal cost of the shift. The engagement lines in the figures can accordingly be given an additional meaning: agent mobility across alternative settings occurs along the engagement lines.

Processes of exchanged transformations, communicated traits and agent reallocations over lengthy periods lead to greater concentrations of agents in one behavioural setting type g than others g' , opening the way for the spread and dominance of the behavioural type G that coincides with behavioural setting type g . Once a threshold is reached with regard to accepting a specific behavioural type G , this G can be expected to gain momentum in view of network externalities, and will spread further and subordinate other G' . The adoption and spread of a particular behavioural type among more agents has been studied in many contexts, and there are well-known relating mechanisms in the literature.⁸

What makes the network of interactions among the many settings comprehensible as a distinct system is the prevalence of *common* behavioural traits among agents in the settings. Five factors are behind how the *common* forms and prevails: (a) sharing of common external environment and past history fosters convergence towards a common behavioural type; (b) intensive and extensive interactions and communications of agents participating in more settings extend the prevalence of the advantaged behavioural type; (c) agents observe the transformation outcomes in alternative settings, and *move* to the advantaged setting or *copy* its behaviour thus resulting in the prospect that the typical behaviour of the advantaged setting becoming prevalent; (d) network externalities enforce convergence towards the advantaged behavioural type. Furthermore, (e) when a behavioural setting g happens to stand higher than g' in the hierarchy of settings, then g is also able to set behavioural rules typical of g that other settings g' would follow. In this way, behavioural type G overrides G' , allowing a further dominance of G on G' .

Given the three prominent behavioural settings of households, firms and state that agents inhabit most, and the tendencies for one setting to overshadow other settings through vast volumes of transformations and communications over long periods of time; it is not surprising that three broad types of economic systems have become dominant in different parts of the world. The first type, the oldest, is the economic system that circles around households and in which other settings have adapted to household behavioural traits. This can be called the household intensive system, HIM, as in Figure 2a. In the real world, many rural regions within developing countries would qualify as HIM. At the country level there are limited examples that fully operate along the lines of HIM. The second type, as in Figure 2b, is the economic system where agents adopt a firm-like behavioural type, i.e. maximization of material returns

at least material cost. The firm intensive system, FIM, has many copies in the real world; US is the best example. The third type, as in Figure 2c, is the economic system where agents have adapted to a state-like behavioural type guided by rent appropriation and political returns. In the real world Russia is a close example of countries that operate along the state intensive system, SIM, though this was more so during the communist regime.⁹

The index of interactive influence, Eq. 1, can be recalled here to determine for a particular country which of the three settings is most dominant. In a country where the relative shares of agents and of economic transformations in firm settings are much higher than in other settings that country is most likely to operate along the lines of FIM. In a country where agents interactions and economic transformations concentrate most in state settings the index of interactive influence will show state settings as most influential and an orientation towards the SIM.

Different external environments generate typical coordination structures that coincide and fit with typical behavioural settings and motivations. A closed world, homogeneous population, strong kinship, severe scarcity of resources, and low levels of material welfare characterize the external environments of household settings, and HIM in general. This external environment promotes sharing behaviour and solidarity structures. In contrast, the external environment associated with value maximizing settings, and FIM in general, tend to be materially better off, is characterized by an open world with frequent changes, product discoveries, and choice opportunities; and a high mobility of agents. The external environment typical of state settings, and SIM in general, is usually characterized by highly skewed human endowments and rank among differentiated population groups, often generating conflicting interests and requiring authoritarian rules to resolve them. The external environment contains also barriers that obstruct openness, choice and mobility.

Economists give alternative interpretations to the formation and perpetuation of institutional behaviour into an economic system. In one view conformism is the product of processes of strategic interaction of agents watching how other informed agents behave. An alternative view is that the driving force behind conformity is the desire to be accepted in a group and not undergo loss due to exclusion. Another interpretation sees the origin of institutional behaviour as a necessary outcome for economic functionality (Jones, 1984). It is important to underline our basic fundament that conformism to *best practise* in a *given environment* implies that *differing best practices* would emerge and persist in the *different given environments* of HIM, FIM and SIM. One related question that can be raised is the following: since the starting point was conveniently the situation where household settings were already there, how and when firm and state settings have

become dominant and in which order? Economists and anthropologists tend to have different answers to the question. Cohen (2009) develops a general model of long-range systemic development that allows for alternative scenarios.

Next to the three socioeconomic systems of HIM, FIM and SIM, distinguished above, there are arguments for drawing up a fourth configuration. This is displayed in Figure 2d, and is denoted by MPM, standing for multi-poles system. MPM is more typical of China and India. Specific conditions exist that hinder convergence towards one dominant behavioural type. Where absorption of agents from households in firms or state is limited because of the sheer large numbers involved, as in China or India, the result is a loosely linked multi-poles system. The two countries have vast rural populations that are bound to household settings, but also significant urban populations manifesting subcultures relating to the firm and state behavioural types. The distribution of agents on the three settings has been historically stable, more so for India than China, and given the involved magnitudes the distribution may not change much in the future. China and India constitute thus cases where convergence towards one dominant behavioural type may be delayed for a long time, and the eventual outcome is not predictable.

In this multi-polar environment, the need to streamline and coordinate the vast heterogeneity of agents has enhanced the significance of what can be called *persuasion settings*. Persuasion settings are exclusive settings, wherein participating agents are highly talented leaders who are able to place themselves as leaders in various contexts: household, firm, state, religious, intellectual and judiciary settings. They are the so-called “wise men”, and they are able to obtain the support of leaders that lead different settings. They have the natural authority to affirm the status quo and anticipated changes. Persuasion settings are usually much higher up in the hierarchy of settings. Once in a while leading persons from different settings would sit down together and forge crucial deals and endorsements that commit their fellow members in their settings, simultaneously and mutually. Such deals and endorsements can be interpreted to contain value added transformations conceived as such by leading persons representing their constituent settings, and usually backed by their fellow members in the concerned settings. Although persuasion settings do not constitute economic transformation settings in the conventional sense, they can be vital for rationalizing and endorsing multi-polar behavioural patterns within the same borders, for binding loosely linked settings into one whole, and for the smooth operation of the economic system in a diversified country. There is little known as yet on these persuasion settings concerning the nature of the leader-followers relationship within an interest group, as well as aspects concerning inter-group leaders: their compositions, functioning, reach and effects. These are very

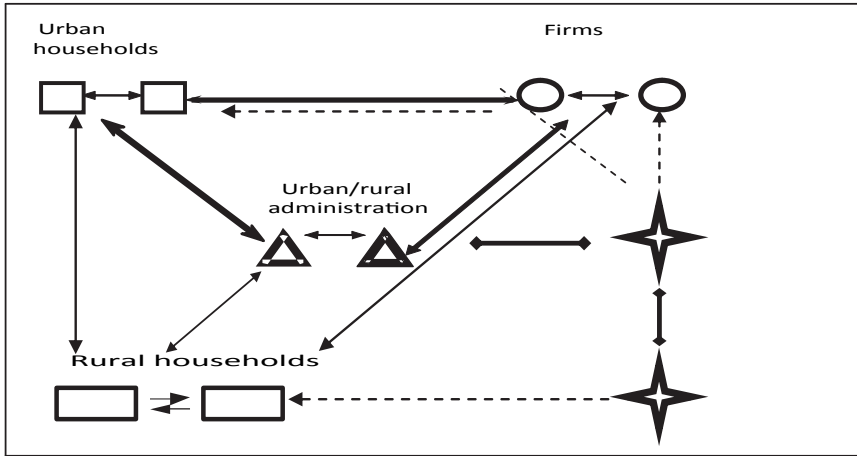
promising areas in the investigation of intra-group and inter-group economic transformations and national coordination.¹⁰

Persuasion modes of coordinating actions have a long history in China and are closely interknitted in cultural tradition and social norms that foster positive inter-group attitudes. In general, a social system with divisions of labour among its members that conform to their abilities allow members of that system to recognize individual differences in ability and leadership, without ignoring the fact that the whole needs all parts. This outlook on social relationships, very common in China and very close to Confucius views on running society, forms the basis for bestowing due respect to each other, despite alignment with contrarian groups. This outlook on social relationships shares elements with Platonic views on work stratification in the economy and on leadership of the wisest in polity matters. At a higher level, the Congress of the Communist Party, held every five years, is a major persuasion setting that outlines future actions to be taken in terms of institutions and policies, and appoints the right authorities to lead, defend and implement the actions. Other very popular settings in China are councils of knowledgeable experts that attempt to reach consensus solutions to outstanding problems. A scientific outlook is emphasized in these deliberations. Because of the simultaneous participation of the party and government in these deliberations, the outcomes of these councils are better described as compromised commitments and not as counselling recommendations.

In India, more than in China, daily life and activity coordination in rural areas and urban areas are totally different. The traditional attitudes of agents in village and kinship settings on the one side, and modern attitudes of agents in metropolitan cities on the other side, limit inter-agent interactions, and result in making the intra-agent interactions within the separated groups to be more intensive than inter-agent interactions. The outcome is a lesser degree of communication and coordination between major groups in the national context. The coordination gaps are filled by persuasion actions from top leaders of the major groups. State sponsored councils of knowledgeable experts to resolve specific issues are another form of persuasion settings. The Indian Parliament can be seen as one form of persuasion setting where leaders of major groups try to reach consensus.

The MPM system is sketched Figure 2d, which emphasizes location of the population in two segments: rural and urban. Agents interacting in the rural segment do that in household settings with little interaction with firms and state settings. In situations where very large numbers of agents are rural, these village agents cannot be possibly absorbed in the urban segment for a long time to come, and hence it is unlikely that they would converge to either firm or state behavioural types typical of urban areas. The figure is a fair representation of big countries such as China, India and some other

Figure 2 (d) Configurations of the MPM Socioeconomic System

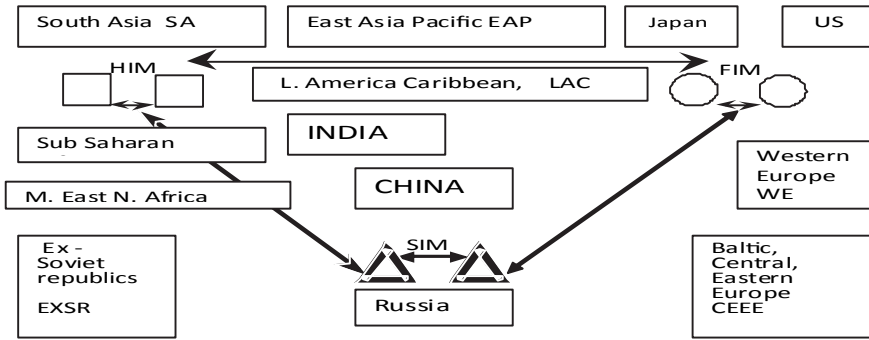


Asian countries. Persuasion settings are introduced in the figure via *stars*. The connecting lines are indicative of the feedbacks and influence of persuasion settings on other settings.

Recapitulating for the world at large, the study of a large number of empirical indicators on household, firm, state and persuasion settings, Cohen (2009), shows US to be most close to FIM, while Japan and West European countries, also identifiable as FIM, yet showing differing inclinations to the other two poles. The indicators show Russia to fit most to SIM, with the Ex-Soviet Republics and East European countries also manifesting SIM but showing differing inclinations to the other two poles. As can be expected, various indicators show developing countries to be in relative terms closer to HIM, but there are significant differentiations by region. Figure 3 proposes the positioning of various country regions along the three axes, and reserving special positions for India and China to reflect their MPM system. It is noted that India is realistically placed closer to the HIM system compared to China, which is more evenly balanced between the three systemic poles.

Generally speaking, it is easier to make predictions over countries that associate with HIM, FIM or SIM, and less so for MPM. For example, the modelling and analysis of the conduct and performance in FIM relating countries along lines of profit maximization, and in SIM relating countries along lines of rent appropriation, can be seen as workable approximations made possible by over majorities of the agents behaving along these two distinguishable lines in the two systems, respectively. In the US the high concentration of agent interactions in firms pushes intrinsic motivations in the household and state settings aside and get replaced over time by profit

Figure 3 Positioning of Economies along Axis of Dominant Systemic Interactions



maximization typical of the firm settings. In contrast, the same processes oblige agents in household and firm settings in Russia to follow a politicized motive typical of state settings. As a result, all three settings in US behave in ways typical of firm settings, while in Russia they manifest behaviour typical of state settings. In US the economic motive dominates, and the polity can be described to have adapted itself to the economic motive. Modelling and prediction of structural change are much more difficult to apply in countries belonging to MPM, i.e. China and India, where the various poles in such a socioeconomic system do not have, and may not acquire, one common behavioural code.

7. Externality Problems and Global Governance

An important conclusion from the above analysis on displacements of leading countries and the association of leading countries with distinct economic systems is that the displacement of countries can be expected to be accompanied hand by hand with a displacement of systems. We examine here four implications of the double displacement for global management.

7.1. Externality Problems Becoming More Severe with Interacting Distinct Systems

Global interactions between basically different economic systems are bound to create externality problems. These are likely to be more severe in the future compared to today because of more leading countries that have distinctly different economic systems.

The severity of externalities is very well evident in the credit crunch of 2007, followed by the financial meltdown of 2008 and the economic recession

of 2008-9. The regulated foreign finance in non-FIM leading countries allowed their governments to accumulate enormous USD foreign exchange reserves (FER) from exports while simultaneously holding their currencies and their domestic economies from inflating. These USD reserves are mostly loaned back to the US economy allowing it to finance much more spending than economically permissible, some of this spending is backed by financially very risky warrants and regulatory loopholes. As some of the spending is also on more import from non-FIM countries, the cycle of consecutive transactions among the main leading countries is reinforced, and thus permitting high economic growth for all countries. The credit crunch in the US that started with defaults in mortgage payments was sufficient to expose the financial risks of a world economy based on regulated underspending and accumulated reserves in non-FIM countries and unregulated overspending and excessive indebtedness in US. The interdependent interactions between two systems with different rules of coordination and motivations (state versus firm) are thus the basic ingredients of the externality failures behind the financial crises and the economic recession. The differences persist regarding solutions of the problem, too. Although all countries want to stop the recession, most of the leading countries have taken protectionist measures, which can deepen the recession.¹¹ Besides, they show disagreements on solutions of the crises powered by the different economic systems. US, which is the typical FIM country, excludes nationalizing banks and is cautious on regulating banks, and is more for expanding bank liquidity, enhancing aggregate demand, and floating exchange rates. Some countries have gone for greater state control on banks via nationalization and regulation. At the other extreme, most emerging countries hold to their current policy of accumulating FER and out-flowing it back bypassing their domestic economies.

Another area of tension between FIM, SIM and MPM related countries is in the desire of state-allied companies in SIM and MPM countries to buy, own and manage US and EU free companies; which is seen in the latter as unfair play that allows foreign states to mingle with their commercial sector. In reaction to related threats by sovereign funds of China, Russia, and others, authorities in US and EU have taken concerted action and protective measures to obstruct foreign takeovers.¹² It is usually difficult to ascertain whether in such situations the national loss is the result of fair play or strategic trespassing. And whether protectionism is justified or not, counter-protection usually follows.

Because the economic systems to which incumbent and newcomers belong are distinctly different a period of non-collaborative systems competition between FIM, SIM and MPM relating countries, i.e. protectionism, cannot be excluded. The implications for the FIM are that many of the well established institutions in US and EU may come under pressure, such as separation

between business and government, free competition, transparent governance, merit goods, and social benefits of the welfare state. The fiscal budget may shift in favour of capital and firms at the cost of labour and consumers. The national economies will likely apply more protectionism, cartelism, and state corporatism. The polity may also be affected as transfer of decision-making powers takes place from open parliaments to appointed commissions, and new forms of non-elected political leaderships are introduced. Personal leadership, social trust and family-based networks tend to regain importance when such shifts take place. The new non-collaborative systems competition may force agents, firms and states in FIM nations to come closer to each other in organizing and raising the performance of their national economies.¹³

A new non-collaborative system competition would also have consequences for the SIM and MPM related countries. It is likely to expect here a reduction in incentives to incorporate, test or adapt some of the institutions that proved successful in the FIM context such as those of the free market, welfare state and parliamentary democracy.

7.2. Overlapping Prioritizations of Externality Problems

Because the most influential country/system plays a salient role in prioritizing the collective agenda, and because the relative influences of the competing countries/systems are expected to change in the future, the future priorities for resolving externalities would change significantly from that of today.

How would the different leading systems/countries prioritize the resolution of the externality problems (since what is a high priority for one system is less so for the other)? It is understandable that all countries are better off in a world without economic recession, trade protection, financial uncertainty and misuse of nuclear capability. These four areas are likely to continue as priority areas irrespective of the power balance between leading countries. The priority ranking for other world problems differs appreciably by leading countries. FIM countries i.e. US and EU, give high ranking for problems of human rights, health, poverty and refugees, EU more than US on global warming, and US more than EU on cyber security. Most of the leading non-FIM countries do not see these areas as of highest priority since fair global settlements in these areas can be detrimental to other objectives they are persuading: for example, in the case of global warming, less pollutant emissions by China and India would obstruct their economic growth. The low priority given to these global problems can be expected to continue, with China and India gaining more influence.

On the other hand, there are emerging externality problems, such as the inequitable access to ocean resources and space insecurity, which countries like China and India are very eager to solve globally. Especially, the lucrative

exploitation of the North Pole is being claimed by the borderline countries of Russia, US, Canada and Denmark. This is seen by China and India, with the world's two largest populations, as an unfair and arbitrary distribution of global wealth.

7.3. The Need to Redesign Current Rules of Global Governance

Usually the most influential country/system dictates the rules of the game in resolving externalities and shaping global governance. Because of expected prospective changes in the leadership of countries/systems, settings (consensus motives) will gain importance over firm (commercial motives) and state (political motives) in the design and management of global governance.

If the current rules of the game for designing global governance are dominated by the FIM conjectures given the dominance of the FIM related US and EU partnership, how would the rules of the game change with a dominance of the MPM related China and India? We described the bigger and highly dualistic countries of China and India as less fitted to the classification into HIM, FIM and SIM. We emphasized the significant and stable extent of rural household settings in these countries as well as significant roles for firm and state settings; a highly segmented system with low degrees of communication between the segments. In such multi-polar systems there is an important role laid for persuasion settings in the coordination and streamlining of responses between the segments. Besides the persuasion motive another typical principle of the MPM system is that of the sharing motive, which is associated with the substantive pole of household settings. Although there is yet little evidence of the spread of the sharing principle in global governance, it is likely that the principle gains in importance under influence of the newcomers (see Roser and Roser, 1999).

7.4. Equally Shared Dominance May Foster Cooperative Global Management in the Long Run

Is there a probability of dominance or convergence towards one global system, whatever that may be? The chance may be remote given the values of the Index of Interactive Influence that do not exceed the 20 per cent for any particular country-system in any year. Our results have shown for 2050 that the Index of Interactive Influence would vary at around twenty percentage points for any country and its related system, suggesting that a strong dominance of any one system can be excluded. Even if the FIM configuration consisting of US, EU, Japan and a few smaller countries is added together, their influence will be limited to some 23 percentage points. The China system is stuck at 21 percentage points, and India at 17 percentage points.

Ten years forward, India and China are forecasted to reverse positions, but within and around the 20 per cent range. The table suggests the evolution of an equitable balance of power between the countries and related systems. Looking at the world future from the systemic viewpoint it will be less influenced or dominated by any one system in the future than today.

Would intercourse between parties with equal influential powers lead to more confrontation or more understanding? It is generally true that when the contending parties have influential powers that are more or less equal, and perceive the situation as such, the parties are more inclined to use reason and knowledge and adopt cooperative attitudes in resolving frictions between them. Under a skew distribution of influential powers it is more likely that a non-collaborative attitude emerges. The paper predicts a future world in 2050 with a much more equal balance of powers than in 2000; and thus feeds the expectation that in the long run the new systems competition will be more of the collaborative type, in which, sharing, reason, knowledge and learning are major components.

8. Concluding Remarks

Our examination of a globalizing world suggests that rules of global governance to resolve international externalities (these rules are mainly driven by market settings and commercial interests which are prominent in the US and EU, these being the leading world economies at present) may have to change profoundly with the emerging leading economies of China and India (the economic systems of the newcomers are driven by multi-polar motivations typical of familial, state, and firm settings as well as market settings and interests).

Two implications require further scrutiny. First, some elements of the systemic behaviour patterns the MPM system associated with the newcomers are bound to be incorporated in the future design of global governance. Persuasion settings play a central role in coordinating the MPM system. Persuasion settings are economically beneficial and can accomplish greater cooperation between political, business and other leading circles; but persuasion settings can be handicapped by lack of transparency as regards separation of decision making when joint familial, commercial and state interests are involved. Notwithstanding, the dealings and wheeling can be viewed as an unavoidable real world political process, though controllable to some degree on transparency. There is evidence that persuasion settings at the global level are active regarding issues of climatic changes, free trade, stability of international financial market, and poverty reduction, to name a few. Sharing mechanisms, also typical of MPM systems with a substantive pole of household settings, can be expected to make headways in global governance.

Second, it is generally true that when negotiating parties have influential powers that are more or less equal, as suggested in Table 2, and perceive the situation as such, the parties are more inclined to use reason and knowledge and adopt cooperative attitudes in resolving frictions between them. The table predicts a future world in 2050 with a much more equal balance of powers than in 2000; and thus feeds the expectation that the new systems competition ahead will be more of the collaborative than the non-collaborative type with a greater role of reason and knowledge.

Notes

- ⁺ This article is a refined and extended version of an earlier paper published in *The Journal of Comparative Economic Studies*, March 2011.
- ^{*} Dr Suleiman (Solomon) Ibrahim Cohen is Emeritus Professor at the Erasmus School of Economics, Erasmus University Rotterdam, Netherlands. He earned BSc from the University of Khartoum, and MS and PhD from the Netherlands School of Economics, Rotterdam. He founded and directed the Foundation for Economic Research at Rotterdam, and held advisor positions to the United Nations, EU, WB and various governments and international organizations. Next to refereed articles in international journals, Professor Cohen published some 14 books, including among others *The Modeling of Socio-Economic Processes*, Gower, 1984; *Microeconomic Policy*, Routledge, 2001; *Social Accounting and Economic Modeling for Developing Countries*, Ashgate, 2002; *Social Accounting for Industrial and Transition Economies*, Ashgate, 2002; *Economic System Analysis and Policies*, Palgrave Macmillan, 2009. Several of these books were translated into Russian, Chinese and Japanese. <Email: cohen@ese.eur.nl>
1. Their forecasts for the first ten years show that they were not out of line with IMF estimates of potential growth. Furthermore, they generated similar results from applying an econometrically estimated economic growth equation with related arguments to theirs such as the initial income per capita, investment rates, population growth and educational effort. See Wilson and Puroshothaman (2003).
 2. More studies along the same lines have focused on second-rank countries in the developing world; see Cooper, Antkiewicz and Shaw (2006), among others.
 3. See Simon (1993).
 4. When the projections are extended for another decade, results for the index show India to surpass China.
 5. Exports of modern services include software development, and information communication technologies (ICT)-enabled services ranging from back office operations, revenue accounting, data entry and conversion, database development; to the processing of medical transcriptions, insurance claims, educational content and publications; remote maintenance and support; and call centres.
 6. Of course, having a comparative advantage in the export of ICT services does not exclude developing comparative advantages in other areas of industry and construction, but not totally.

7. For instance, India's stock of human resources leans more towards higher education than China's. Salary rates of ICT related operating jobs India are lower than elsewhere. Educational and training costs in ICT are relatively cheap in India. Knowledge and practice of English in India is a premium. Furthermore, the new age of the information economy and ICT induced vast imports of tradable services that fitted with India's supply, and that could be delivered on a large and wide scales that allow making use of benefits of economies of scale and scope.
8. Literature relating to logarithms of convergence lays emphasis on mechanisms of integration causing the spread and dominance of particular behavioural types and that give support and background to our hypothesis. Mention can be made of the following mechanisms: imitation, convention, focal points, information cascades, reciprocal behaviour, group learning, and Markov chain inversions.
9. A basic presumption for convergence towards one behavioural type is that agents of different settings get accommodated to behave in line with the behavioural type, which is most dominant. For example, most state agents will pursue benevolent motives when their state settings are embedded in a household intensive system, HIM; and will seek no more than their opportunity cost if they are embedded in a firm intensive system, FIM. But if state agents function in a SIM environment, then state agents will excel in rent seeking and political behaviour, and cause other agents within SIM to accommodate and adopt the SIM behavioural type.
10. Persuasion settings are not restricted to big developing countries like China, India, Indonesia, Pakistan, Bangladesh or Egypt; they are also crucial in smaller countries with pockets of quickened modernization next to relatively larger numbers of agents living in traditional household and kinship settings, i.e. Iran and the Arabian Peninsula. For a discussion of the active role of persuasion settings in market economies, see Murphy and Shleifer (2004).
11. According to the World Bank, in response to the financial and recession crises, 17 countries out of the G20 countries have taken protectionist measures on the eve of the G20 convention in London, 31st March 2009.
12. The call by Germany to veto takeovers of EU companies by Chinese and Russian state-controlled companies is a case in point. The French opposition to India's Mittal takeover of Arcelor is another, as well as the French policy of close collaboration between companies and the state to strengthen and consolidate French global industrial players. In the US Chinese takeovers in the energy sector were prohibited as in the case of the unsuccessful bid by the Chinese oil company CNOOC for the California-based oil producer Uncoal. However, in less strategic sectors, no obstacles were laid down when parts of American IBM were sold to China's LP.
13. See Sinn (2002) for elaborations on consequences of the new systems competition and protectionism.

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The Transformation of China's Agriculture System and Its Impact on Southeast Asia⁺

*Phoebe Luo Mingxuan**, *John A. Donaldson*** and *Qian Forrest Zhang****
Singapore Management University

Abstract

The increased role for agribusiness and larger scale production in China's agricultural system is limited by China's severe lack of arable land. The Household Responsibility System provides farmers a measure of power, hampering agribusiness from acquiring land needed for expansion. Some Chinese companies have sought cheaper and often more accessible land in nearby regions, including Southeast Asia. While such investments have the potential to deliver benefits, including increased productivity, structural constraints such as weak land ownership and environmental laws, highly unequal distribution of land and underdevelopment of peasant organizations prevent many poorer farmers from benefiting from these investments.

Keywords: *China, Southeast Asia, agriculture, land*

JEL classification: *F59, Q12, Q15, Q34*

1. Introduction

China's agriculture system is undergoing revolutionary changes, involving the increased role for agribusiness and larger scale of production. Based in part on their enduring household-based and land rights system that still serves as the backbone of China's agrarian system, Chinese farmers have adopted a number of types of relationships with agribusiness and local governments. Each type of relationship, in turn, has had both positive and negative effects on the economic and social positions of Chinese farmers. Despite this diversity of forms, one constant factor undergirding these changes is China's severe lack of arable land. As a result, agribusiness companies and even ordinary farmers are looking to poorer countries nearby as sources of cheaper land and expanded production. How do these profound changes in China's agricultural system, especially the scale of agricultural production, affect China's neighbours, especially ASEAN countries?

To understand this requires some background about China's agriculture system. In the wake of the death of Chinese Communist Party Chairman Mao Zedong in 1978, China's agricultural system, starting in the early 80s, shifted fundamentally away from communal farms toward small plots of land farmed by individual farming families. Under this system, actual land ownership was retained by the village collective. However, in most parts of China, individual rural households were allocated land usage rights, and given the right, for the first time in decades, to make all major farming decisions. The State supported the system by subsidizing inputs and other forms of support. Spurred by the combination of individual initiative and state support, the Household Responsibility System (HRS) worked for a time to increase production and enhance rural incomes (World Bank, 2001). Rural poverty plummeted, as hundreds of millions were lifted out of poverty. Despite the HRS's success, however, one problem remained: these small-scale farms and subsistence farmers were not conducive to modernization. As the rest of China industrialized and modernized, the agriculture system was left behind.

By 1990, then Chinese supreme leader Deng Xiaoping articulated a vision of a modern agriculture sector. Today, due to the increased involvement of agribusiness and entrepreneurial farmers, this vision has come closer to a reality in some rural areas. The household-based, small-holding agricultural production system has in some areas been transformed into specialized, commercialized, vertically integrated, and larger-scale form of agricultural production. For example, Shouguang County in Shandong province boasts the largest vegetable production base and vegetable trading market in the country, with hundreds of long-haul trucks departing daily to ship vegetables to all corners of the country. The entire county's farmland is covered with greenhouses for growing vegetables. Yunnan province's Chenggong County, where agriculture has shifted entirely to commercial flower and vegetable production, now houses the largest flower trading and auction market in Asia, ships fresh cut flowers to markets in neighbouring Asian countries and the United States, and is projected to become in 10 to 15 years the biggest flower producer and exporter in Asia, if not in the world.¹ These are but two examples of how China's agribusinesses have rapidly expanded in scale, promoting productivity and expanding exports.

At the same time, the HRS as an institution remains intact. While a number of forms of large-scale production have emerged in spite of the system, the HRS itself gives a measure of power to farmers, largely preventing agribusiness from acquiring all the land they need to continue expansion. Agribusiness firms we interviewed during fieldwork trips conducted in 2007 and 2009 expressed a desire to expand production and increase in scale. While China's lack of skilled labour (paradoxical given China's gigantic population) constrains to a certain extent the ability of

companies to achieve this, the primary barrier to expanding agricultural production bases is the lack of access to land.

2. Land, Agricultural Production and Agribusiness in China

Farmland in China is controlled by farmers, but is not owned by them. The rural farmland allocated to rural households can be rented, but not sold. This fact has compelled many companies and entrepreneurs to form production bases on previously unproductive land that they themselves have opened up. Many companies must negotiate with Chinese farming households, forming relationships that allow increased scale production while also benefiting farmers. Still other companies, frustrated by the lack of available arable land in China, have sought cheaper and often more accessible land in nearby regions such as Southeast Asia (Zhang and Donaldson, 2010: 481).

The lack of arable land for farming is a problem not unique to China. Many foreign agribusiness firms, not just Chinese ones, have been making inroads into Southeast Asia for the same reasons. In spite of this, we expect that the way Chinese agribusiness firms operate and manage their businesses in Southeast Asia will be different from other foreign agribusiness firms, for two main reasons. First, Chinese agribusinesses, a significant number of which are state-owned enterprises, often receive strong backing from the Chinese government, which tilts the power balance in their favour when dealing with governments and other agents in the poorer parts of Southeast Asia, who may be pressured by political and diplomatic considerations to make significant concessions to their Chinese counterparts. Second, the burgeoning scale and volume of Chinese trade and investments with Southeast Asia have helped to consolidate China's influence in the region. This may, in some ways, elevate Chinese firms to a more privileged status than the rest, which will in turn affect the way they do their business in Southeast Asia. Representatives of agribusiness encouraged a business environment and relationship with the government that is largely familiar and relatively easily navigated. The debated question of a possible Chinese hegemony in East and Southeast Asia justifies specific attention on government-backed Chinese firms.

Chinese agribusinesses looking to venture overseas find no lack of support within the Chinese government because of rising concerns about food security in recent years. Anxious about its need to satisfy the country's growing demand for food, the Chinese government has been exploring ways to secure greater amounts of external food supplies. As the population steadily rises in affluence, domestic consumption has surged ahead of domestic supply. In 2005, China overtook the US as the world's largest consumer of grain, meat, coal and steel. Although in terms of consumption on a per-capita

Table 1 World Bank Estimates of China's Food Demand (in million tons)

Year	Production	Demand	Imports
2010	483	502	19
2020	568	600	32

Source: Heilig, 1999.

basis the US still dwarfs China, this gap is narrowing.² This, combined with China's off-again, on-again commitment to food self-sufficiency, explains China's urgent attempts to augment its food production.

What is more, China finds it increasingly difficult to satisfy the growing needs of its population through supplies within its own boundaries. The World Bank estimates that China's domestic food production will continue to lag behind demand for the next decade, and that imports will be crucial in making up the shortfall (Table 1). Corn, wheat and soybeans are three main agricultural products in which China faces increasing shortages (Gale *et al.*, 2004). China is already the world's largest soybean importer, and over the next 10 years, the country is expected to account for 80 per cent of the world's 27 million ton growth in soybean trade (US Department of Agriculture, 2008). Non-food agricultural commodities are also lacking. The total consumption of natural rubber in China, for example, was 2.13 million tons in 2006, and yet domestic output of natural rubber was only 533,100 tons that year, a mere quarter of the demand.³ The problem of shortfalls in domestic agricultural supply is exacerbated by the rapid loss of arable land in China, due to reforestation, industrialization, urbanization, natural disaster and environmental degradation (Fischer *et al.*, 1996). This trend is accelerating. Between 2000 and 2005 alone, China recorded an astounding 6.16 million hectares loss in arable land, or an average of 1.23 million hectares annually.⁴ At the end of 2008, the official Chinese figure for the total amount of arable land is 121.7 million hectares, dangerously close to the government's red line of 120 million hectares needed to ensure food securities.⁵ China is scouring the world for the natural resources needed to feed its breakneck-paced economic growth. Securing agricultural resources is a part of this trend.

While China attempts to manage the shortfall in domestic agricultural output by purchasing imports from the global market, this option invariably brings problems of its own. Commodity prices, often vulnerable to external shocks, are highly volatile. In 2006, prices of wheat reached a 10-year high when a drought in Australia, the world's third largest producer, dramatically

affected the global supply.⁶ Prices of corn also mushroomed in the same period, due to the growth of ethanol as a source of alternative energy.⁷ The Chinese government is acutely aware of the high political costs that are incurred when food prices are not kept in check. The series of violent food riots that erupted throughout the developing world in 2008 serves as a sobering reminder that the poor will sometimes take to the streets when food prices explode.⁸

3. The *Zou Chu Qu* Policy and Southeast Asia

In short, the Chinese government's goal to secure stable supplies of food and the local agribusinesses' ambition to acquire inexpensive foreign land has driven the urgency with which China is acting overseas. This has shaped the Chinese government's policy of "*Zou Chu Qu* 走出去", literally meaning "going out" or "going abroad". In 2001, the policy was formally announced with the launching of China's 10th five-year plan (2001-2005). In the subsequent years, Chinese outward FDI accelerated at breakneck speed, and by 2004, China had established 8,299 overseas enterprises and had more than US\$15 billion cumulative FDI in over 150 countries (Cheng and Stough, 2007). ASEAN has not been left out of this trend, bringing in US\$336 million of China's outward FDI in 2006, or nearly half of China's outward FDI in Asia, excluding Hong Kong (Chen, 2009). More than one-third of China's investment in ASEAN has gone to developing countries in the Greater Mekong Subregion (Lim, 2008).

While the Chinese government frame "*Zou Chu Qu*" as a strategy to bolster Chinese outward foreign direct investments, many also see the policy as an active push for overseas land and natural resources acquisition. Through agricultural cooperation deals sealed with other governments, Chinese firms are able to gain access to farmland in exchange for Chinese technologies, training and infrastructure development funds (GRAIN, 2008). An example of such a deal would include the US\$5 billion pledged by the China Africa Development Fund, a private equity fund whose shareholder is China Development Bank, to finance food and cash-crop production in the continent for the next 50 years.⁹

Likewise, in the less-developed regions of Southeast Asia, agriculture is one of the few sectors to attract Chinese capital. The Opium Replacement Special Fund established by China's State Council in 2006 is an example of China's "Going Out" strategy as manifested in the poorer countries of ASEAN. Under this special fund, RMB250 million (US\$36.6 million) was set aside to provide subsidies for Chinese companies to invest in commercial farming in Laos and Myanmar. In 2007 alone, investments by these Chinese companies totalled RMB411 million (US\$60.2 million), making up

approximately eight per cent of total FDI inflows to Laos and Myanmar for that year. By 2008, 102 companies in Yunnan helped to plant just over one million *mu* (one *mu* is ~0.1647 acres) of cash crops in these two countries.¹⁰ Other large-scale Chinese investments come in the form of provincial initiatives, particularly from provinces bordering Southeast Asia. For instance, Yunnan's provincial government has signed agreements with Laos, Myanmar and Cambodia on establishing agricultural technology model parks, and Guangxi's government signed agreements with Quang Ninh Province of Vietnam on agricultural cooperation (Embassy of People's Republic of China in India, 2008).

Chinese agricultural investors are attracted to ASEAN mainly for the availability of inexpensive, uncultivated land, close to China's southwest border. Cambodia, for example, has 500,000 hectares of land with soil conditions ideal for growing rubber trees, and yet, as of 2007, only 75,000 hectares had been used for that purpose.¹¹ Likewise, land is abundant in Myanmar, with more than six million hectares of largely uncultivated land owned by the state (Asian Development Bank, 2009). Aside from the abundance of land, the low rental cost is another appealing factor to Chinese investors. Land rental in the northern part of Laos costs a mere RMB50 to 100 (US\$7.30 to US\$14.60) per *mu* per season, nearly one-tenth the price of land directly across the border in China's Xishuangbanna region (Shi, 2008).

Given the right conditions, Southeast Asia's developing countries benefit from the influx of Chinese agricultural investments in a number of ways. First, increasing production of agricultural products such as wheat and rice may help to push down prices of food and make them more affordable to lower-income consumers. It is estimated that the poor in Southeast Asia spend about 64 per cent of their income on food, and that a 15 per cent decrease in food prices is equivalent to a 10 per cent increase in income, a strong indication that lower food prices play an important role in poverty alleviation (Raitzer *et al.*, 2009) While there are concerns that Chinese agribusinesses may be exporting much of the food back to China, the Chinese government has claimed that it is not using overseas land acquisition to boost domestic food security.¹² Second, higher levels of investment in agricultural research helps to improve the resistance of crops against environmental shocks, hence reducing the volatility of agricultural supplies and food prices. Changes in food prices have severe implications for poverty reduction, since the poor are the ones who are least able to cope with dramatic changes in food prices. World Bank President Robert Zoellick estimated that surging food prices in 2008 could have resulted in "seven lost years" in the fight against worldwide poverty (CNN, 2008). Hence, it is important to not only increase the production of food, but also make output more stable and less susceptible

to unpredictable environmental changes. A “super green rice” project started by China and funded by the Bill and Melinda Gates Foundation is an effort – lauded by some, criticized by others – towards such a goal. The US\$18 million project aims to develop new varieties of rice that can stand drought, flooding, cold weather, and toxic minerals such as salt and iron. These new varieties will then be delivered to small-scale farmers in Asia and Africa (Chinese Academy of Sciences, 2009). Third, while agricultural production in countries such as Laos and Cambodia used to be limited to subsistence-based farming, Chinese investments have helped to channel funds and technology to modernize and commercialize their agriculture sector, benefiting some. Commodities such as cassava, palm oil, corn and rubber are major sources of Chinese investments in the GMS. Fourth, investments in agricultural research aimed at improving the nutrient content of food-related products can aid in the reduction of malnutrition. Micronutrient deficiency is a persistent problem in several parts of Southeast Asia, such as Cambodia, where 44 per cent of the children under the age of five suffer from malnutrition (Cambodia Food Security and Nutrition, 2009). Agricultural research can help to tackle these problems by improving the accessibility of micronutrients (Raitzer *et al.*, 2009).

While capital investments from China have the potential to bring about agricultural modernization and poverty reduction in the developing countries of ASEAN, the social and environmental costs that accompany such benefits are equally important. In Laos for example, the expansion of rubber production is linked directly to the growth in demand for rubber, much of it from China's burgeoning automotive industry. Chinese entrepreneurs, joined by counterparts in Vietnam, Thai and Lao state-owned companies, have been authorized to grow rubber trees totalling 42,050 hectares in Laos. In the process small-scale farmers affected typically lose their farmland, according to news reports and non-government organizations. The farmers are compensated for their losses at “inconceivably low fee rates”, in part because the farmers themselves are left to negotiate on their own compensation from the company.¹³ In Cambodia, Chinese investments in the timber trade have been accused of massive illegal logging and deforestation, further exacerbating Cambodia's rapid loss of native forests (Vutha and Jalilian, 2008).

4. Debating the Benefits of Foreign Investment in Agriculture

Social scientists have long debated the effects of foreign investment on the development of the recipient country and the fate of that country's poorest and most vulnerable. Many neoclassical economists and social scientists contend that such overseas investment and involvement will generally benefit recipient economies. While not denying the negative social effects that occur, such

scholars argue that such investment will create economic growth in general, as well as new opportunities for poor people. Moreover, social changes will shift the country's traditional rural population into the modern urban sector. These forces of modernization will help develop the overall economy, and the nation as a whole will shift through several stages of growth until it ultimately reaches the status of a fully developed country. Thus, according to this "modernization" thesis, poor backward countries should accept foreign investment and trade, for this becomes a major force for the modernization of the entire country.

By contrast, other more critical scholars argue that foreign investment and trade causes more harm than good. Not only do poor people rarely benefit from the investment, but recipient countries rarely develop in the first place, at least not beyond the political elites living in the national capital. More powerful foreign actors usually have designs on the poorer target country's raw materials, and typically invest in only those areas that facilitate its removing needed commodities from the country, exploiting in the meantime, that country's often desperate workforce. These commodities fuel the further industrialization of the investor, which then exports more expensive completed goods made with the poorer country's own commodities. While the political and economic elites of the capital city will tend to benefit, the vast majority of the population is left behind. This "dependency" view, a popular analytical approach in the 1960s and 1970s, has in recent decades lost favour, as the economies of those countries that closed their doors to investment and trade, and tried to industrialize on their own, floundered in comparison to more open counterparts.¹⁴

Most governments in Southeast Asia encouraged by the World Bank and others (World Bank, 2009) are predisposed towards the modernization point of view, having witnessed how the four Asian tigers (Hong Kong, South Korea, Singapore and Taiwan) rapidly evolved into highly developed economies through trade and economic liberalization – the Asian Financial Crisis notwithstanding. Hence, even as China has been cautiously regarded as an economic threat, most Southeast Asian nations simultaneously eagerly embrace China's economic role in the region. Overall, economic ties between China and ASEAN are increasingly strong. In 2009, despite the global financial crisis, trade volume between the two partners exceeded US\$230 billion, raising expectations that ASEAN together will soon replace Japan as China's third largest trading partner.¹⁵ The two trading partners also marked the beginning of 2010 with the establishment of the world's largest free trade area, the China-ASEAN FTA, which covers a population of 1.9 billion people, and is the world's third largest regional agreement in terms of economic value.¹⁶ Will the poorest and most disadvantaged in Southeast Asia stand to gain from this increased cooperation between the two emerging economies?

5. The Impact of Land Investments in Southeast Asia on Poor Farmers

Many contentious issues have emerged out of China's agribusiness dealings in ASEAN, land expropriation being one of the most controversial. This is not unexpected given that land ownership has always been a highly sensitive issue in largely agrarian societies. Many such cases have risen. Opposition from Filipino farmers forced the cancellation of a deal made by the Philippine government to lease 1.2 million hectares of land to Chinese investors to grow rice. The agreements were forged between Philippines and China during the ASEAN Leaders Summit in 2007, but were suspended due to widespread fears among farmers that they might be displaced from their lands.¹⁷ International non-governmental organizations and human rights groups have lobbied to block such investment in overseas agricultural production, denouncing them as part of a "global land grab" scheme that only serves to exacerbate poverty in developing countries (GRAIN, 2008).

The issue of land expropriation is especially salient in developing countries where land rights are not formally institutionalized, and where norms of land tenure security are weak. One indicator of land tenure security is the percentage of land parcels that are formally registered or certified, as land that is uncertified is more vulnerable to expropriation by the State. Table 2 shows that land registration rates are dismal throughout most of Southeast

Table 2 Registration of Land Parcels in Selected East Asian Countries

Country	Number of parcels (million)	Number of parcels registered (million)	Percentage of parcels registered or certified	Type of documentation
Cambodia	4	0.5	13	Title
China	300 (estimated)	–	–	Land use allocation, land grant, land use contract (rural)
Indonesia	80	17	23	Title
Lao PDR	1.6	0.8*	50	Title
Philippines	25	>10	30	Deed or title
Thailand	30	19	63	Title
Vietnam	105	90	86 (90% of rural, 15% of urban)	Land use certificate

Notes: * Includes 200,000 titles and 600,000 temporary land use certificates.
– Not available.

Source: World Bank, 2004, Table 2-1, p. 11.

Asia's developing countries. In Cambodia, Philippines and Indonesia, less than 50 per cent of land parcels are registered or certified.

Indigenous minorities living in the forested areas of Southeast Asia are often among the first to have their land expropriated. This is because in most parts of the region, recognition of land rights is confined to non-forested land. This is a prevalent phenomenon in former British colonies, as customary laws that recognized the land rights of the indigenous people were ignored or cancelled during the colonial era. With decolonization, most of the newly independent states continued to be guided by the same colonial land tenure policies that favoured the ruling elites and denied the indigenous population of their customary rights to land (Ngidang, 2005). Meanwhile, efforts to reform the system and institutionalize the rights of the minorities have been half-hearted. In Cambodia for example, the 2001 Cambodian Land Law grants legal recognition of collective land rights of indigenous communities, but as of 2004, not a single indigenous community received ownership titles to its collective property (NGO Forum on Cambodia, 2006). Formal recognition of customary rights have been repeatedly denied, despite the fact that these minority groups have settled and cultivated the land for many generations, and have even established whole towns or communities on what is misleadingly classified as "forest land" (Burns and Dalrymple, 2006). Such indigenous groups are particularly vulnerable to land expropriation when a sudden change in policy opens forested land to commercial development. In Laos for instance, village-managed landscapes have been demarcated as "degraded forest" available for commercial plantation developers (Barney, 2007).

The absence of formal land titles often disadvantages rural dwellers when bargaining with Chinese firms during land disputes. In Cambodia, a forest concession covering seven communes in three districts was granted to a joint venture between Chinese plantation firm Wuzhishan and Cambodia pulp-and-paper producer Pheapimex. Due to the unregulated process of land allocation in Cambodia, a majority of the villagers affected by the concession do not possess any legal documentation proving ownership of their land. When Wuzhishan started its operations, these villagers were warned by the authorities that they were occupying the land illegally, and that unless they cultivate their land, they will risk losing the land to the company. Those who chose to cultivate their land had to pay taxes amounting to US\$50 per hectare, a hefty sum for these largely subsistence farmers. Without the legal protection that formal land titles would have granted, there was little the villagers could do to prevent the firm from taking away their land (World Rainforest Movement, 2005).

The underlying cause of the problem is the hierarchical nature of the land concession granting process that lacks transparency and is thus susceptible to corruption and collusion. In countries such as Laos and Cambodia,

concessions have been awarded without environmental and social impact studies, without a transparent process, without consultation with the local people, and many times, in ways that apparently violate existing land laws. The prime minister personally backed Cambodia's land concession to Wuzhishan, despite being a transfer 20 times larger than that permitted by law. Commune councillors who were subsequently directed by the provincial authorities to sign their approval had little choice but to follow their leaders' orders (World Rainforest Movement, 2005). In the case of Chinese rubber investors in Laos, the contracts concluded at the provincial or higher levels often become "a tool of negotiation and coercion at the lower level". If villagers resisted, governmental authorities, even the armed forces, sometimes working in collaboration with Chinese investors, may be used to enforce compliance. In such cases, villagers have few options but to sell their land or abandon their land use rights. One study of Laos and Cambodia highlighted several other weaknesses with the concession granting process in both countries. These include an unclear division of responsibilities between national and provincial authorities, inadequate land-use planning at a macro level, a blatant disregard for the results of land-use planning processes at the local level, a lack of formal review (or an ineffective implementation of) processes for large-scale concessions, little cooperation between agencies with overlapping responsibilities, and state representatives who are often complicit in allowing land seizures that hurt poor farmers (Shi, 2008; WWF MPO and WWF GMPO, 2007).

Even if small farmers' land rights were fully protected, many other problems work against their interests. A second issue is the degree to which small-scale farmers are able to exploit the benefits of increased Chinese investments in agriculture. As mentioned elsewhere, most research findings argue that participating in contract farming with foreign or local investors bring about a range of benefits, such as increase in income, better access to technologies and credit, higher yields and better prices for their goods (Bijman, 2008). However, there is much less consensus on whether small-scale farmers have been included in these contracts, and whether they enjoy the same benefits as large-scale farmers. Depending on a number of factors, such as the type of agricultural product contracted, and the socioeconomic conditions of these farmers, small-scale farmers may be precluded from entering into contracts with agribusiness firms.

To most small-scale farmers in Southeast Asia's less-developed regions engaging in subsistence farming, a transition to commercialized farming bears inherent risks, such as the possibility that investors will pull out of the venture and leave farmers with cash crops that they cannot themselves consume or sell locally. The nature of contract farming also increases the risk that the farmers have to bear. For instance, they are not typically compensated for their labour,

which is considered an investment input by the farmers. Given that most of these farmers have low savings, few alternative incomes and poor access to social safeguards, uncompensated labour can be a major disincentive. For example, poor farmers tend to avoid the risky but potentially lucrative venture of tree contract farming. Poor households that enter into such contracts risk crippling cash flow problems due to fluctuating income, and are more likely to be heavily dependent on credit. Some face the additional risk of being thrown off their leased land if they are not able to pay for services charged to them by contractor, or keep up with their debt repayments (Baumann, 2000). Given the risk aversion of poor farmers throughout Southeast Asia, these risks sometimes prove to be too much for many poor farmers to bear.

Chinese investors also may shun working with small-scale farmers due to the prohibitive transaction costs needed to coordinate the activities of the farmers. Working with poor farmers is expensive, due to costs of credit, inputs, extension services, and collecting and grading the harvest (Key and Runsten, 1999). This is especially true in the case of the production of niche, high-value products, where quality is paramount, volume of supply needs to be consistent, and farming techniques must be carefully monitored to achieve the desired quality. Working with larger scale farmers lowers the contractor's risk of producer default, as these farmers usually have more advanced skills and more resources available (Bijman, 2008).

To what extent do Chinese agricultural investments involve the growing of the crops that are considered "high-risk" to local small-scale farmers, and "high-value" to investors? High-risk crops are typically highly perishable, have long maturing periods, and require the use of expensive fixed-cost processing facilities that have low disposable value and cannot be used in other forms of production (Sartorius and Kirsten, 2007). High-value products are usually characterized by the specialized inputs needed to ensure quality, and the technical complexity of the production process. Many Chinese investors have largely engaged in the contracting of such crops, namely rubber and timber, two of the main commodities that Chinese agribusiness firms cultivate in the Greater Mekong Subregion countries of Cambodia, Laos, Myanmar and Vietnam (Rutherford *et al.*, 2008, WWF MPO and WWF GMPO, 2007). Rubber has a long maturation cycle of seven to eight years before it yields any income. This barrier has, for instance, deterred poorer villagers in the Luang Namtha province of Laos from entering into contract farming with Chinese investors (Shi, 2008). Similarly, timber cultivation, which requires access to technical advice and specific inputs, has been found to favour larger landholders with significant land, labour and capital endowments, and are unlikely to benefit the poorest of poor (Baumann, 2000).

To the extent that large-scale farmers are favoured as partners for contract farming with Chinese investors, and that small-scale farmers are systemically

marginalized, Chinese investments in agriculture exacerbate income disparities and stratification in the receiving regions. As farmers with larger landholdings see their earnings increase, they may be encouraged to expand their farmlands to increase production. This further augments the competition for cultivatable land. Vongkhamor *et al.* observes that the competition for land among farmers in Oudomxay and Luang Prabang provinces of Laos is “facilitating privatization of land”, and it is the more well-off households who are “taking advantage of the current privatization”. Those who are able to mobilize capital and labour and have the ability to negotiate with local authorities, often have the upper hand in terms of claiming more productive land. Fujita *et al.* (2006) also points out that conversion of land into permanent rubber field “strengthens private ownership land”, which provides wealthier farmers an added incentive to expand the size of their landholdings. In their report on land use transformation in Northern Laos, other researchers documented cases in which productive land was converted into rubber fields under the name of village and local leaders (Fujita, 2007; Fujita *et al.*, 2006; Phanvilay *et al.*, 2006). Thus, the benefits of such crops appear to mainly accrue to the wealthier of the villagers.

Third, even if small-scale farmers do manage to establish partnership deals with Chinese investors, uncertainty persists about whether the farmers have sufficient leverage to bargain for contractual terms that are fair and non-exploitative. Large investors are endowed with a wealth of resources, have better access to market information, and usually wield monopolistic powers in the regions in which they have ventures. In some parts of Laos where Chinese investors operate, for instance, there are no sources of market information on rubber other than the ones provided by the Chinese themselves. Given the unequal power relations between the investors and smallholders, investors may manipulate the contractual terms to their own advantage, thus entitling themselves to a disproportionate share of the gains. The low education levels of most farmers in the remote parts of Southeast Asia renders them even more vulnerable to such exploitation. In Northern Laos, for example, contracts between Chinese investors and local farmers are written in Lao or Chinese, neither of which is typically the language used by highlanders. Contractual terms may also be vague or contradictory, potentially giving investors the opportunity to claim ownership over the farmers' lands (Cohen, 2009).

Governments can play a role in checking the often disproportionate powers of agribusiness firms by enacting competition policies, introducing special contract laws, providing low cost arbitration mechanisms, and improving accessibility to market information (Bijman, 2008). However, oftentimes the governments of most of Southeast Asia's most impoverished countries lack the capacity or political will to advance and enforce such

policies. In addition, many of the government officials themselves have personal vested interests in helping the Chinese investors secure their contracts. In Buakkhu, Laos, for example, the official contract between the investors and villagers allocated 60 per cent of the profits to the investors and 40 per cent to the villagers. However, it was subsequently discovered that an informal addendum was added to the official contract, distributing half of the villagers' share of profits directly to the district government (Shi, 2008).

Some scholars suggest that civil society can fill the void left by government in protecting the interests of poor farmers (Prowse, 2007; Little and Watts, 1994; Runsten and Key, 1996). Small-scale farmers can organize into farming associations or producer organizations that can help to improve farmers' access to market information, credit, technology and training, hence reducing the latter's dependence on the agribusiness firms to provide such inputs. Such groups are also potentially in a stronger position to negotiate for better contractual terms with the investors (Sartorius and Kirsten, 2007). However, the formation of such farming associations requires considerable political, economic and social resources. Without assistance from the government, international organizations or non-government organizations, it is difficult for these associations to take root indigenously. Mekong governments often repress independent groups, fearing the creation of a public space that they cannot control. In Cambodia, NGO workers have noted that the government's attitude toward local NGOs is "more of suspicion than cooperation", and that governmental support rendered to NGOs has been dismally inadequate (Pednekar, 1995). Currently, Cambodian President Hun Sen is pushing for a new "NGO Law" that would require NGOs working in Cambodia to complete a complex registration process and submit to stringent financial reporting requirements (Asian Philanthropy Forum, 2008), a move which many NGOs perceive as a repressive tactic to keep the civil society under tight reins.¹⁸

Fourth, the disturbing trend towards increasing land inequalities and landlessness in the Mekong region imply that fewer farmers are able to reap the benefits from foreign agribusiness ventures. A study conducted in six villages in Cambodia revealed that "despite a relatively egalitarian distribution of agricultural lands in the late 1980s, considerable inequality in land holdings and landlessness has emerged through the last decade" (Sedara *et al.*, 2002). Vietnam's Mekong Delta region has also displayed a rapid increase in landlessness among the rural poor, where the poorest quintile of the population that was landless surged from 26 per cent in 2001 to 39 per cent in 2003. According to the 2002 Vietnam Living Household Standard Survey, 31 per cent of the poor in the Mekong Delta have no land, and 16 per cent have less than 2,500 sq m, the level below which the Bank for the Poor classifies households as having "little land" (Cuong *et al.*, 2006). A few

factors contribute to the prevalence of landlessness and near-landlessness: (1) distressed selling of land to pay for emergency expenses such as medical costs (Sedara *et al.*, 2002), (2) use of land to service debt borrowed at exorbitantly high interest rates (Sovannarith *et al.*, 2001), (3) rapid population growth which has led to further fragmentation of land (Biddulph, 2000), (4) speculative activities causing upward pressure land prices and making it harder for farmers to buy land (Sovannarith *et al.*, 2001).

Where local villagers are too land-poor to engage in contract farming with the Chinese investors, employment becomes the only potential benefit they might gain from the Chinese investments. However, in the case of Chinese timber investments in Cambodia, there have also been numerous reported cases of poor working conditions and inadequate remunerations provided by the employers. Workers hired by the Wuzhishan firm endured squalid living conditions, as basic accommodation was not provided. Diseases associated with unclean water were rife, and those who were too sick to work were quickly dismissed. The firm also reneged on many other employment benefits that were required by law (World Rainforest Movement, 2005).

Fifth, there have been concerns that this recent wave of Chinese-led commercialization of agriculture in Southeast Asia have largely been left unmonitored, and hence may pose a serious threat to food security in the region. Most of these investments have been directed towards the production of non-food crops such as rubber and palm trees, which command higher selling prices on the market. Many of these developing countries in Southeast Asia into which Chinese investors are foraying face severe food shortages. Cambodia, for example, has some of the highest malnutrition rates in Asia, with 44 per cent of children under five years of age undernourished (Cambodia Food Security and Nutrition, 2009). In addition, in Laos, there have been complaints that the conversion of forests into rubber fields deprives the poor of forest food and products that are a traditional component of their diet (Fujita *et al.*, 2006). As more farmers in these developing areas abandon subsistence farming for the growing of export-oriented, non-food crops, food supply shortages threaten to become more frequent and larger in scale.

The more developed, industrialized countries in Southeast Asia also invest in agricultural production in neighbouring countries, and are generally wary of competing investments from China, as an influx of Chinese investments may potentially drive up prices of agricultural land and resources overseas. For this reason, food security is a top priority especially for net food-importing countries like Singapore. On 31st July 2009, Singapore's National Development Minister Mah Bow Tan announced that the government is encouraging local agribusiness firms to "work with farms overseas to ensure that Singapore has a ready and stable supply of produce". The island-state is not the only

country in ASEAN to pursue such policies, as several other countries in the region, including Malaysia and Indonesia, are also net food-importing (Ng and Aksoy, 2008). The failure to control food supplies and food prices has serious political and social ramifications, as exemplified by the violent food riots in 2008 sparked by soaring soybean prices that unsettled Indonesia.¹⁹

Sixth, economic development in rural areas often comes with environmental costs, and the case of Chinese agricultural investments in Southeast Asia is no exception. In the uplands of China, Laos, Thailand, Vietnam, Cambodia, and Myanmar, more than 500,000 hectares of land have been converted to rubber fields. It is projected that the area of land dedicated to rubber and other diversified farming systems could more than double or triple by 2050, “largely by replacing lands now occupied by evergreen broadleaf trees and swidden-related secondary vegetation” – or put simply, by deforestation. However, deforestation is not the only undesirable outcome. Rubber planting as a form of monoculture agriculture system reduces biodiversity, and is linked to a myriad of environmental problems such as soil erosion. There are also similar concerns that conversion of forests to timber plantations in Cambodia are likely to result in the extinction of numerous species of plants (World Rainforest Movement, 2005). Despite the detrimental effect on the environment, rubber and timber cultivation have been largely promoted because they are regarded as equivalent to reforestation under the Chinese governmental policies (Cohen, 2009; Ziegler *et al.*, 2009). Other business activities undertaken by the agribusiness firms, not just the cultivation of crops, may also have adverse impact on the environment. In the village of Ksach L’eath in Cambodia, the local irrigation system bringing water to the village was disrupted by Wuzhishan when it built dams on two streams in order to fill reservoirs for the nurseries and plantations. Alternative sources of quality water were not made available to the villagers when such disruptions occurred (World Rainforest Movement, 2005).

6. Conclusions

In sum, the political forces behind issues that on the surface seem to be voluntary exchanges, must be scrutinized. The investment of Chinese agribusiness, encouraged by the State, is no different. Six serious concerns – land expropriation, the degree to which small farmers can benefit, the fairness of the business transactions, the exacerbation of land inequality, food security and the environmental impact – have emerged from increased investment in agriculture. These do not include other related topics, such as the safety of food imported from China, that have emerged from the economic relationships regarding agriculture. In many cases, the countries themselves have benefited from Chinese and other forms of investment. Overall, however, Chinese

investment has to some degree harmed the interest of poor and vulnerable Southeast Asian farmers.

This does not imply that Southeast Asia should close its doors to all investment opportunities offered by China. It would, however, take much political will, tenacity and ingenuity to ensure that the local farmers and villagers, who have their livelihoods affected by these investments, are not denied of their rightful share of the gains that could be attained. A number of policies have been identified by analysts and researchers as crucial in achieving this goal. First, there is an urgent need to accelerate the land titling process and build up the capacities of relevant land administration agencies, in order to effectively tackle the problem of land expropriation. Second, a more secure social safety net should be constructed and would reduce the risk of engaging in contract farming, encouraging more poor farmers to enter into such agreements. Contract farming and other forms of risk would increase the diversity of the local economy to provide alternative sources of income, so as to avoid excessive reliance on profits from contract farming alone. Third, to level the playing field between investors and smallholders, credit provision and technical assistance should be extended to poorer households, and reliable and timely market information should be made widely available. Fourth, stricter monitoring of the firms' operations and activities would have to be enforced to address the problems of human rights abuses and violations of environmental regulations (Balisacan, 2005; Shi, 2008). Finally, the countries can adopt the Chinese practice of attracting conditions to investment – conditions that help promote farmers' interests.

Yet each of these suggestions assumes conditions that are rarely found in Mekong countries, where contracts are selectively enforced, rule of law is weak, and farmers have little representation. Thus, modernization theorists are often too sanguine about the trickle-down effect of economic growth and liberalization, ignoring the various inequalities in power that impede a fairer distribution of benefits and costs among the stakeholders. Moreover conditions for these kinds of policy approaches are worsening as China's economic and political influence in Southeast Asia continues to accelerate. The potential for Chinese agribusinesses to contribute to poverty reduction in Southeast Asia is great, yet the region's poor farmers are unlikely to benefit.

Notes

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- * Phoebe Luo Mingxuan 骆明轩 graduated from Singapore Management University in 2011 with a degree in political science, completing an honours thesis that underscored the main pathways through which successful land reform was achieved in China, Japan and South Korea. Her on-going research agenda focuses on development, poverty and land reform in Asia. <Email: mingxuanl.2007@socsc.smu.edu.sg>
 - ** Dr John Donaldson (杜强), Assistant Professor of Political Science at Singapore Management University, studies local rural poverty reduction policies in China, the transformation of China's agrarian system, and central-provincial relations. Recently, he has been comparing China's rural transformation with that of India. His research has been published in such journals as *Politics and Society*, *World Development*, *International Studies Quarterly*, *The China Journal* and *The China Quarterly*. His book, *Small Works: Poverty and Development in Southwest China*, came out this year from Cornell University Press. John graduated in 2005 from George Washington University in Washington DC with a PhD in political science, focusing on comparative politics and international relations. <Email: jdonaldson@smu.edu.sg> (corresponding author)
 - *** Dr Qian Forrest Zhang 张谦, Assistant Professor of Sociology at Singapore Management University, received his undergraduate training at Fudan University in Shanghai and graduated in 2004 from Yale University with a PhD in sociology. He has been teaching at Singapore Management University's School of Social Sciences since 2005. His main research areas are rural development and stratification and mobility in contemporary China. His previous work has appeared in *Journal of Marriage and Family*, *Politics & Society*, *The China Quarterly* and *The China Journal*. His recent work on rural China has documented the rise of agrarian capitalism and analyzed its impact on rural social structure. He is currently extending that research in several directions, investigating topics including contract farming in China, transformation of China's state farms, and comparing agrarian changes in China and India. <Email: forrestzhang@smu.edu.sg>
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Social Stratification, State and the Civil Society



Efficiency, Value and the 21st-Century Developmental State: The Transition of China

*Jay Wysocki**
University of Malaya

Abstract

This paper argues that the rapid industrialization following the 1985 Plaza Accords confronts China with the social value for efficiency that underlies industrialization forcing accommodation by the society. This process may be an inevitable historical one. Asia experienced two waves of industrialization in the second half of the 20th century. The first saw the restoration of Japan and its former colonies – Korea and Taiwan – under America’s Cold War strategy and was highly influenced by Japan’s value for efficiency formed at the turn of the 20th century. The Plaza Accords in 1985 initiated a second wave of foreign direct investment from the East Asian economies that established regional production networks throughout Asia. This second wave shows a pattern of innovation and rapid change similar to that which Chandler (1977, 1990) describes for the Second Industrial Revolution (SIR) in the late 19th century wherein the “rationalization” of Western society (Weber, 1958) around values inspired by industrial efficiency resulted in dramatic social change. The paper suggests China’s future might best be seen in long-view historical context.

Keywords: *efficiency, Asian Values, industriousness, industrialization, developmental state, Industrial Revolution*

JEL classification: *E10, N35, O14, P16*

1. Introduction

On May 12th, 2011, Naill Ferguson the prominent and popular economic historian told a Las Vegas convention of hedge fund managers and financial advisors, “The big story of your lifetime is that this period of Western predominance came to an end on your watch ... That happened because

the developing part of the world is achieving the Industrial Revolution that the Americans experienced.” He added: “This period is going to continue until China becomes the biggest economy in the world.” (Cox, 2011) China might so become, but if it is to do so according to the model of the Industrial Revolution to which Ferguson refers it (1) must adopt or transform the values for efficiency developed in that revolution for its own industrial sector; and (2) address the social, cultural, and institutional revolution that comes with doing so. Such was the Industrial Revolution that the Europeans and Americans experienced.

China is not alone. The development path of China and much of Southeast Asia is linked; both rise upon the integrated regional production networks (RPN) that are built by the New Industrial Economies (NIEs) of East Asia – Japan, Korea and Taiwan – through the massive investment (Foreign Direct Investment/FDI) that follows the Plaza Accords in 1985. The jobs that came with the RPNs allowed these countries to grow an employment base without organically growing the values for efficiency that came along with modernity and industrialization in the West and that, emerging as social efficiency, facilitated changes in the traditional concept of community and society (Durkheim, 1893). This paper focuses upon the origin and role of efficient industrialization as the vector of social change rather than speculating on the change itself. In Section 2 below, the origin of the value is elaborated. In Section 3 it looks at the two phases by which Asia integrates into the world economy: the first facilitated by American Cold War policy and the second by the Plaza Accords. Section 4 looks at China’s economic history, the Asian culture debate, and the idea of the developmental state. The final section speculates on China’s direction.

2. The Second Industrial Revolution: Efficiency and Transformation

The Second Industrial Revolution (SIR), which began in 1850 with the application of Bessemer’s process for smelting iron, and ended in 1913 with the First World War, reshaped man’s relationship with the world and with himself. It created the factory and mass produced goods which together created an urban consumer society. Revolutions in transportation and communication made it possible to coordinate the exploitation of distant resources to produce goods to serve distant markets (Chandler, 1977). From this came new forms of industrial organization and managerial capitalism (Chandler, 1984; 1992; Sklar, 1988) focused on efficiency. Related changes include the bureaucratic corporation as a perpetual entity modeled upon, and given the rights of a human being (Ashman, & Winstanley, 2007) and the deskilling of labour in integrated factory systems run by “scientific management” methods for efficiency (Braverman, 1974; Meir, 1970).

It is the machine and its generalized application as technology that is the foundation of the SIR: “One theme bound the leaders of the 19th century together; the conquest of nature and the liberation of mankind by mechanical invention.” (Mumford, 1934: 301) But it is corporate organization that realizes the potential of the machine. In *The Visible Hand* (1977) and *Scale and Scope* (1990), Alfred Chandler describes the quest for “efficiency of scale” that created the corporate form of capitalism after 1850 and why and how it replaced the local and personal capitalism that preceded from the first industrial revolution. At the core of the change is a revolution in transportation managed by the new form of organization – corporate capitalism: “The railroad, telegraph, steamship, and cable made possible the modern mass production and distribution that were the hallmarks of the Second Industrial Revolution of the late nineteenth and early twentieth centuries. These new high-volume technologies could not be effectively exploited unless the massive flows of materials were guided through the process of both production and distribution by teams of salaried managers.” (Chandler, 1984: 474)

Machine technologies and attendant systems dictated the organization of production but the adoption and form of the industries reflects a negotiation with culture. “Thus, in major modern economies, the large managerial enterprise evolved in much the same way in industries with much the same characteristics. However, there were striking differences among these economies in the pace, the timing, and the specific industries in which the new institutions appeared and continued to grow. These differences reflected differences in technologies and markets available to the industrialists of the different nations, in their entrepreneurial organizational skills, in laws, and in cultural attitudes and values” (Chandler, 1984: 492). Each of the soon-to-dominate economies at the turn of the century differ “in terms of size, number, industry, and systems and styles of management, reflecting the different routes by which the leading sectors of each economy reached managerial capitalism – the United States by almost revolutionary changes at the turn of the century; Britain in a much more evolutionary manner that prolonged family capitalism; Germany by way of finance capitalism; and Japan by the development of group enterprise capitalism” (Chandler, 1984: 503).

The “almost revolutionary changes” in America emerged from the radical transformation of society evoked by the Progressive Movement after 1895 and lasting through the first World War; a response to the excesses of the Gilded Age and the rapid changes taking place. Rapid industrialism, scandals involving corporations, financiers and government, rapid urbanization and crowding, and high levels of immigration all contributed to a sense that things were chaotic and needed organization and control (Wiebe, 1967; Hays, 1957). At the turn of the century America journalistic “muckrakers” bent on exposing corrupt and wasteful practices whipped a nation to action. Three

ideas emerged: the need to stop the excesses of the corporations and monopoly finance that had characterized capitalism in the Gilded Age, a disdain for the crass individualism and the Social Darwinism that had prevailed during this period; and as solution to these two: a belief in the possibility of “social efficiency” if sponsored by popular will and government (Rogers, 1982).

The hallmark of Progressivism is the elevation of efficiency into an ideology (Haber, 1964) or to better reflect the religious roots of Progressivism’s fervour, a “Gospel of Efficiency” (Hays, 1957). The ideology of efficiency finds its voice in Frederic Winslow Taylor and his principles of Scientific Management. Taylor is the first thinker to systematically study work itself and to treat work as a legitimate subject about which knowledge should be developed (Drucker, 1993). Approaching work from the simple behaviourism of the time, Taylor saw the fit between labourers and the task as the unit of productivity. Management’s role was to ensure tasks were scrutinized and organized objectively and systematically and labourers properly selected and trained. The separation of duties and responsibilities between labour and management according to rational and efficient criteria was, within the firm’s operation, a fundamental element of Scientific Management. Going beyond the firm, Taylor sought a “mental revolution” from adopting this idea of efficiency as solution to labour-management problems and the basis of shared progress toward a greater social good.

Though perhaps adopted with less enthusiasm than in the USA, the efficiency movements inspired by Taylorism and Henry Ford’s integrated production systems were world-wide movements in most developing industrial economies. Two of these – Japan and Russia – are central to the arguments developing herein. Taylorism made inroads into Japan in the first decades of the 20th century both directly and through its European interpretation as “rationalization” but its most significant impact is as foundation for change after World War II. Japan, cut off from Western management innovation during its martial and regional expansion through the 1930s and the War, emerged to confront the new thinking whole-cloth after the War and a “revised Taylorite” consensus became a means of integrating those new ideas. In this revision, Taylor’s dual messages – as efficiency in production and as ideology of production for social harmony – loomed large in developing cooperative labour-management relations in Japan (Tsutsui, 1998).

Russia’s desire to rapidly modernize after its Revolution framed the role of efficiency in the longer scope of history by setting the stage for the Cold War competition with America. In important ways Russia was remarkably similar to the United States at the turn of the century: it had a relatively small population and a large interior land mass; and, in Socialism it possessed a messianic value for the transformation of these comparable to that in America laid by the religiosity of its immigrant founders and resurgent in

Progressivism. For both the USA and Russia, efficiency and industrial growth were fundamental values and strategies: Stalin is quoted as saying: “The combination of the Russian revolutionary sweep with American efficiency is the essence of Leninism” (Hughes, 2004: 251). The shared assumption that efficient industrialization is the way forward, becomes the framework for fighting the Cold War as the “politics of productivity” (Maier, 1977); two different political-economic syntheses competing to efficiently out-produce both military and consumer goods (Kunz, 1997). Within this nexus, the role of efficiency and industrialization in economic development is never questioned, only the political-economic synthesis – either democracy and markets, or communism and central planning. Thus the development assistance that is the Cold War courting of non-aligned nations liberated from their former status as colonies, never doubts industrialization as strategy (Engerman, 2004).

3. Asian Globalization in Two Phases

There are two phases to Asia’s dramatic economic growth; the first began with the Korean War and continued into the waning of the Cold War; the second began with the Plaza Accords in 1985 and represented a significant expansion of FDI from East Asia into China and Southeast Asia. Two historical influences shaped the first phase. During the first phase of Asian economic growth American Cold War policy provided Japan, Korea and Taiwan with significant investment, employment and security and through its conflicts – first Korea and then Vietnam – economic opportunity (Stubbs, 2005). For American Cold War policy the “politics of productivity” is also the politics of encouraging the growth of economically strong politically stable allies committed to market capitalism. A second influence is Japan’s pre-War position as Asia largest economy and largest investor in its two prior “protectorates” Korea and Taiwan under its East Asia Co-Prosperty Sphere. The proximal motive for a revival of links and ties between these three may be the Cold War but the longer history of industrial and economic development at the beginning of the 19th century should not be ignored for its role in facilitating the revitalization of the three East Asian NIEs (Eckert, 1990; Ho, 1978; Kang, 1996; McNamara, 1990). Despite differences between the situation of Korea and Taiwan before and after the War, Japan’s physical and institutional pre-War investment (both received and resisted) goes a long way to explain the rapid return to economic growth of these three (Cumming, 1984; World Bank, 1993). Right economic policies play a crucial part but these are framed within the political-economic reality of “surviving” the Cold War (Doner *et al.*, 2005; Stubbs, 2009). In historical context the growth of the NIEs in East Asia appears less a miracle and more a deliberate and

facilitated strategy to reassert the experience of productivity and efficient industrialization in the prior part of the 20th century. The waning of the Cold War and the relative success of the strategy meant that the artificial conditions – favoured trade status and currency exchange rates – could be removed.

The second phase of Asian growth began with the massive investment by the East Asian Tigers into Southeast Asia and China following the revision of the Yen to Dollar under the Plaza Accord of 1985. Japan's investment in the second half of the 1980s exceeded its total investment for the prior 35 years (Bernard and Ravenhill, 1995) and is subsequently accompanied by substantial government-to-government aid (Terry, 1996). Korea and Taiwan also extended their investment into the region. At the beginning of 1988 Taiwanese investment in Southeast Asia was roughly \$78 million, a shadow of the \$850 million of the investment that would be made over the next three years. Total Korean investment as of 1985 was \$42 million, but a fraction of the \$132 million invested for 1989 (Bernard and Ravenhill, 1995). Moreover, the character of the investment changed from one in which re-export to Japan was prominent to one in which production was for local consumption or for export to third countries for final assembly (Bernard and Ravenhill, 1995; Hatch and Yamamura, 1996). There are controversies around the nature and operation of the Southeast Asian regional production networks (Peng, 2002; Bernard and Ravenhill, 1995; Hatch and Yamamura, 1996; Katzenstein and Shiaishi, 1997) but there is no doubt they are there for reasons of reducing cost and ensuring corporate efficiency.

The factors facilitating the RPNs that characterize the second phase of Asian economic growth are the same as those Chandler (1970, 1990) describes for the SIR: dramatic changes in transportation costs and efficiency – containerized shipping invented in the late 1960s (Levinson, 2006); revolutionary communication technology – computers and the Internet; and, new forms of management – modular design and assembly made possible through supply chain management. Each period creates a new kind of production based on cost efficiencies. The management of resources and markets in the SIR creates factory-based mass production through vertically integrated manufacturing. Containerized shipping and supply chain management permits regional production networks based on competitive advantage. Production of transistors, chips, and integrated circuit can be done in huge quantities required of capital intensive plants and then combined with other goods and assembled for export to a world market. The pattern is similar but, to borrow Chandler's title, the scope and scale is different: local production supported by regional resources and distribution in the early 1900s (Romer, 1996) has become regional production capitalizing on global resources and distribution in 2000.

4. Labour-intensive Industrialization, Values and the Developmental State: Whither Efficiency?

Western industrialization is characterized by the reorganization of society around the industrial capitalism in the late 19th century. That expansion facilitates a social value for efficiency in the industrial West which survived to form a foundation for Cold War politics and development ideology. While the RPNs that developed after the Plaza Accords were clearly facilitated by efficiency – “internally” as corporate cost containment, and “externally” through revolutionary changes in transportation, communication and management reminiscent of the SIR – the nations into which the FDI flowed in search of low cost labour welcomed this investment because it created jobs and built an economy. However, now that the efficiencies of industrialization have confronted existing cultural values, the negotiation and adaptation must proceed, just as it did in at the turn of the 20th century. What are the relevant issues and the indigenous values in Sinic culture and how might they facilitate or resist adaptation? Below are considered three: a historical pattern of “industriousness” informing an Asian Path to industrialization, arguments concerning contemporary Asian Values, and the idea of the Developmental State.

New historical economic research on East and West industrialization, often identified as the “California School”, makes a good case that the Great Divergence of Europe and Asia in the 17th century should be viewed in the context of long-run economic history. When so viewed, the Divergence of the West toward industrialism in the mid-18th century appears to be significantly influence by two factors: (1) the proportion of proletariat workers to peasant farmers as owners or tenants which informed labour mobility and opportunities for industrial centralization; and (2) access to resources – energy and spare land for food and other natural resources. Comparing Europe with the Yangtze river delta of the early 18th century, Pomeranz (2000) finds industrialization in Europe being facilitated by a larger percentage of unlanded proletariat able to leave the land as labourers, colonialists, adventures etc.; the discovery and exploitation of coal as an energy source in England; and, the ability to shift land-intensive activities such as farming or resource extraction to colonies. Thus both Europe and America were able to access calories (energy) relatively efficiently, allowing surplus persons and energy to create new industry. Alternatively, Chinese officials preferred, and culture facilitated a landed peasantry that was stable and easily taxed thus slowing expansion and encouraging an intensification of economic activity within existing resource constraints. Sugihara (2004, 2007) finds a similar labour intensification and an “industriousness revolution” within the landed peasant class organized in villages in Japan. Expanding his analysis beyond Japan, he suggests that wet-rice agriculture forms a basis for a pattern of economic

growth that has institutional and cultural implications over the long term and forms an Asian Path toward labour-intensive industrialization (Austin, 2010). In this path, East and Southeast Asia's high proportion of landed peasants, a productive wet-rice agriculture, no easy access to alternative energy sources and little surplus land all promoted a strategy of intensification – the addition of tasks, craft or jobs by the family or community – as means of adding income without leaving the land, changing social status and structure, or expanding to capture new resources.

Pomeranz, Sugihara and Austin (2010) are proponents of a long history view of development that, beginning its analysis with the 17th century, articulates a two-path model to industrialization; one based in Western machine substitution and the other in labour intensification. This long history view illustrates the reciprocal influence of situation, economics, and culture. It is clear, for example, that the industriousness patterns influenced Japan's adoption of industry in the 1920s and again during the Cold War (Tsutsui, 1998). Pomeranz's (2000; 2008) analysis of China's economic past and present suggests how this industriousness strategy has facilitated both its stability then and its rise now. Thus, while not denying FDI would be attracted by cost efficiencies, the two-path "industriousness" explanation suggests historical, institutional and cultural reasons why Chinese companies, the economy generally, and political structure as well, all might prefer maintaining labour intensity. In the short and present term, the historical and institutional patterns would appear, simplistically, as the contemporary discussion of Confucian and Asian values.

Invoking values to explain the rise of Asia comes first from the West as an extension of Weber's (1958) argument in *The Protestant Ethic and the Spirit of Capitalism*. The idea that Confucianism might facilitate capitalism appears first in Kahn (1979) who attempted to reverse the prior argument that Confucianism accounted for Asia's failure to grow and so must give way to modern industrial values if Asia is to grow (Lim, 1994; Dirlik, 1995). In the late 1980s and early 1990s the discussion on Confucian values gave way to a broader declaration of Asian Values led in part by Lee Kwan Yew of Singapore. Milner's (1999) synthesis across the literature captures the set of values: "a stress on the community rather than the individual, the privileging of order and harmony over personal freedom, refusal to compartmentalize religion away from other spheres of life, a particular emphasis on saving and thriftiness, an insistence on hard work, a respect for political leadership, a belief that government and business need not necessarily be natural adversaries, and an emphasis on family loyalty." This maturation of the prior Confucian value discussion reflected identification with the continual expansion of the Asian Region and all things Japanese, and some satisfaction in the apparent decline of the West (Khoo, 1999, Milner, 1999). Asian Values

echo the religions of Asia, but as importantly, they reflect a set of values consistent with industriousness: community and stability over the self, deference to authority, and hard work. These values differ in quality from those which tend toward industrial efficiency and productivity, reflecting instead a pattern of emotional engagement and membership within community that encourages paternalism in corporate relations and a strong interventionist role by government. This government role is reflected in the idea of the developmental state.

The advent of the term “developmental state” (DS) is credited to Chalmer Johnson’s (1982) *MITI and the Japanese Miracle: the Growth of Industrial Policy, 1925-1975* whose intent was to describe a model of political economy different from the Soviet or Western (Johnson, 1999). Placing the DS in historical context was part of Johnson’s objective and it is important to understand how historical and situational factors have changed the idea. External situational factors motivating the rise of the DS are commonly cited as two: an ideology of development that spread from Japan, influenced in part by its pre-war economic position; and, constraints imposed by international pressure, security concerns, and resource shortages related in large part to the Cold War (Stubbs, 2005; Haggard, 2004; Weiss, 2000). Internal motivations are elite self-interest; and minimal demands from interest groups such as labour (Haggard, 2004).

The waning of the Cold War brought the Plaza Accords and initiated the FDI that built the RPNs. In Southeast Asia at least, the greater security of the post-Cold War environment did not require countries to promote a nationalistic ideology of efficiency in their industrialization so as to spin off resources for national defense; economic growth was its own justification. Indeed, Weiss (2000: 24) in rejecting the moniker “developmental state” for Southeast Asian nations describes them as “a patchwork of poorly insulated yet highly interventionist states whose policies have more often sought to promote ethnic, patrimonial or other particularistic interests than to maximize national goals through a transformative project”.

China appears to have utilized the peace dividend and the RPNs differently. Harvey, (2005) notes that China, at the end of the Cold War and cognizant of its failing internal economic system, opened its border to almost any kind of FDI in order to create jobs and in doing so it abetted the failure of state-owned factories and the dislocation of such workers into a huge pool of migrant low-cost labour, often poorly treated. In sharp contrast to the East Asian concept of the developmental state, but as an extreme version of the paternalist authoritarian Southeast Asian version, Harvey (2005) and Bremmer (2009) suggest that China’s state-fostered model represents a poorly regulated neo-liberal capitalism reminiscent of the American Gilded Age that preceded the Progressive Era in which wealthy capitalist interest groups easily

shaped government policy for economic growth. Indeed, while China's East Coast has experienced a rapid increase in wealth, China's income inequality has risen dramatically and is among the highest in the world. This contrasts sharply with the East Asian NIEs that recorded both growth and widely shared equality during the 1970s and 1980s when they were transitional economies (Kuznets, 1988). The disassembly of the communist system and communitarianism at the grassroots, along with land appropriation for building, regularly prompt worker demonstrations in a manner that more reminiscent of "state capitalism" (Bermmer, 2009) or simple authoritarianism (Gat, 2007).

Without historical continuities with a pre-War industrial efficiency, with values for and patterns of authoritarian governance, and with centralized systems for currency control and investment planning that abet low-wage business environments it is not clear whether China needs or wants a value for efficiency. The huge flow of FDI from China and Southeast Asia following the Plaza Accords provided a ready-made industrial economy to appease interest groups – both elites and labour – and obviated the need to grow one organically. This capitalism of a different sort shapes a state of a different sort with non-transparent interest groups and decision making. The situation is facilitated internally by "strong" Asian Value which encourages a weak [civil] society (Migdall, 1988). With less need to appease interest groups outside the elite, the state need not be transparent or strong, only sufficiently authoritarian to satisfy its elite. Such a description would, it should be noted, apply as well to the "robber baron" capitalism of the American Gilded Age and to the capitalist elites of Europe in the late 19th century.

5. History and Change

The Second Industrial Revolution took over a half a century to complete as the experience of industrialization and social rationalization forged a new set of values and social structure in the West (Durkheim, 1893). If the experience of the Second Industrial Revolution is a guide, China too will confront the tension between the values required of an industrial economy and those that serve its elite in the maintenance of tradition. The *laissez-faire* industrialization of the late 19th century, and the DS model of the late 20th are no longer viable. A new model will emerge reflecting realities of the times: the end of an export-led growth model; population pressure and aspiration for growth; and, environmental limitation of resources for production or for disgorging waste. Such was the experience of America at the end of the 19th century as its profligate resource use and waste confronted falling export demand for its low cost and efficiently produced commodities. The Progressive Era reflected the rise of a social value for efficiency in industrialization which then led to

radical social change as well as expansionist foreign policies that eventually led to war. That is the historical backdrop against which China attempts to emerge into world history at the beginning of the 21st Century.

In the immediate term, China needs to create employment not efficiency. There was something of a Faustian bargain in the flying geese model that flew to China and Southeast Asia as FDI. The rapid roll-out of the RPNs and the easy introduction of jobs created, in comparison with the immediate past, an optimism into which expectation rose and populations expanded. But for an export-led model based on low-cost labour, the economic growth necessary for political stability comes from additional jobs not from added efficiency. Efficiency within a stagnant world economy would only result in more unemployment. In such a context it is not surprising that China's stimulus package following the banking collapse in 2008 was, as measured by gross domestic product (GDP), the largest in the world.

How China negotiates its economic and social transformation awaits the future. History is a guide to the options that might appear; but which history? The long view version would focus on industriousness, values for stability and its tolerance of authoritarianism. The relatively recent history of industrialization toward which it seems to strive, does not bode well for this solution.

Note

- * Dr Jay Wysocki is Visiting Senior Research Fellow at the University of Malaya, Malaysia, returning to the Academy from 15 years of development practice consulting conducted in over 20 countries, primarily in Africa and Asia. Prior to consulting he taught management and organizational behaviour in the US and overseas. Dr Wysocki received his PhD in social/organizational psychology from the University of Utah and a BS in Accounting from Pennsylvania State University. His research programme concerns the meaning of work as a multi-dimensional concept integrating materiality and freedom from the limits of nature, self and identity and man's search for meaning. Currently he is exploring the meaning of work in two contexts: (1) the impact of industrialization on Asian cultures; and, (2) sustainability and environmentalism. <jaywysocki@um.edu.my, jaywysocki@hotmail.com>

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Rethinking the Rural-Urban Divide in China's New Stratification Order

*Qian Forrest Zhang**
Singapore Management University

Abstract

I use a Marxist framework centred on the mode of production to conceptually analyze the changing stratification structure in today's China with a focus on the changing nature of rural-urban inequality. As the state-managed tributary mode of production, once dominant under socialism, is being gradually eclipsed by the reviving petty-commodity mode of production and the newly emerged capitalist mode of production, both of which are market-based and enable the transfer of surplus from labour to capital, a new set of mechanisms are creating and sustaining rural-urban inequality in China. Rural-urban inequality – although still significant in its magnitude – is no longer primarily based on the politically created status difference between rural and urban household registrations, but more on the newly formed rural-urban division of labour in China's new market economy. I use this perspective to look at how market situation – rather than household registration – is shaping the contours of rural-urban divide in today's China in three areas: inequality in rural areas, rural-urban disparities, and rural migrants in cities.

***Keywords:** rural-urban inequality, class stratification, mode of production, household registration, rural migrants*

***JEL classification:** J61, N35, P25, Z13*

1. Introduction

In this paper, I attempt to use a Marxist framework to conceptually analyze the changing stratification structure in today's China with a focus on the changing nature of rural-urban inequality. The gist of my argument is that Chinese society today is shifting from a society primarily stratified by politically defined social statuses to a hybrid stratification system, in which economically based classes are becoming increasingly important units of

social stratification. In this new stratification system, rural-urban inequality – although still significant in its magnitude – is no longer primarily based on the politically created status difference between rural and urban household registrations, but based more on the newly formed rural-urban division of labour in China’s new market economy.

The first part of the argument – about China’s transition from a status-stratified to a class-stratified society – is, of course, not new; as early as in 1978, Szelenyi (1978) already proposes that as socialist economies make the transition from planned to market economy, economic inequality among market positions becomes a more significant dimension in the stratification system. The entire “market transition” debate in the sociology literature in the 1990s is also very much centred on the relative importance of market-based classes as compared to the politically based statuses that were dominant under socialism. In this article, I depart from this literature in two ways.

First, I focus on the transformation of the mechanisms that are creating rural-urban inequality in China. Existing studies have largely eschewed the comparison between rural and urban China and the analysis of the creation of rural-urban inequality. While there are many works that try to quantitatively measure the degree of inequality between rural and urban populations in China, to my knowledge, a clear conceptual understanding of how the market transition is transforming the mechanisms that create rural-urban inequality has not emerged yet. Given the great significance of the rural-urban inequality in Chinese society, this lacuna is puzzling. It is probably partly caused by the technical difficulties of quantitatively comparing rural and urban populations, which would involve two different sets of variables, in studies that focus on income generation. On the other hand, however, it also reflects an unchallenged assumption held by many researchers that the rural society and urban society in China are fundamentally different and incomparable and the inequality between the two caste-like sections of the society is still sustained, not by market forces, but by a whole set of institutions – including those of household registration, social welfare provision, land ownership, job allocation, etc. – that were established under socialism but remain effective today. I challenge this assumption in this article and argue instead that rural-urban inequality in today’s China – just like intra-urban or intra-rural inequality – is primarily a result of market forces.

Second, I explicitly adopt a Marxist approach to propose a framework of understanding social stratification structure that can be applied coherently to the entire society in today’s China. Most existing studies on the changing stratification structure in China focus on the transition – the institutional changes and how these changes transformed the rewards to various social positions and the inequality between them. I argue that the knowledge gained from these existing studies allows us now to more systematically

conceptualize the contour of the stratification structure in today's China. For this task, the Marxist approach that focuses on the dominant mode of production in the society proves particularly useful.

Using the Marxist approach centred on the mode of production to analyze social stratification in Chinese society is, again, not new. Hill Gates (1996), for example, contends that for the past one thousand years, socioeconomic hierarchy in Chinese society was primarily structured by two different modes of production: the state-managed tributary mode of production (TMP) and the lineage-based petty commodity mode of production (PCMP). This paper extends Gates' analysis to contemporary China. It starts with an analysis of the dominant modes of production in today's China and uses this perspective to cast new light on how rural-urban inequality is generated in the dominant modes of production.

The goal of this study is not to quantitatively measure the increase or decrease in the degree of rural-urban inequality, but to conceptually understand the nature of rural-urban inequality and the social mechanisms that create this inequality. Although this paper does not present much empirical investigation, it does suggest empirically testable hypotheses. The conceptual framework I adopt here centres on the Marxist concept of mode of production – the system of creating, extracting, transferring and distributing economic surplus among different social groups. An analysis of the modes of production in an economy reveals not only how economic production is carried out, but also how inequality is directly created in this process through the extraction and transfer of surplus among social groups. As mentioned above, Gates (1996), using this perspective in studying stratification in traditional Chinese society, portrays the stratification structure in this way:

For a thousand years in the late-imperial tributary mode, a class of scholar-officials has transferred surpluses from the various producer classes (peasants, petty capitalists, laborers) to themselves by means of direct extraction as tribute, taxes, corvee, hereditary labor duties, and the like. In the private markets that flourished in China from the Song forward, free producers transferred any remaining surpluses *among* the commoner classes by means of wage labor and a hierarchical kinship/gender system.

(Gates, 1996: 7)

These two political-economic systems of organizing production and distributing surplus placed Chinese people within their reach into a two-tiered class structure. Under the TMP, extraction of surplus from producers by holders of political power created the most important status divide in the traditional society: officials vs. commoners. Within the two great tributary classes of officials and commoners – which, to use Max Weber's terminology, should be more strictly called "status groups" – second-tier hierarchies still existed.

The next section brings this perspective to examine the dominant modes of production and the stratification structure based on them during the socialist era, which created a caste-like rural-urban divide that characterized social stratification in socialist China. Following that, I will show how market transition changed dominant modes of production in today's China and introduced a new set of mechanisms that generate and maintain rural-urban inequality. This conceptual discussion is then followed by a more empirically focused examination of various dimensions of rural-urban inequality that generates some testable hypotheses.

2. Rural-Urban Inequality under Socialism

Despite a tumultuous century of confrontation with the outside world and internal societal transformation, some form of state and competitive markets persisted; the state-managed tributary mode of production and a petty commodity mode of production continued to be the two dominant modes of production that shaped the stratification structure in Chinese society. The real fundamental change to these two modes of production and, subsequently, to social stratification, came only after the founding of the People's Republic of China in 1949. During the socialist era (1949 to 1978), the reach and strength of the TMP reached its apex, whereas the PCMP was suppressed to the point of near elimination.

Upon its founding, the socialist regime started social transformation in rural areas with the land reform in early 1950s and then pushed for collectivization which shifted land ownership and control over production from individual households to collective brigades and communes. Collectivization greatly reduced the PCMP, as its material foundation – private land – was pulled from underneath it. Both the land reform and collectivization also helped to eliminate the landed gentry, the political and economic elite in pre-socialist China who gained their privileges from both the PCMP and TMP. Social stratification in rural China was effectively flattened – the Chinese countryside became a sea of small peasant households under socialism (Parish, 1984). Political status became a more significant dimension of hierarchy that set rural residents apart – in a way that reversed the previous hierarchy in rural society. As the communist party drew support and most of its low-level cadres from the poor peasant class in establishing new grassroots level governments in the countryside, the revolutionary state entrusted local power – and operation of surplus extraction – to political activists who rose among poor peasants. As a class, poor peasants gained not only economically through the redistribution of landlords' properties, but also politically the extractive power granted by the new state.

A similar social transformation also swept Chinese cities. Private properties of urban capitalists were seized by the state and private enterprises turned first into public-private joint ventures and then publicly owned enterprises. As in rural areas, the PCMP declined, first, because private properties were seized; second, for those hold-outs, as more resources began to be included in the central-planned redistribution, markets for industrial inputs and consumer products both constricted, further squeezing the space for the PCMP. The state's direct control over the increasing number of public enterprises strengthened the TMP, allowing the state to extract surplus from these state-owned enterprises (SOEs) and collective-owned enterprises (COEs) into the central-planned redistribution of resources for investment and consumption. Within the state sector, which dominated both the urban economy and labour force, the stratification was primarily based on an administrative hierarchy, with various work units assigned to different ranks and given different levels of operational autonomy and command over resources (Walder, 1992). Thus, similar to rural areas, the political hierarchy became the primary dimension of social inequality: the higher one's administrative position was and the more political power one's employer had, the more redistributive power one had and better benefits one received.

The strengthened TMP erected new hierarchies in its own mould. Hierarchies among different social groups based on their standings in the tributary mode of production intensified, especially between the rural-urban divide. The strengthened TMP increased the state's extraction of rural surplus, which was then invested in urban industries and social services, and created the rural-urban divide. To maintain a loyal and productive urban working class and also to keep urban consumption at a low level, the state provided social services to state workers in cities through the work unit system. In rural areas, many social services were also provided, such as basic healthcare and immunization, literacy education, public projects such as irrigation and road building, and as a result, greatly improved all kinds of human development measures. But, because of the inherent urban bias in the state-led industrialization model (i.e., transfer of rural surplus into urban investment), gaps in living standards between rural and urban areas persisted.

The socioeconomic inequalities between rural and urban areas, although created by the state-led industrialization model, had to be maintained by a politically defined status hierarchy that the state created between rural and urban residents. The existence of wide gaps between rural and urban living standards would have created a spontaneous city-bound emigration of rural residents, which would have threatened to both reduce surplus created in the agricultural sector and divert industrial investment into urban consumption. To prevent this and to keep rural producers staying within the reach of TMP, the state implemented strict residential control through the Household Registration

System (HRS), which separated rural and urban residents into two distinct categories of citizens.

Rural residents, without urban registration, were not only denied of urban employment opportunities, but also excluded from the rationed distribution of many basic consumption items, ranging from housing to cooking oil, making it highly difficult for any unauthorized migrants to survive in cities. Except for a few channels of mobility – all managed by the state – that allowed for some rural residents to move to and settle in cities, a highly rigid status hierarchy based on residential registration separated urban and rural residents.

Although rural-urban inequality is manifested through unequal access to economic resources, the mechanism that created it in socialist China was political: it was the residential status assigned by the household registration system – a political institution created by the socialist state – that both restricted rural residents to the state's extraction of surplus and excluded them from the social services and material provision in cities. The rural-urban divide under socialism was a status divide – in the Weberian sense that these were two segregated status groups. It was the politically defined status difference between rural and urban residents that then allowed the dominant mode of production, the TMP, to transfer surplus from rural to urban areas and create rural-urban inequality. This urban-rural divide became a long-lasting legacy of the socialist era.

3. Conceptualizing the Changing Rural-Urban Divide

To what extent the rural-urban divide has weakened and whether rural-urban inequality has declined or increased are still hotly debated topics. Overshadowed by these debates, however, is an important change: the source of rural-urban inequality is shifting from political to economic. The household registration system that used to create the differential statuses between rural and urban residents is, indeed, still in effect. However, its impact on people's life chances and living conditions has been considerably weakened.

The effectiveness of the household registration system in creating and maintaining the caste-like rural-urban divide is based on the tributary mode of production under socialism and the redistributive allocation of resources and opportunities it entailed. During the past three decades of reform, however, major changes have taken place in China that transformed the dominant modes of production. In the first half of the Reform Era (1978 to present), the centrally-planned, redistributive economy had remained in force and the dominance of the TMP intact. However, on the margins of the redistributive economy and the TMP, markets started to revive and expand. The PCMP, which had been suppressed and dormant for at least two decades, re-emerged; a new mode of production, the capitalist mode of production (CMP), also rose.

3.1. Changes in the Mode of Production

Self-employment activities were again allowed in both cities and countryside at the beginning of the Reform – although initially limited to hiring no more than seven employees (Sabin, 1994) – which started the revival of the PCMP. In rural areas, the decollectivization of agriculture, which devolved land use rights and control over production from collective communes and brigades to individual rural households, restored the household as the unit of production and consumption. Although many of these small farming households remained subsistence producers – producing for self-consumption – more and more were becoming commodity producers who produce both agricultural and non-agricultural goods for sale on markets. In the early years of the reform, rural residents were still within the reach of the TMP, subjected to the state's extraction of tribute in the form of obligatory grain quotas to be delivered to the state. But the floodgate was opened to allow them to engage in market-oriented petty commodity production – whether diversifying into non-farm employment or selling agricultural surplus on markets. Before long, the trickle of rural petty-commodity production turned into a gusher, especially in non-farm production.

The growth of rural non-farm employment took the forms of either collective township-and-village enterprises (TVEs) or small family-based enterprises. For the first 15 years of the post-socialist transition, the growth of TVEs and rural household enterprises became the main force that drove China's rural industrialization and transfer of labour from farming to non-farming jobs. As a result, the new rural economy resembled the pre-socialist formation, where both the TMP and PCMP existed. It also created a new dimension in rural social stratification: managers in TVEs, who were usually current or former village cadres, and the enterprising families became the new economic elite in rural society, accumulating wealth through market-based entrepreneurial activities that grew outside the reach of the TMP.

A novel development of the post-socialist era, especially from 1990s onwards, is the emergence and rapid rise of a genuine capitalist mode of production (CMP) in the economy. The CMP differs from the PCMP that had a long tradition in Chinese economy in one crucial aspect: its reliance on commoditized labour. A crucial landmark in the rise of the CMP in Chinese economy is the legalization of domestic private enterprises through a constitutional amendment in 1988, which gave protection to private properties and allowed the employment of eight or more employees. As a result, domestic private firms started to grow, and joined foreign invested firms, which first brought in the CMP, in expanding the CMP in the economy. The growth of CMP was further fueled by the privatization of collective rural TVEs and urban SOEs in the 1990s. The number of domestic private firms increased

sharply and some large-size firms emerged. In recent years, the domestic private sector has grown to one-third of the national economy, while foreign-invested private firms and state firms each takes another one third (Tsui, Bian and Cheng, 2006). With this rapid rise of the CMP, the transfer of surplus from commoditized labourers to capital owners emerges as a new and increasingly powerful process in creating social inequality and forming hierarchies.

Not surprisingly, the resurgence of PCMP and rise of CMP pushed the once dominant TMP into a retreat, as the reform opened up new markets and shifted more economic activities outside the reach of the TMP. Although property reform in the form of privatization of public firms did not start on scale until the late 1990s, the dismantling of the central planning system began at the outset of the urban reform and proceeded gradually. In the increasingly marketized urban economy, the state withdrew its direct tributary extraction from an increasing number of non-state firms. Even in state firms, more management autonomy and property rights were devolved from governments to the firms themselves. Since late 1990s, the accelerated pace of privatization in state sectors, especially of smaller-scale SOEs further reduced the scale of the state-run economy and restricted the reach of the state-managed TMP.

In recent years, however, after the initial period of retreat, the remaining large-scale SOEs, albeit small in number, have experienced a revival and helped to ensure that TMP remains a powerful force in the new economic system and in shaping social hierarchies. Protected by politically granted market monopoly and emboldened by the political power they hold within the state system, the remaining large SOEs are able to extract surplus from consumers in the form of monopoly rent. The corporate reform implemented in these SOEs and their participation in capital, labour and other markets, however, still transformed them from the traditional socialist state firms into a new breed of state firms. Both the CMP and TMP are at work in these state monopoly firms: the state monopoly capital simultaneously extracts surplus from workers on the basis of control of means of production in the CMP and extracts surplus from consumers in the TMP through monopoly rent created and protected by the state's political power.

In rural areas, the decline of the TMP also went through a period of retrenchment, but in recent years, has greatly accelerated. Although the reform allowed households to diversify into farm and non-farm productions outside the reach of TMP and gradually did away with state imposed mandatory quota of production, the intensity of the TMP expanded for a period of time. In the 1990s, the fiscal reform and the privatization and decline of TVEs severely reduced local governments' revenue sources; local governments had no where to turn but to ratchet up their extraction of surplus from rural households. As a result, besides the agricultural tax levied by the central government, various levels of local governments created a myriad of new types of taxes, levies,

charges, and corvee labour to extract surplus from rural residents (Bernstein and Lu, 2000). Excessive peasant burdens soon became a nationwide problem and led to the rapid deterioration of local governance in rural areas.

This trend was finally reversed when the Hu Jintao and Wen Jiabao administration came into office in 2003. In 2004, the agricultural tax was abolished nationwide and, with it, the central state's direct surplus extraction from individual agricultural producers. Furthermore, the central government also started a direct subsidy to farmers based on land size. The central government also implemented strict restrictions on the type and amount of taxes, levies and corvee labour that local governments can impose on rural residents. Although implementation varied across regions, the combination of these measures helped to curtail the power of the state-managed TMP in rural areas. At the same time, the central government also started to establish social welfare programmes in rural areas, bringing welfare services that had long been available to state employees in the cities finally to rural residents as well.

These programmes, such as the cooperative healthcare programme, in which rural residents, local government and central government each contribute a part to an insurance plan that covers locally based medical services for rural residents, of course, still fall far short in both the scope of coverage and quality of services provided when compared to urban welfare programmes. However, all these changes – termination of tax collection, implementation of direct subsidies, and establishment of subsidized welfare programmes – represent a fundamental shift in rural-urban relationship in China: instead of extracting surplus from rural areas to be invested in urban industries and consumers, as done under socialism, the central government reversed the surplus transfer and now begins to extract surplus from urban areas and fiscally transfer it to rural areas. If under socialism, the surplus transfer enabled by the TMP was the main force that created rural-urban inequality, then, with the decline of TMP in rural areas and the reversal of the surplus transfer, this main force of creating rural-urban inequality all but disappeared. Rural-urban inequality, of course, certainly has not vanished together with this old mechanism. Then, what is the new force that is creating rural-urban inequality in today's China?

3.2. New Source of Rural-Urban Inequality

I argue that in today's China, rural-urban inequality is mainly created by the surplus transfer within the CMP. While most rural residents specialize in agriculture, agriculture *per se* is not the cause of rural-urban inequality, but rather the mode of production in agriculture. Under collectivized agriculture in socialism, rural producers contributed labour to production, while land

and other means of production were controlled by the collective units; except for some marginal products harvested from the small private lots of land they retained, rural producers' income almost consisted exclusively of the compensation to their labour, minus the surplus extracted by the state and transferred to urban areas. In comparison, urbanites – at least those employed in state and collective work units – received not only compensation to their labour, but also a share of the surplus transferred from rural producers, in the form of both subsidized food prices and access to social services. Therefore, it is largely accurate to say that any urban employee was better off economically than any rural resident in the same region.

Agricultural production in today's China, in contrast, is now free from TMP, but dominated by PCMP and CMP. Decollectivization returned land rights to the hands of rural households; development of labour and land markets further allowed rural households to increase their scale of production. Many rural producers are thus able to shift from subsistence production to market-oriented production of commodity crops. Under this PCMP, household producers control their own land and other means of production and use household labour to produce commodities for sale at market-determined prices. Except for some surplus extracted by oligopolistic purchasers (mostly urban capital) of their products through unequal terms of trade, these independent commercial farmers in PCMP are not subjected to direct surplus extraction by either the state or other urban actors. Compared to urban proletarians who sell nothing but their labour to capital, these commodity farmers receive not only compensation to their labour – without significant extraction of surplus – but also return to their land and other capital investment. Economically, they are better off than many urban proletarians.

The CMP is also rising in Chinese agriculture. In capitalist agriculture, such as the corporate farms set up by agro-capital and the large family farms operated by entrepreneurial farmers, commoditized labour is employed by capital in agricultural production. This creates an extraction and transfer of surplus from agricultural labourers, who are employed in corporate farms or work as “disguised labourers” in contract farming, to capital owners, who are mostly located in cities. The entry of agribusiness companies into agriculture also brought in the industrialization of agricultural production through the increased use of industrially manufactured farm inputs, such as fertilizers, pesticides, herbicides, genetically engineered seeds, and farm machines. This created another potential channel through which the urban-based industrial capital can extract surplus from rural producers through unequal terms of trade between industrial and agricultural products.

This new mechanism that creates rural-urban inequality in today's China, although similar in its result, differs from the socialist creation of rural-urban inequality in one crucial aspect: instead of transferring surplus

and creating inequality between two status groups – as created by the politically defined residential status – this new mechanism transfers surplus and create inequality between two economic classes created by differing market situations: rural labour and urban capital. Although in its concrete manifestation, this new mechanism of surplus extraction generally transfers surplus from labourers with rural household registration to capital owners with urban registration, the difference in residential status between the two is, however, inconsequential. This transfer of surplus is not dependent on the registration status of the involved parties. In fact, there are many labour-hiring, entrepreneurial farm owners who have rural registration but accumulated enough wealth from the CMP to mainly live in urbanized areas. In sum, surplus is still transferred from rural to urban areas and rural-urban inequality continues to be created, mainly because in the new economic division of labour under CMP, capital is predominantly located in cities and extracts surplus from rural-located labour.

The TMP, which used to be the central mechanism of creating rural-urban inequality, now plays an ambiguous role with conflicting effects on rural-urban inequality. On one hand, fiscal transfer by the central government is in fact reversing the earlier trend and reducing rural-urban inequality; on the other hand, however, the large, monopolistic SOEs, which are exclusively urban based, are also extracting surplus from rural consumers to their urban headquarters, aided by their state-protected monopoly power.

4. New Patterns of Rural-Urban Inequality

Under socialism, the dominant mode of production – the TMP – was a political creation: the extractive power was based on political power of the state, in turning private properties into state properties, in controlling farmers' harvest, in disciplining labour, and in restricting rural residents' exit from state extraction. The hierarchies it created in the society, although had clear social and economic consequences, were primarily based on politically defined statuses. The society was a status-stratified society and the most important hierarchies in society were those based on different politically defined statuses: urban vs. rural registration and officials vs. commoners.

In the post-socialist China, both the PCMP and CMP experienced rapid rise. In these two modes of production, the extraction of surplus is based on economic ownership rather than political power. Even the TMP, which remains powerful, now also mixes with and draws on the CMP, in the hybrid form of state monopoly capital, in its operation. As a result, both the economically based PCMP and CMP and the politically based TMP coexist in a hybrid formation. Correspondingly, the stratification structure of the society also changes from comprising of primarily politically based status groups to a

mixture of status groups and economically determined classes, with the latter become increasingly significant.

In this emerging class structure, the rural-urban divide, which originated from a politically defined status differentiation under socialism, becomes increasingly blurred, as rural and urban areas are both integrated into the expanding market economy. In this section, I use empirical examples to re-evaluate rural-urban inequality from three aspects.

4.1. Inequality in Rural Areas

In rural areas, the class-based stratification is gaining ascendance. Under socialism, rural stratification used to be based on two factors: access to political power and demographic structure of the family. Since the 1980s, however, when, first, rural industrialization and then, rural-to-urban migration unleashed the massive transfer of labour force from agriculture to non-agricultural jobs, access to non-farm wage jobs has become the greatest source of household income inequality in rural China (Khan and Riskin, 1998). Families with political connection are still doing better; but most cadre families get higher income because they were able to use their political power to either secure wage jobs for family members or to venture into private entrepreneurship (Walder and Zhao, 2006).

In recent years, class-based stratification even started to emerge among agricultural producers. Most studies have found that, up until mid-1990s, income from farming is highly equitable among rural households in China (Riskin, Zhao and Li, 2001). This is mainly because land was distributed within a village in largely egalitarian manners. Another reason is that farming in general was not very profitable and could not generate much wealth even for families who have more labour and land engaged in farming. But profound changes have taken place in Chinese agriculture in recent years. First, the exodus of rural labour from agriculture and the ensuing increase in available farmland has spurred a spontaneous growth of rural land market that enabled the circulation of farmland among producers and allowed larger-scale farming to emerge. Second, the rising urban demand for non-grain foods also made commercial farming of high-value foods more profitable. As a result, new actors – in particular, entrepreneurial farmers and agribusiness companies – entered agriculture and started to organize agricultural production on larger scales with rented land and hired labour (Zhang and Donaldson, 2008). A new hierarchy – one that is determined in this emerging capitalist mode of production on the basis of one's economic position – is transforming what used to be a flattened and homogeneous peasantry class into a host of unequal class positions (Zhang and Donaldson, 2010).

In this new rural stratification structure, while political power still matters, it only takes effect through gaining more advantageous market positions – for example, providing privileged access to off-farm jobs, more land, managerial positions, or entrepreneurial opportunities. On the other hand, economic disparities between the new social classes in rural areas increased greatly. Private wealth and material comforts are no longer limited to cities, but are also widely available to the new economic elites in rural areas. The rise of these new economic elites in rural areas – including entrepreneurs and managers in rural industries and the independent commercial farmers and entrepreneurial farm owners in agriculture – makes any analysis of rural-urban inequality based on statistical averages nearly meaningless. To simply say that rural-urban inequality has increased as a result of the market transition is in itself a problematic statement, as both the rural and urban societies are heavily stratified.

4.2. Rural-Urban Disparities

Rural life is still considered by most people in China as undesirable compared to urban life. This, however, should not be interpreted as an indication of widening rural-urban inequality. The undesirability of rural life has a strong cultural dimension: rural areas, rural people, and the rural lifestyle are culturally undervalued and even stigmatized in Chinese society, especially among the younger generations who grew up inundated with messages from TV and Internet glamorizing the cosmopolitan lifestyles. In comparison, urbanism as a way of life is culturally valued. This cultural stigmatization of all things rural is at least partially rooted in the deep rural-divide and severe rural-urban inequality created during the socialist era. This cultural differentiation has a pushing effect independent of socioeconomic factors that drive many rural residents to migrate to cities, to pursue both expected socioeconomic gains and a cultural lifestyle. In other words, the massive migration of rural labour to cities, while much of it is indeed economically motivated by rural poverty and the greater opportunities for cash income in cities, is also partially culturally motivated; using this as a measure of the socioeconomic gap between rural and urban areas tends to exaggerate the real extent of rural-urban inequality.

Another commonly used method of comparing rural-urban disparities – income analysis – can also be misleading. Much of the consumption in rural life is self-produced, rather than purchased on market with cash. Furthermore, wealth, especially land rights, is not included in such comparison. Living costs in rural areas are also lower. When we include wealth and especially the control over means of production into the consideration, we can see that the majority of China's rural population belongs to the petty bourgeoisie class,

who owns their own means of production, control the production process, and use their own labour in production. While in some rural areas, the limited amount and low productivity of land has trapped farming families in poverty, in other areas, commercial farmers who have successfully shifted from subsistence farming to commodity farming are able to live in relative material comfort. Yet, most observers, when commenting on widening rural-urban gap in China's stratification structure, overlooked the fact that this large group of petty bourgeoisie in the rural population is in fact the backbone of the "middle class" in today's China and are in comparable socioeconomic positions as some of their urban counterparts (such as skilled workers).

4.3. Rural Migrants in Cities

The hardship that rural immigrants encounter in cities is often cited as evidence to show how the politically created status difference between rural and urban residents still shapes their life chances. This argument, however, requires closer scrutiny. In recent years, more policies helping the integration of rural migrants into cities are implemented across the country, albeit at different paces. The rural household registration *per se* is no longer a barrier that stops rural migrants from gaining access to urban services. On the contrary, access to urban services is now increasingly based on employment – in other words, one's situation on the labour market. Many services once reserved for urban residents with urban registration have been gradually opened to all or commercialized. Even schools in some large cities have opened their doors to rural migrants and charge them in the same way as urban residents. While some jobs still require urban household registration, they have become a small minority.

The hardship and exploitation typically endured by rural migrants working in cities is not caused by their rural household registration *per se*, but rather by their occupations and the disadvantaged positions they occupy in markets. From this perspective, we can generate two testable hypotheses: first, urban residents in unfavourable market situations will not be better off than rural migrants in similar situations; and second, rural migrants who are in favourable positions in labour and housing markets are better off than urban residents in less favourable market positions.

While I do not have systematic data to test these hypotheses yet, one comparison helps to illustrate the point: that between the "ants" and the rural landlords in villages-in-the-city. "Villages-in-the-city", or *chengzhongcun* 城中村, refer to rural villages encircled by the expanding city. Residents in these villages still have rural registration status – and thanks to that, property rights of land and houses located in these urban "villages". These property rights place them in an advantageous economic position as urban landlords

and allow them to live in great material comfort on rents and to become the envy of many urbanites. On the other side of the equation, many well-educated urban residents – college graduates in Beijing, for example – find themselves in disadvantaged positions in both labour and housing markets. Their situation has given rise to a new social phenomenon: the “ants” or *yizu* 蚁族, i.e. people who, like ants, struggle in low-paying, unstable jobs and live in cramped quarters – oftentimes rental houses located in peri-urban villages and villages-in-the-city and owned by “rural” landlords. Clearly, for parties involved in this confrontation, the more important divide is not whether one has a rural or urban status in the political scheme, but whether one owns a property or not in the economic market. This case shows that, when rural residents manage to occupy advantageous positions in the economic system *vis-à-vis* urban residents, the urban-rural hierarchy can be reversed, without changing the political status that used to define rural and urban statuses.

Many commentators have noted that rural migrants to cities often have to go back to their home villages for social reproduction and have used this as evidence to show how the politically defined rural status still limits migrants’ chances in cities. However, what has been less noticed is that many young urban residents also have to delay or even forego their social reproduction simply because they do not own a property to house the to-be-formed new family. The reason for this has little to do with the political status, but more to do with one’s economic condition.

As the institutional barriers erected under socialism to help maintain the TMP and transfer of rural surplus into urban industries were gradually dismantled, urban lives were no longer dependent on the rationed allocation of consumer goods and social services, tied with employment in work units and urban registration. In the past three decades, hundreds of millions of rural residents have migrated to cities – to either work temporarily or settle permanently. These rural migrants are indeed still poorly treated in cities, stigmatized by urbanites, and had difficulties in getting good jobs or permanently settling down; but these difficulties they encounter in cities, which are also faced by urban migrants, are increasingly the result of their disadvantaged economic positions in the CMP and PCMP, especially in labour and housing markets, and less the result of a politically defined rural status.

5. Conclusion and Discussion

Under socialism, the “rural” status was defined not because of one’s occupation in agriculture in the economic division of labour, but because of one’s position in a political classification – the household registration system. This rural status then simultaneously subjected one to the extraction of surplus under the TMP and excluded one from receiving transfer of surplus in the

form of all kinds of urban social services. But nowadays, the rural registration status no longer has such an effect: rural producers are not only freed from the extraction by the central government, but also receive direct transfer of surplus in the form of farming subsidy. They can also freely migrate to cities and have gained access to many urban services.

Rural areas are still generally poorer than cities, but not because they are politically subjected to the tributary extraction by cities, but rather mainly because of their specialization in the less profitable agricultural production in the economic division of labour, which occupies a peripheral and subordinate position to the manufacturing and financial industries in cities. When a rural area upgrades its economy from agriculture into manufacturing, as many rural villages in peri-urban locations did all over China, but particularly in coastal regions, it quickly improves its economic prosperity to a level comparable to similar urban areas, without ever changing its politically defined “rural” status.

In rural areas, the strong institutional protection of small farmers’ land rights and intrinsic barriers in agriculture against the penetration of capital provide stronger foundations for the survival and even growth of petty-commodity producers in agriculture. In the urban economy, in contrast, petty-commodity producers face increasing competition from big capital and declining profits in the production process; in the consumption process, they also face rising reproduction costs driven by the pursuit of monopoly rents by both big capital and the state. Proletarianized urban workers who are exposed to the brute forces of markets are in even worse conditions. Compared to agricultural petty-commodity producers in rural areas, they may find that the social status they enjoy as urban residents, which used to put them in enviable positions in the status hierarchy under socialism, now provides little material comforts and is dwarfed by the economic disadvantages they confront in their low positions in the new class hierarchy.

The re-evaluation of the rural-urban divide in today’s China also prompts us to re-think about the nature of rurality in China: What constitute rural? Under socialism, what constituted rural in China was mainly defined by the politically created status of having rural household registration. Most of the rural residents were also engaged in agricultural production, but that occupational specialization – although overlapping largely with rural status – was not the factor in determining rurality. Some rural residents had the chance to work as temporary labour in factories in cities, but they were still considered by all – urbanites, the state, and rural residents themselves – as “rural people” (*nongcunren* 农村人), as their politically defined status excluded them from access to urban amenities and from settling down formally in cities. In some sense, the agricultural occupation was more a result of the rural status than a determinant of it. It was the rural household

registration that excluded them from cities and urban employment and services, restricted rural residents in the agricultural sector, and subjected them to surplus extraction and transfer by the state-managed TMP.

In contrast, in today's market economy in China, where household registration is no longer a barrier that stops rural residents from migrating to cities to find jobs and settle down, rurality can no longer be so unambiguously defined on political status. Instead, I think it is more sensible now to think of rurality as based on a specialization in agriculture in the economic division of labour. Rural is the place where the biological process of agricultural production is conducted, because of its land-based nature, but this production process is increasingly integrated into the chain of industrial production controlled by urban capital. Rural areas specialize in natural production in the economic division of labour of the industrialized production of foods, which, due to its peripheral position to industries and the increasing control by urban capital, subjects itself to the surplus extraction by capital based in cities.

Note

- * Dr Qian Forrest Zhang 张谦, Assistant Professor of Sociology at Singapore Management University, received his undergraduate training at Fudan University in Shanghai and graduated in 2004 from Yale University with a PhD in sociology. He has been teaching at Singapore Management University's School of Social Sciences since 2005. His main research areas are rural development and stratification and mobility in contemporary China. His previous work has appeared in *Journal of Marriage and Family*, *Politics & Society*, *The China Quarterly* and *The China Journal*. His recent work on rural China has documented the rise of agrarian capitalism and analyzed its impact on rural social structure. He is currently extending that research in several directions, investigating topics including contract farming in China, transformation of China's state farms, and comparing agrarian changes in China and India. <Email: forrestzhang@smu.edu.sg>

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Towards China's Urban-Rural Integration: Issues and Options

*Zhong Sheng**
National University of Singapore

Abstract

The paper discusses China's urban-rural disparity as well as the national and local policies implemented to tackle the problem in recent years. It is shown that in the reform era, China's urban-rural divide had been narrowed initially but later became widened again. Fearing social instability, the Central Government initiated a series of policies to forge "coordinated urban-rural development" (CURD). These policies touch on public finance, local public administration, social systems, rural land use, physical development and *hukou* policies. At the same time, the National Comprehensive CURD Experimental Zones was set up in Chongqing and Chengdu. The paper reviews Chongqing's major CURD policy innovations, namely *hukou* reform, the establishment of the rural land exchange, affordable housing programmes and the development of the poor hinterland. It is argued that China's CURD reforms face three major challenges, including defining ends and means, policy coordination and costs of reforms.

Keywords: *urban-rural disparity, coordinated urban-rural development, Chongqing*

JEL classification: *H75, J61, R58, Z13*

1. Introduction

Over three decades of hyper economic growth in China has turned the country into the world's second largest economy by 2010. However, growth has not benefited the country equally. Fan *et al.* (2009) summarizes three types of regional inequality in China: rural/urban, inland/coastal and provincial. This paper deals with the first type of spatial inequality as well as recent policy initiatives to address the problem. The emphasis is laid on public policies rather than theoretical explanations for the spatial disparity, although the

latter is briefly discussed. In the sections that follow, I will first present some evidence of China's widening urban-rural gap followed by a summary of recent policy development to tackle the issue under the Coordinated Urban-Rural Development (CURD, *chengxiang tongchou* 城乡统筹) initiatives. In particular, I will discuss major national efforts as well as local experiments in Chongqing, a National Comprehensive CURD Experimental Zone (*quanguo tongchou chengxiang zonghe peitao gaige shiyan qu* 全国统筹城乡综合配套改革试验区). At the end, I will comment on challenges facing CURD reforms and offer a few recommendations.

2. Widening Urban-Rural Gap

Before discussing any evidence of urban-rural divide, it is necessary to clarify the meaning of "urban" and "rural". If China's household registration system (*hukou* 户口) and large-scale rural-urban migration were absent, things would be quite straight-forward. However, the Chinese institutional constraints, namely the ease of migration relative to rural-urban *hukou* conversion has created a hybrid type of population: migrant workers, who have physically resided in cities for an extended period of time but are nevertheless still officially regarded as rural citizens. This paper uses *hukou*-based criterion and classifies this group of people as rural population. This is because the disparity between entitled urban *hukou* residents and migrant workers within cities constitute an important dimension of China's urban-rural duality. Categorizing migrant workers as urban citizens would oversimplify China's inequality problems.

It is also important to point out that regional differences complicate China's urban-rural divide. An average household in prosperous regions, such as the Pearl River Delta Region or the Lower Yangtze Delta Region, may enjoy more abundant material wealth than an average household living in the cities of western provinces. For example, in numerous *chengzhongcun* (城中村) found in southern cities, such as Guangzhou and Shenzhen, indigenous farmers who have lost their cultivated land, earn their living from several sources, including land compensations, rents from overbuilt home spaces and dividends from village collective enterprises. And these combined incomes can provide local farmers with a comfortable living standard commensurate with that enjoyed by urban *hukou* residents in their cities – which is among the highest in China.

And today, rural population is no longer farmers in the traditional sense as a lot of income for rural population comes from occupations other than agriculture.¹ It is estimated that the share of income from nonagricultural sources in a rural household increased from 22.3 per cent in 1990 to 52.4 per

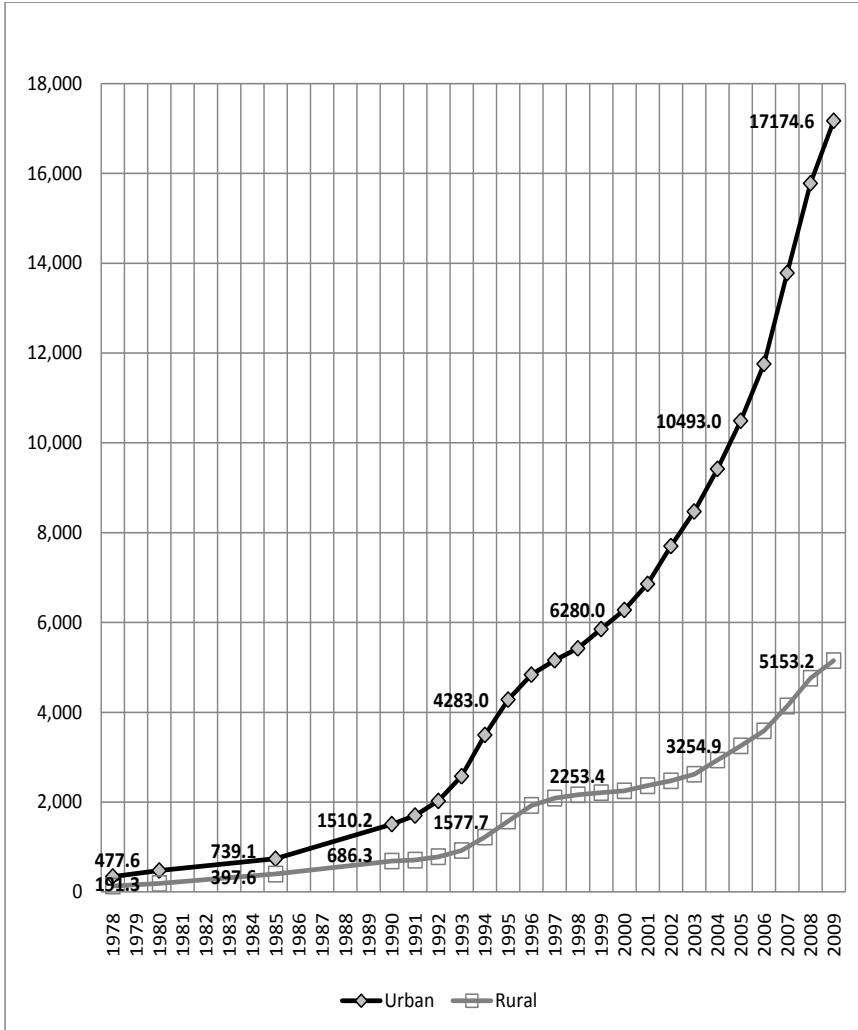
cent in 2004 and most of such income was from wages (Park, 2008). For rural workers, the choices among moving to big metropolises, moving to small cities or simply working in the village enterprises without relocation (*li tu bu li xiang* 离土不离乡) may make a big difference to their economic fortunes. In addition, wages are generally higher in coastal than in inland regions. To simplify the discussion, this paper focuses on the macro conditions of the rural population with regional nuances discussed only at some points. However, it is clear that regional variations in terms of causes, forms and severity are a persistent feature of China's urban-rural disparity.

China had a huge urban-rural divide before the economic reform due to many policy biases in favour of urban citizens in the central planning era. For example, under the central planning system, agricultural prices were artificially set at very low levels to help support the manufacturing sector in cities. Such policies redistribute wealth in favour of urban areas. And *hukou* policy also privileged urban residents by attaching certain critical entitlements such as guaranteed supply of life necessities (food, cloth, fuel, etc.) and social welfare (healthcare, education, life-time employment, pension, etc.) only to urban *hukou*. In 1978, China's per capita income for urban residents was about 2.56 times of that for rural residents.² Although in the early years of the economic reform, overall urban-rural inequality declined following the institution of the rural household responsibility system, relaxation of the control over rural sideline production, the development of cottage industries as well as township and village industries (Luong and Unger, 1998); in more recent years, however, urban-rural divide has widened. As Figure 1 shows, in 1985, per capita income ratio between urban and rural households had decreased to 1.86 (from 2.56 in 1978). However in the 2000 decade, income growth for urban households was far more dramatic than that for rural households. By 2009, the per capita urban-rural income ratio escalated to 3.33.² The absolute gap is even more striking as it increased from RMB4,027 in 2000 to RMB12,021.5 in per capita terms (both current prices). Even after adjusting urban-rural price differences, which serves to shrink the disparity to some extent, China's urban-rural income ratio is still large relative to that of most other countries. In addition, inequality between urban and rural areas is more severe in western China than in both central and eastern part of the country (Sicular *et al.*, 2005).

Consumption level is more reflective of the living conditions of households. Figure 2 shows the elevation of consumption levels of both rural and urban populations. The consumption levels for the base year of 1978 are denoted as 100 and the figures are indicative of the improvement of living standard over the base year levels. It can be seen that between 1978 and 1985, consumption for rural population increased 95.7 per cent while that for the

urban population increased only 41.3 per cent. However since the early 1990s, the growth of urban consumption levels began to accelerate. By year 2009, per capita consumption of an urban *hukou* resident was 7.12 times of its 1978 level while for the rural case, it was only 6.16 times.

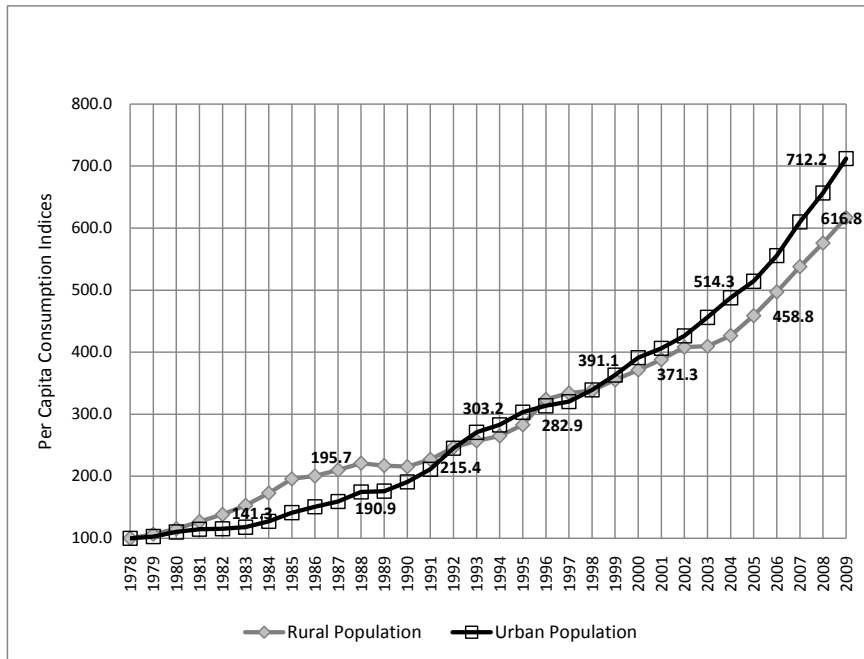
Figure 1 Per Capita Household Income (RMB)



Notes: Incomes are based on current prices. Urban population is inclusive of migrants who have been living in the city for more than 6 months.

Source: Data from *China Statistical Yearbook 2010*.

Figure 2 Urban-Rural Consumption Indices in China (Base Year 1978: 100)

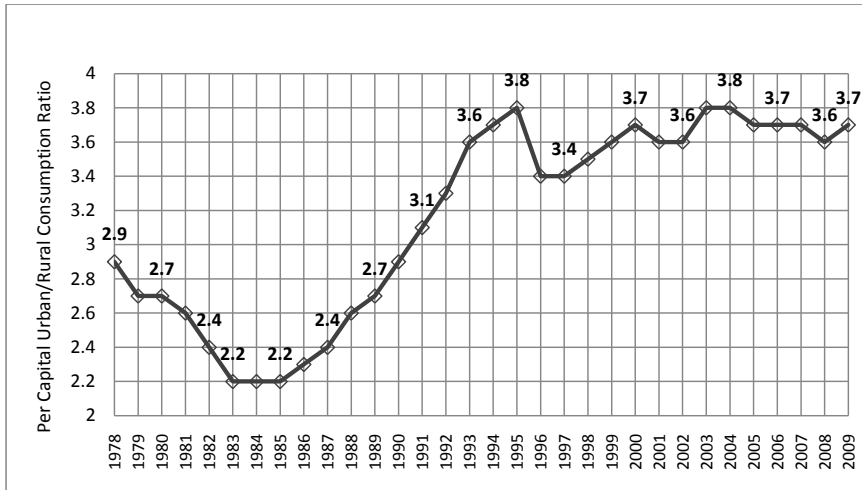


Notes: Urban population is inclusive of migrants who have been living in the city for more than 6 months. Indices are calculated at constant prices with data for the base year of 1978 set at 100 for both urban and rural population. But figures do not take into consideration the urban-rural price differentials.

Source: Data from *China Statistical Yearbook 2010*.

Figure 3 measures the consumption gap between urban and rural population. It is clear that the living standard in urban areas has been consistently higher than that for rural areas as per capita urban-rural consumption ratio has never been lower than 1. However, the period between 1978 and 1983 saw the most consistent reduction in urban-rural disparity while the years between 1985 and 1995 had experienced alarming widening of the gap. In recent years, despite fluctuations⁴, consumption gap between urban and rural population remain much higher than the 1978 level. In 2009, per capita consumption of an urban *hukou* resident was 3.7 times of that for a rural *hukou* resident. If we assume that price differentials between urban and rural areas remain unchanged, urban-rural divide had widened a great deal after three decades of economic reform.

Figure 3 Urban-Rural Consumption Gap in China



Notes: Urban population is inclusive of migrants who have been living in the city for more than 6 months. Per capita urban/rural consumption ratio has not taken into consideration the price differentials between urban and rural areas.

Source: Data from *China Statistical Yearbook 2010*.

There are many explanations for China's widening urban-rural income and consumption gaps. Income differences between urban and rural population is not unique to China as labour productivity in manufacturing and services that cities specialize are generally higher than that in agriculture. But the productivity gap only explains a minor proportion of China's urban-rural inequality (Sicular *et al.*, 2005). Regional economic development theories suggest that under perfect market conditions, productivity gaps across localities would propel migration which helps to narrow the income gap over time. However, perfect market condition rarely exists in real situations. Moving is very costly financially, socially and emotionally for households. So even without any institutional control on migration, urban-rural labour productivity and income gaps would persist. But in China, in addition to the "natural" factors that deter migration, the administrative control on *hukou* conversion constitutes a big obstacle to labour mobility. This unique institutional feature may help explain the larger urban-rural income gap in China than that observed in most other countries (Park, 2008).

In addition to income and private consumption, rural-urban inequality is also reflected in the quantity and quality of physical infrastructure and public services. China's hierarchical public finance system privileges higher

administrative tiers and budgetary funds are usually siphoned away during the course of the hierarchical transfer. Hence only a meager part can reach the township and village coffers (Fock and Wong, 2008).⁵ On the other hand, in rural areas, local sources of funding are very limited. Urban governments can derive large revenue from land sales. However, things are very different for the rural communities as the use-right of rural land cannot be directly sold in the land market by their owners – rural collectives. Even when rural land is sold or leased in the black market, a quite common practice in rural China (Ho, 2001; Ho and Lin, 2003), land prices are usually depressed because of the periphery locations of the plots concerned⁶ as well as the illegal nature of such transactions. In many places, village collective enterprises and special levies, including many unauthorized levies on rural households had become important funding sources for local infrastructure and public services. However, the low levels of economic development in rural areas means that very limited funds can be collected from local collective enterprises and individual households even if they are forced to pay.

While financial resources are deficient in the rural areas, the cost of infrastructure and public service provision is significantly higher in the countryside than in cities because of the former's lower population density and its inability to realize economies of scale in service provision. The revenue and cost factors combined to widen the gap of infrastructure and public service levels in urban and rural areas. Healthcare provides an angle to gauge the public service gaps between urban and rural areas. Table 1 shows that before 2000, the disparity between urban and rural areas has been declining dramatically but in the past decade it has widened again. The trend is consistent with the income and consumption gaps.

Urban *hukou* population is also better covered by social safety net while rural *hukou* population, including rural migrant workers to cities, has to mainly rely on their own devices (for example, rural land) or on rural collective enterprises of various levels of profitability for social protection. The need for rural population to use land as a last resort leads to the reluctance of migrant workers to give up the use-right of land in their home villages even if they have acquired stable jobs in cities and have left their village land fallow for extended period of time.

Despite the importance of land to the livelihood of rural population, land is frequently grabbed by urban governments to fuel urban economic growth because it is the most important financing vehicle for China's large scale urban development. Although China's Land Administration Law and Property Law stipulate that rural collectives should be properly compensated when their land is requisitioned, the compensation standards that have been set administratively are far from sufficient to help land-losing farmers. And to aggravate the situation, land requisition deals are usually made in a non-

Table 1 Availability of Healthcare Services in Urban and Rural Areas

Year	Licensed (Assistant) Doctors (per 1,000 population)			Registered Nurses (per 1,000 population)		
	City	County	City/County	City	County	City/County
1978	2.99	0.73	4.10	1.74	0.18	9.67
1980	3.22	0.76	4.24	1.83	0.20	9.15
1985	3.35	0.85	3.94	1.85	0.30	6.17
1990	2.95	0.98	3.01	1.91	0.43	4.44
1995	2.39	1.07	2.23	1.59	0.49	3.24
2000	2.31	1.17	1.97	1.64	0.54	3.04
2005	2.20	1.06	2.09	1.66	0.51	3.25
2008	2.35	1.05	2.23	2.02	0.60	3.39
2009	2.47	1.10	2.24	2.22	0.65	3.44

Notes: Compared with cities, counties have higher proportion of rural population. One of their main responsibilities is to manage rural populations. Generally, county and township governments are considered as rural governments.

Source: *China Statistical Yearbook 2010*.

transparent way. Instead of helping farmers to tide over economic difficulties, land compensations frequently end up lining the pockets of village cadres. Therefore, in recent years, disputes related to land requisition has become a contributing factor to the uneasy urban-rural relationships and social instability (Xie and Shan, 2011).

Land, income, infrastructure and public services are interconnected with one another and under China's unique institutional framework, a vicious cycle can form if things went wrong in one aspect. Loss of land can depress rural economic development (both in agriculture and rural industries) and hence household income. Low levels of economic development also lead to funding shortage in infrastructure and public services when transfer payment is limited. While poor infrastructure further retards economic development, public service deficiencies cause the deterioration of human capital (e.g. low education level, poor health), which will eventually compromise labour productivity and economic efficiency in the long term. The *sannong* 三农 issue (agriculture, farmers and rural society) is a manifestation of the interconnectedness of various aspects of China's rural woes.

Although migration helps uplift the living standard of many rural households both in cities and back home⁷, it has its own problems in the Chinese context. As rural migrants generally perform low-paying 3D (dirty, dangerous

and demeaning) jobs in cities shunned by urban incumbents and are deprived of the urban social welfare protection and many public services (pension, healthcare, education, housing, etc.), a similar vicious cycle exist in cities as well. This vicious cycle not only replicates within the urban boundary⁸ a similar divide formed between urban and rural areas, but also extends the inequality further into future generations⁹.

The enormous urban-rural divide is said to be a substantial contributor to China's overall inequality.¹⁰ Sicular *et al.* (2005) show that after adjusting many statistical biases, urban-rural gap contributes 26-27 per cent of overall inequality in China but the figure for western China was as high as 50 per cent. Alarmed by the possibility of social instability, the Chinese government has in recent years embarked on a series of initiatives to tackle the developmental imbalances.

3. Addressing Urban-Rural Disparity

At the 16th Party Congress in 2002, Jiang Zemin, then President of China, stated that a widening urban-rural gap impedes China's efforts to build a well-off (*xiaokang* 小康) society and this trend must be reversed (Fan, 2008). And since being formalized in the 16th Party Congress report, "coordinated urban-rural development" (CURD, *chengxiang tongchou* 城乡统筹) has become a major national policy to combat the country's huge urban-rural divide. CURD forms part of the idea of the "socialist scientific development" (SSD), which calls for balancing (1) regional development, (2) urban and rural development, (3) social and economic development, (4) human needs and nature, and (5) domestic development and opening-up of the country. In 2004, the 4th Plenary Session of the 16th Party Congress proposed to build China into a "socialist harmonious society". To achieve the goal, the 11th Five-Year Plan (2006-2010) floated the idea of building the "new socialist countryside" (NSC, *shehuizhuyi xin nongcun* 社会主义新农村). In 2008, a State Council circular on rural reforms called for achieving urban-rural integration.¹¹ In the latest 12th Five-Year Plan (2011-2015), CURD and NSC policies were further asserted.

As rural development lagged behind urban development in various aspects, CURD policies must tackle the issue from multiple fronts, covering economic, social, human as well as physical development. Industrialization, urbanization and agricultural modernization are considered paths towards urban-rural integration. Under the CURD framework, socioeconomic as well as spatial planning is expected to take into consideration the urban and rural areas as parts of an integrated whole and to assess their needs simultaneously. Cities, acting as magnets of productive resources are also expected to use their industrial and economic power to help uplift the socioeconomic conditions

of their less developed rural hinterland, for example, through investment, exchange of personnel, dissemination of information, urban-rural cooperation and so on.

So far, efforts towards CURD have been made in the correction of the institutional biases (in *hukou*, land use, finance, public investment, etc.) that have shaped China's urban-rural duality for decades. By removing the distortions, or in other words, by equalizing rights, opportunities and welfare enjoyed by urban and rural populations, the Chinese government hopes to solve the deeply entrenched *sannong* problems. In some aspects, more progressive policies are tried to give rural areas priority in development. In the following, I will provide a brief account of the reforms or policy-making at the national level.

3.1. Public Finance

Since 2001, the rural fee reform abolished all administrative fees levied on farmers. To avoid funding shortages, agricultural tax and agricultural special products tax were raised moderately and the Central Government also increased its fiscal transfer to rural areas. The overall effect was a reduction of financial burdens on rural households. Since 2004, the government began to phase out agricultural tax and slaughter tax and by 2006, these two taxes were formally abolished. Again the Central Government increased the transfer to local governments. It is estimated that the rural fee and tax reform helped reduce the financial burden of farmers by about RMB140 per person (Pan and Wei, 2010: 78) although in many places, increased fiscal transfer is insufficient to offset the local revenue decline and hence public revenue shortfalls ensued (Fock and Wang, 2008).

3.2. Public Administration

For a long period of time, *xiang* 乡 and town governments acted as state organs to control rural people rather than serving them. And government functions and business functions usually entangle with each other. Under such circumstances, local governments always play predatory rather than facilitative roles in local development. As part of the rural comprehensive complementary reforms (*nongcun zonghe peitao gaige* 农村综合配套改革), administrative reform of the *xiang* and town governments was launched in 2007.¹² The reform is intended to separate the administrative functions from the business functions and restructure the latter into true market players. At the same time, the reform also attempts to strengthen the governments' capacities in public service provision. To streamline public administration, *xiang* and town governments are encouraged to consolidate social service agencies and

outsource some service provision to the private sector. Service provision from both non-profit institutions and rural collective organizations are also encouraged (Tan, 2011; Li, 2010). By 2008, more than half of China's *xiangs* and towns had carried out this reform (Li, 2010: 79).

“Province-manage-county” (PMC, *sheng guan xian* 省管县) reform was initiated as pilot tests in selected provinces in 2002. During the 11th Five-Year Plan Period, the reform was carried out at a wider scale, covering altogether 18 provinces and province-level cities. Before the PMC reform, most counties in China, which are generally considered as rural areas, were subordinated to cities. The PMC reform allows the participating counties to be managed directly by the provincial governments. This reduces the layer of administrative hierarchy and hence makes it less likely for cities to “skim fat from counties”. For example, in Jilin Province, the reform resulted in the increment of county revenue by RMB0.7 billion each year, translating into RMB17 million more budgetary funds for each county. In Shandong Province, more budgetary funds had been channeled to building rural infrastructure and public services. In addition to revenue gains, PMC reforms also allow some participating counties, mostly those enjoying economic strength (*qiang xian* 强县), more discretion in managing local affairs. For example, in Anhui Province, 143 types of administrative decisions, mostly involving economic development issues, were relegated to the counties from upper levels of government. In Zhejiang Province, 313 types of administrative decisions were relegated, including 65 per cent related to economic issues and 35 per cent related to social issues (DRCOTSC, 2010: 297-299; Miyake, 2011).

3.3. Social System

Social safety net is where urban and rural communities see one of their widest divides and it is also among the toughest tasks facing CURD reformers. In 2003, a Rural New Cooperative Medical System (RNCMS, *xinxing nongcun hezuo yiliao* 新型农村合作医疗) based on voluntary participation was established to help farmers pay for their medical bills of major diseases. The fund is topped up by participants, the Central Government and local governments. And in 2006, government contributions were raised. From 2004 to 2009, participants in RNCMS increased from 80 million to 833 million, and total fund pooled increased from RMB4.03 billion to RMB94.4 billion.¹³

The New Rural Pension System (NRPS, *xinxing nongcun shehui yanglao baoxian* 新型农村社会养老保险) was another effort by the Central government to provide social support to rural communities. Introduced in 2009, it combines both pooled resources and personal accounts and was designed to raise funds from farmers, rural collectives and the governments. By the end of 2010, 27 provinces/autonomous regions and all 4 provincial-

level cities had established NRPS, attracting a total participants of 103 million, including 28.63 million rural elderly people (aged 60 and above) who were receiving basic pension.¹⁴ NRPS is still undergoing pilot test and according to plans, by year 2020, NRPS will cover all rural population. In addition, in 2007, the State Council also required that rural minimum living security standard be established by local governments although the specific system design and timetables for implementation are up to the localities.¹⁵

Rural basic education also got a boost in the past several years. Starting from the western regions in 2006 and later extended to the whole country in 2007, tuition and miscellaneous school fees were exempted for students receiving compulsory education (from grade one in primary schools to grade three in junior high schools) in rural areas. And since 2007, textbooks have also been provided free to students in rural areas while those boarding school students from poor families also enjoy some living allowances. In addition, both the Central Government and local governments have been earmarking more funds for rural school infrastructure. During the 11th Five-Year-Plan period, new public funding for rural compulsory education was estimated to have reached RMB265.2 billion, including RMB160 billion from the Central Government (Li, 2010: 76-91).

3.4. Rural Land Reform and Physical Development

“Decisions regarding Major Issues of Rural Reform and Development by CPC Central Committee (中共中央关于推进农村改革发展若干重大问题的决定)” released in 2008 provided comprehensive guidelines on rural reforms. In particular, it called for facilitating rural land use-right circulation as well as establishing rural land markets (for both contracted farmland/forest land and rural construction land) as a means of expediting rural socioeconomic development.¹⁶ Land issue is related to both economic and social aspect of rural development and was considered a crux of existing rural woes. The direction of the reform is to integrate the urban and rural land market. Up to now, most rural land circulation concerns the contracted agricultural land. Authorized transfer of the use-right of rural construction land, though possible, is still limited because of China’s institutional constraints (Xu *et al.*, 2009). This issue will be revisited in the next section on Chongqing’s local practices.

Physical development also constitutes an important effort. To build and promote the Socialist New Countryside, about 2,000 villages nationwide have been selected each year for additional funding support (from provincial or municipal governments) in village planning and infrastructure/public utility development. As the data show, China’s rural population without access to clean water declined from 0.34 billion in 2000 to 0.18 billion in 2008 (Pan and Wei, 2010: 83).

3.5 Hukou Reform

Hukou control has been assailed by economists for its deterrence to labour mobility and by sociologists for its role in causing social injustice although from the perspective of China's city managers, *hukou* provides a tool for managing urban growth (for better or for worse). As China's economic reform deepens and people's value system evolves, the negative aspects of *hukou* control are increasingly exposed and acknowledged while its effectiveness in monitoring population has been questioned. As *hukou* defines the urban and the rural as well as the different rights attached to each, eliminating *hukou* difference is a critical step towards urban-rural integration.

At the end of 2009, a central government conference on economic issues called for relaxing the control on *hukou* conversion in medium- and small-sized cities. And in mid-2010, a State Council circular reiterated this policy and in particular, encouraging the relaxation of *hukou* conversion in county seats and central towns, the lowest level of broadly defined urbanized areas. In addition, the circular also declares that a residence card system for population registration will gradually be instituted.¹⁷ However, compared with other lines of reform, policy changes in *hukou* at the national level is laggard. This is due to the perceived pressure on cities, particularly large cities if *hukou* system is to be disintegrated, a concern that has justified the *hukou* system for decades. Up to now, *hukou* reforms are mainly initiated at the local level. In some provinces or cities, such as Yunan Province and Jiaying City in Zhejiang, Guangzhou and Nanjing, *hukou* booklets no more differentiate agricultural or non-agricultural type and have been unified under the title of residents' *hukou*. However, restrictions on moving still exist, particularly for the cases of moving into the central districts of big metropolises.¹⁸ As *hukou* reforms are mainly local, I will revisit the issue in the next section when discussing comprehensive CURD reforms in Chongqing.

4. Chongqing: A Comprehensive Experimental Zone

Macro-level national policy making is ill at addressing a myriad of local specificities. In addition, CURD-oriented reforms in different sectors need to be coordinated at the local level. This gives rise to the idea of experimental zones. In June 2007, Chongqing and Chengdu were chosen as National Comprehensive CURD Experimental Zones (*quanguo tongchou chengxiang zonghe peitao gaige shiyan qu* 全国统筹城乡综合配套改革试验区). Different from earlier versions of comprehensive experimental zones (Pudong New Area, Binhai New Area and Shenzhen), Chongqing and Chengdu had CURD as their reform focus. Both cities are located in western China and in addition to addressing the issue of urban-rural inequality, CURD experimental zone

policy is also part of the initiatives to narrow China's regional gaps between the West and coastal regions. Chongqing, which is larger than Chengdu in terms of population and land size, has played an exemplary role in CURD reforms and has attracted more media attention although both cities have come up with innovative local policies.

Chongqing was separated from Sichuan Province and became China's fourth provincial level municipality (along with Beijing, Shanghai and Tianjin) in 1997. It sprawls along the intersection of the Yangtze and Jialing rivers. Historically, the city had served as a gate to China's vast western regions. Chongqing was chosen for CURD experiment because its metropolitan region is said to be characterized by a combination of "big city, big countryside, big relocated community¹⁹, big mountainous areas and ethnic regions" that epitomizes various circumstances of China's urban-rural disparity. In 2007, 80 per cent of Chongqing's 31 million people lived in the rural area, and the income gap between urban and rural population increased from 3.1:1 in 1997 to 4:1 in 2006. The per capita GDP between the central city and the poor Three-Gorge relocation communities stood at 3:1.²⁰ In addition, the ratio of labour productivity between the highest- and the lowest-income district/county was an appalling 10:1.²¹ Since becoming a CURD Comprehensive Reform Zone, the city has rolled out many innovative policies, particularly in *hukou* management, rural land market and the construction and distribution of urban affordable housing.²²

Chongqing's *hukou* reform is considered an icebreaking event. Starting from 15th August 2010, the city hopes to turn 3 and 10 million rural *hukou* holders into new urban citizens by 2012 and 2020 respectively. According to the new local regulations, rural *hukou* people who have jobs or businesses²³ or who own commodity homes in urbanized areas are given the option of acquiring urban *hukou*. And a special feature of Chongqing's policy is that rural population can retain their rural residential land (*zhaijidi* 宅基地) and contracted farmland for a maximum of three years after *hukou* conversion and can continue to use the contracted forest land and enjoy rural policies on family planning.²⁴ Later, the maximum three-year restriction was further relaxed to allow *hukou* converters more flexibility. Colleges and universities students from rural areas are also encouraged to convert their *hukou* type.²⁵ In addition, rural population who lost their land in previous land requisitions or who give up their rural land voluntarily are also given urban *hukou* in addition to land compensations. In principle, all urban *hukou* holders, old or newly converted, are covered by the urban social safety net.

Secondly, Chongqing is also a pioneer in rural land reform. In 2008, the city saw the opening of China's first rural land exchange (RLE). In addition to brokering the use right transfer of contracted farmland and forest land as well as wasteland, RLE also allows the trading of "land tickets" (*dipiao*

地票) that arise from rural land reorganization and consolidation (RLRC, *nongcun tudi zhengli* 农村土地整理). RLRC refers to the intensification of the use of rural construction land. For example, after relocating (voluntarily and in many real cases by force) to more densely built urban areas or planned villages, farmers and rural collective enterprises can free up a lot of rural construction land. Such land is usually required by laws and regulations to be returned to farming. The increased quantity of farmland after RLRC can be converted into land quotas for use in cities. Land tickets are the vehicle to trade this land quota.²⁶ By intensifying the use of rural construction land, RLRC and land tickets help Chongqing maintain the total quantity of farmland while increasing the land available for urban development. And land tickets also help reduce the chances of exploiting farmers as farmers can see the price of land-use transfers in a more open and transparent market and judge the fairness of the compensation packages they receive more easily. RLE is the first step towards establishing an integrated urban-rural land market. According to local policy, 85 per cent of net land revenue from the leases of the increased urban land must be return to rural areas.²⁷

A third unique feature of Chongqing's CURD reform is its affordable housing programmes. Compared with other cities, not only Chongqing has undertaken its affordable housing construction at a larger scale but also the city tries to take the needs of migrant workers into consideration. Chongqing has about 8.5 million rural migrant workers, including 4 million in the central city.²⁸ The city has encouraged the building of workers' dormitories in the industrial parks and migrant workers' apartments in the suburban counties. For migrant workers living in the central city, Chongqing tries to accommodate their housing needs through urban public rental housing programmes. According to local regulations, the criteria for allocating public rental housing (*gongzufang* 公租房) and cheap rental housing (*lian-zufang* 廉租房) in Chongqing is income and existing living space and no restrictions are imposed on the types of *hukou* or the issuance places of *hukou* that housing applicants hold. This equalization of rights among urban residents of different origins represents a major progress in China's urban public housing programmes. According to Chongqing's plan, between 2010 and 2014, 40 million square metres of rental housing is expected to be added to the city's housing stock.²⁹

In addition to the many policy innovations, in the past several years, Chongqing has also boosted its financial support to rural areas in infrastructure (both physical and social) and economic development, trying to channel more development opportunities from the central city to the "two wings" – the poor rural regions in Chongqing Metropolitan Area. The CURD reform in Chongqing in the first few years has produced some effects. The income gap between urban and rural residents was reduced to 3.45:1 in 2009 and

urbanization rate increased from 46.7 per cent to 51.6 per cent between 2006 and 2009. The city hopes to establish a basic CURD framework by 2010 and accomplish the CURD reforms by 2020.³⁰

5. Challenges of China's Urban-Rural Integration

Throughout China, CURD reforms have been carried out with various local ramifications. It is not possible to give an evaluation of individual reform effort within limited space. Therefore, I will discuss major challenges facing China's CURD reforms at the macro level.

5.1. Embracing the Ultimate Purpose of CURD Reforms

The ultimate purpose of CURD reforms is to enhance human welfare, especially for the section of the society that has been left behind by three decades of economic reform. However, when local governments implement policies, the ultimate objectives are frequently distorted and simplified into quantitative targets short of rational justifications. For example, nominal urbanization rate is usually calculated as an indicator of CURD policy effectiveness and the promotion of local cadres is indexed to their ability to achieve the set target. But if means (e.g., achieving a certain urbanization rate) are mistaken as ends (e.g., human welfare for the larger population), the *raison d'être* of policy making become questionable. A frequently used method to attain targets by the Chinese local governments is to use compulsion to mechanically fabricate a numerical perfection. While attending to human welfare must pay attention to individual rural household's real situation and needs, blindly pursuing quantitative targets simply needs to slap a one-size-fit-all decree.

For example, in the exemplary city of Chongqing, the government plans to increase the *hukou* urbanization rate from 29 per cent to 60 per cent by 2020.³¹ In order to achieve this target, the city decided to mass convert the *hukou* type of rural college/university students as well as stable rural migrant workers (those with stable jobs in cities and own urban homes) between 2010 and 2012.³² But as a matter of fact, a lot of urban residents of rural origin want to maintain their rural *hukou* status so that they can keep their rural land at home. And some do not want to convert according to the government's timetable as they anticipate the appreciation of their rural land in the near future. After drawing much controversy, the compulsive conversion practice was terminated. Similarly, compulsory relocation of farmers into high-density well-planned new homes in a rush to form the New Socialist Countryside is another malpractice observed across the country. For some rural households, it may represent an improvement in living standards. But for others, it may mean

an escalation of living expenses, inconvenience in doing farming or animal husbandry or abandoning a place that they attach deep personal emotions. In this process, the biggest beneficiaries ended up being local governments who can grab land development quota rather than rural households whom the CURD policies intend to help.

The coercive practices not only erode the welfare of rural population, but also produce more social conflicts than they solve. What the government should do is to provide more alternatives to rural residents and let them choose for themselves. The quantitative targets such as urbanization rate or percentage of households living in planned new dwellings, at best can only serve as references but clearly not as criteria for policy evaluation. Whether a CURD policy produces good results should ultimately be determined by the satisfaction levels of the people rather than figures from nowhere.

5.2. Policy Coordination

Another big challenge facing China's CURD reformers is the inter-connectedness of different reform tasks. This is also a reason for setting up comprehensive experimental zones. Chongqing experience suggests that *hukou* reform must be complemented by affordable housing and social welfare programmes open to new urban citizens. Similarly, urban land consolidation programmes and land market initiatives will be counter-productive if the rural cadastre management system is absent or flawed.

The interconnected nature of various types of policies also means that one policy may produce impacts, good or bad, on another. With limited economic resources, overemphasis on one aspect reduces the chances of other initiatives. Also policy makers must pay special attention to unintended negative consequences. For example, in some places, including Chongqing, the government tries to resolve the problem of housing shortage faced by migrant workers by planning and constructing workers' housing in small designated areas. However, the concentration of a homogenous housing type may lead to spatial segregation and related social problems in the future. Another example is *hukou* reform. In some cities, such as Nanjing, although migrants are given more opportunities to acquire urban *hukou*, the screening criteria that favour those with stable jobs and private housing, or in other words, the better-off among migrants, creates an in-group inequality among migrant workers. And this internal inequality may widen as urban *hukou* gives the well-to-do migrants even better access to economic opportunities compared with their less fortunate folks.

The complication of the CURD tasks means that reforms must be carried out in a concerted way with coordination of different government departments. In addition, setting the right pace is very important for the final success of

CURD reforms. Local governments must avoid making unrealistic targets and rush into realizing them, which may do more harm than good to the people they intend to help. Speed does not equate with effectiveness, neither does quantity automatically translate into quality. A comprehensive mid- to long-term plan for the CURD reform can be very helpful for mobilizing resources, avoiding conflicting ends, facilitating sectoral cooperation and setting the right pace of reforms. To make such plans realistic and implementable, public inputs are crucial. And to allow flexibility, periodic review and adjustment of plans and implementation results are indispensable.

5.3. Cost of Reforms

Cost of reforms is another big concern. Setting up rural social safety nets, investing in rural infrastructure and economy, public housing programmes and so on are all costly projects. Although the funding from the Central Government must keep pace with the growing demand from the local communities, it cannot be relied upon to resolve all local issues. In addition to central transfers, local governments must try to mobilize more local resources for CURD efforts. For example, urban land revenue, which is collected from selling requisitioned rural land, must be returned to the countryside or used for affordable housing programmes in greater amount. The violation of national policies by local governments on the use of land revenue and land quota is widespread and this policy deviation must be corrected.³³

Farmers should also become an important source of funding, particularly in the contribution of social welfare funds. However, as farmers sometimes lack the relevant knowledge and quite often discount or feel uncertain about the future payouts, many of them are not willing to participate. Although coercion must be avoided to get farmers to enroll in the voluntary social welfare programmes, education and information dissemination can be helpful. In addition, social security funds must be administered in a more efficient and transparent way so that people can build the confidence in participating in such programmes. According to the latest news, China's social security funds are quite problematic as many people's personal accounts are empty and the funds are not appreciating faster enough to keep up with inflation.³⁴ These are clearly not reassuring signs for potential participants.

In addition, the wealth generating capacities of the rural communities must be enhanced as over-transfer of resources from urban to rural areas may cause discontent of urban residents whom the Chinese authority is not willing to antagonize. Infrastructure improvement, reforms of rural collective enterprises, farmland consolidation and many other social strategies to build rural human capital are all helpful. And the government should also create conditions to allow urban areas to play a more catalytic role in the rural

economic development so that rural areas can grow in tandem with the urban areas. But as local conditions vary, how to integrate urban and rural economic development is left to the local people and policy makers to decide.

In short, China's CURD reforms will bring about changes in both urban and rural areas and the number of people affected or will be affected are enormous. While allowing localities to do experiments of various sorts, the Central Government must keep monitoring the processes and outcomes of the experiments and widely disseminate information about the lessons and experiences of local practices across the country. At the same time, localities must take cautions when emulating practices that have been proved successful elsewhere as rural conditions vary tremendously in this vast country. While urban villages in prosperous regions may be primarily concerned with redevelopment and housing the large number of migrant workers, the most urgent issue in remote villages may be depopulation. Therefore, policy makers must see the limit of any local "models".

Notes

- * Dr Zhong Sheng 钟声 is Visiting Research Fellow at the East Asian Institute, National University of Singapore. She once worked as an urban planner and researcher in China. Dr Zhong studied urban planning at Tongji University in Shanghai. She obtained her Master's Degree in Public Policy from the Master in Public Policy Programme (now Lee Kuan Yew School of Public Policy) at the National University of Singapore. She later worked for her PhD degree at the School of Community and Regional Planning, the University of British Columbia in Canada. Dr Zhong's researches focus on inner city development, cultural economy of cities, global city discourses and urbanization in China. <Email: eaizs@nus.edu.sg>
1. But interestingly, the official name for rural *hukou* is actually "agricultural *hukou*" (*nongye hukou* 农业户口). As the term "agricultural" is less accurate than the term "rural" in describing the nature of the *hukou* type, particularly in the discussion on urban-rural divide, I use the term "rural *hukou*" in this paper.
 2. *China Statistical Yearbook 2010*.
 3. *China Statistical Yearbook 2010*. The income gap does not take into consideration the different price levels in urban and rural areas. Sicular *et al.* (2005) estimate that spatial price differences account for about one quarter of the inequality in unadjusted income. But if we assume the urban-rural price differentials remain stable over time, making the longitudinal comparison of the income gap without adjusting for price differences can be regarded as valid.
 4. The reduction in inequality between urban and rural populations after 1995 may be due to the termination of grain price subsidy to urban residents in 1993. See Park (2008).
 5. Administrative villages are not a formal level of government. Part of (though not all) infrastructure and public service provision is financed by township or upper levels of governments. See Fock and Wong (2008).

6. And usually more periphery villages tend to be poorer and more in need of funding. But their land is cheaper.
7. Fan (2008) suggests that migrants may remit money home or bring new ideas and technologies to help economic development in their home villages.
8. For example, rural migrant workers usually concentrate in peri-urban areas or urban villages, spatially segregated from old urban incumbents.
9. Sicular *et al.* (2005) suggest that among household characteristics (family size, dependent rate, etc.), education is the biggest factor contributing to urban-rural income gap. Hence different education received by the kids of rural migrant households and of urban *hukou* households will replicate inequality in the future generations.
10. About a decade ago, China's Gini Coefficient surpassed 0.4 and has been climbing since then. In 2010, it was estimated to be 0.47. See Chen Jia, "Country's Wealth Divide Past Warning Level", *China Daily*, 12th May 2010 <http://www.chinadaily.com.cn/china/2010-05/12/content_9837073.htm>, accessed 31st March 2011.
11. See "中共中央关于推进农村改革发展若干重大问题的决定" [Decisions regarding major issues of rural reform and development by CPC Central Committee].
12. See "中央机构编制委员会办公室关于深化乡镇机构改革的指导意见" [About guiding opinions on the deepening of xiang and town institutional reform by the Central Institutional Organization Committee].
13. *China Statistical Yearbook 2010*.
14. "中国户籍制度改革与城镇化进程" [China's *hukou* reform and the process of urbanization] <http://news.xinhuanet.com/ziliao/2009-12/29/content_12721147.htm>, accessed 5th May 2011.
15. See "国务院关于在全国建立农村低保制度的通知" [Circular regarding establishing the rural minimum subsistence payment system by the State Council].
16. The document encouraged subcontracting, lease, exchange, transfer and share-holding of rural contracted farmland. It also called for giving rural commercial construction land the same type of transfer flexibility as the case for urban land.
17. "中国户籍制度改革与城镇化进程" [China's *hukou* reform and the process of urbanization] <http://news.xinhuanet.com/ziliao/2009-12/29/content_12721147.htm>, accessed 5th May 2011.
18. "中国户籍制度改革与城镇化进程" [China's *hukou* reform and the process of urbanization] <http://news.xinhuanet.com/ziliao/2009-12/29/content_12721147.htm>; "广州取消农业户口, 居民证成为社会管理工具" [Guangzhou eliminates rural *hukou* and resident cards become tools for social management] <<http://news.cn.yahoo.com/10-05-/976/2k7pl.html>>; "南京出台户籍改革详细规定, 正式取消农业户口" [Nanjing releases details of *hukou* reform and officially eliminates rural *hukou*] <<http://www.china.com.cn/chinese/difang/594141.htm>>. All accessed 5th May 2011.
19. The big relocated community in Chongqing mainly refers to the population displaced by the construction of Three Gorges Dam.

20. See “重庆试验区：分三步实现城乡统筹” [Chongqing experimental zone: three steps towards urban rural integration], *Guangming Daily*, 12th June 2007 <http://www.gmw.cn/content/2007-06/12/content_621904.htm>, accessed 19th April 2011.
21. “重庆基尼系数已超警戒线，城乡收入差距 3.4:1” [Chongqing Gini coefficient reaching alarming level and urban-rural disparity standing at 3.4:1] <<http://qingyuan.people.com.cn/GB/13672045.html>>, accessed 5th May 2011.
22. Other aspects include increased funding for the two wings (the poor regions of Chongqing), vocational training and job support for migrant workers, school tuition support, infrastructure investment in the rural areas, etc. Due to limit of space, this paper focuses on the most distinguished features of Chongqing reform.
23. The businesses must have paid a minimum business tax. In previous regulations, there was education threshold (college or plus) for *hukou* converters.
24. See Chinese Government website <http://www.gov.cn/jrzg/2010-08/15/content_1680372.htm>, accessed 18th April 2011.
25. However, some students had been pressed to convert *hukou*. See the next section on challenges.
26. Under China's land use system, each city has an annual maximum limit on the quantity of land that can be used for urban development. This is controlled by the Ministry of Land and Resources (MLR) and its local offshoots. The land quota generated from RLRC is the maximum quantity of land that can be used in excess of the annual limit determined by MLR. Land tickets only give developers the right to use more urban land up to certain amount but they do not indicate the exact plots of land used for urban development. Developers who have acquired land tickets have to apply to city governments to get the exact plots of land they want to develop.
27. See “关于规范地票价款使用促进农村集体建设用地复垦的指导意见 (试行)” [Provisional guiding opinions regarding the regulation of the use of land ticket revenue to promote re-cultivation of rural collective construction land] issued by Chongqing Land and Real Estate Administration Bureau in 2010.
28. Conference presentation material – *Dissemination Conference on Reducing Institutional Barriers to Promote Unified Economic and Social Development between Urban and Rural Areas*, Beijing, 23rd-24th June 2010.
29. See “郎咸平：重庆保障房模式才能拯救中国房地产” [Lang Xianping: Only social housing model of Chongqing can save China's real properties] <<http://news.sz.soufun.com/2010-08-02/3621210.htm>>, accessed 19th April 2011.
30. Conference presentation material – *Dissemination Conference on Reducing Institutional Barriers to Promote Unified Economic and Social Development between Urban and Rural Areas*, Beijing, 23rd-24th June 2010.
31. See Chinese Government website <http://www.gov.cn/jrzg/2010-08/15/content_1680372.htm>, accessed 18th April 2011. *Hukou* urbanization rate is calculated based on people's *hukou* types while urbanization rate is calculated based on people's physical presence.
32. Conference presentation material – *Dissemination Conference on Reducing Institutional Barriers to Promote Unified Economic and Social Development between Urban and Rural Areas*, Beijing, 23rd-24th June 2010.

33. According to national regulations, land quota generated from land consolidation must first be used to satisfy the needs of local village development. See “城乡建设用地增减挂钩试点管理办法” [Regulations on the administration of balancing quotas of urban and rural construction land] (2008), “中共中央关于推进农村改革发展若干重大问题的决定” [Decisions regarding major issues on propelling rural reforms and development by the Central Committee of the Communist Party of China] (2008) and “国务院关于严格规范城乡建设用地增减挂钩试点切实做好农村土地整治工作的通知” [Circular regarding strictly regulating the experiments of balancing quotas of urban and rural construction land and improve rural land consolidation practices by the State Council] (2010). Also Clause 54 of Land Administration Law stipulates that fees from land leases retained by the local governments must be earmarked for agricultural land cultivation. In addition, the Central Government requires that local governments devote at least 10 per cent of net land revenue to affordable housing development but virtually no major urban governments abided by the rule. See “万亿土地出让金流向哪里？” [Where do trillions of land revenue go?], *The Youth Travel Daily*, 22nd February 2011 <http://qnsf.cyol.com/html/2011-02/22/mw.D110000qnsfb_20110222_1-05.htm>, accessed 24th February 2011.
34. See “人社部副部长：社保基金处于缩水和贬值状态” [Deputy minister of the Ministry of Human Resources and Social Security: Social security funds are in a state of shrinkage and depreciation] <<http://finance.people.com.cn/insurance/GB/14432915.html>>, accessed 7th May 2011.

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The Politics of Electronic Social Capital and Public Sphere in Chinese *Lala* Community: Implications for Civil Society⁺

*Chin-fu Hung**
National Cheng Kung University

Abstract

This article explores the politics of cyber-networks and cyber social bonds in the Chinese lesbian community. It further discusses the implications of these networks and the online mediation of social bonds for Chinese civil society. Underlying this article are two analytical concepts – the public sphere and electronic social capital. Both concepts define the realm wherein social and political initiatives and movements from below may grow. It is argued in this article that, as the *Lala* community continues to develop, more and more homosexuals and same-sex couples are being awakened to promote and assert their civic rights in a country which has for decades virtually denied them the full protection and assurance of fundamental human rights. This paper maintains that the Internet has helped liberate the Chinese lesbian community in the sense that the cyberspace as a gendered platform has facilitated the emergence, formation, and development of electronic social capital and the public sphere, albeit it is still in the incipient stage.

Keywords: *Lala* community, electronic social capital, public sphere, Internet, China, civil society

JEL classification: D83, K42, P37, Z13

1. Introduction

There is a relatively developed literature in the West, particularly in the US, that suggests that the Internet may enhance or facilitate social capital and develop what Jürgen Habermas originally called the “public sphere”. In particular, most of the literature that deals with the impact of the Internet on democracy and democratization has tended to focus upon what might be described as the long-term consequences; the ways in which the Internet and

innovative information technology may facilitate greater civic engagement and political participation by reducing the costs of entry, making it easier for new political parties or opposition groups to be created and enter the political scene (Smith, 2009; Bimber, 2003; Coleman and Blumler, 2009; Hill and Sen, 2005). This seems, however, a premature issue for the People's Republic of China since it is far from any of the situations we have witnessed in the West – the unease about the weaknesses of representative democracy, crisis of democracy and the erosion of the sense of community in the West, particularly in the US (Crozier, Huntington and Watanuki, 1975; Putnam, 1995: 65-78; Pharr, Putnam and Dalton, 2000: 5-25; Norris, 1999; Pharr and Putnam, 2000).

A growing literature on the Internet in developing and undemocratic countries has suggested that the Internet may play a rather different role from that in developed democracies. Instead of a mediating role boosting the emergence of public/political participation and the evolution of electronic social capital as well as a virtual public sphere, it may be compatible with, even strengthen, authoritarian regimes (MacKinnon, 2010; Margolis and Moreno-Riaño, 2009). Shanthi Kalathil and Taylor C. Boas, for instance, explore Internet use in their book on eight non-democratic countries: two semi-authoritarian (Egypt and Singapore) and six fully authoritarian (China, Cuba, Vietnam, Burma, the United Arab Emirates and Saudi Arabia), and four areas of Internet use: civil society, politics and state, the economy and the international sphere. They concluded that the Internet is serving less as a catalyst for democratization and more as a tool to fortify these regimes (Kalathil and Boas, 2003). Similarly, Christopher R. Hughes and Gudrun Wacker in their edited book on China and the Internet further argue that China is achieving a high degree of success in monitoring the information and even using it as a means of control and influence (Hughes and Wacker, 2003). Both works suggest that “(semi-)authoritarian states”¹ such as China are likely to marginalize the role of the Internet in moulding the public space and online social capital.

The Internet, however, may still have an impact upon authoritarian regimes like China. One dimension of this is the use of web sites to disseminate government information and allow feedback from citizens. Another alternate dimension could be horizontal communication between citizens on discussion boards and through social media. In Howard Rheingold's argument, “the political significance of computer-mediated communication lies in its capacity to challenge the existing political hierarchy's monopoly on power communications media, and perhaps thus revitalise citizen-based democracy.” (Rheingold, 1994: 14) Although he was primarily focusing on the opportunities in the US, the same argument can be extended to China. The Bulletin Board System (BBS), discussion boards, listservs and online

social media sites, such as blogs, Facebook, Twitter, LinkedIn, Myspace, and YouTube, may be utilized to share information, exchange ideas, debate issues, mobilize opinion, and eventually to build lasting relationships and social bonds. Acknowledging that non-democratic regimes have to a differing degree exhibited more concerted efforts to control the Internet even as they simultaneously expand the presence of the new media within their borders, Geoffry Taubmann has further wondered whether there is any built-in incompatibility between non-democratic rule and the Internet (Taubmann, 1998: 255-272).

This article explores the politics of cyber-networks and cyber social bonds in the Chinese lesbian community. The implications of these networks and social bonds mediated online for China's civil society are also discussed. Underlying this article are two analytical concepts – the public sphere and electronic social capital. Both concepts define in this article the realm wherein social and political initiatives and movements from below may grow. This paper argues that the Internet has helped liberate the Chinese lesbian community in the sense that the cyberspace as a gendered platform has facilitated the emergence, formation, and development of electronic social capital and public sphere, albeit it is still in the incipient stage.

2. Internet, e-Social Capital and the Public Sphere

The notions of the public sphere and social capital have usually been addressed and debated separately in the social sciences. Rarely have they been studied jointly together with the Internet. Since the Internet has led to both media and sociopolitical revolutions in developed and developing countries since the mid-1990s,² I propose linking together the public sphere, social capital and the Internet to deepen the analysis of the sociopolitical impact of the Internet upon any given state context, whilst adding a normative dimension to the analysis.

Jürgen Habermas defined the concept of public sphere in *Between Facts and Norms* as a network for communicating information and points of view, where the streams of communication are filtered and synthesized in such a way that they coalesce into bundles of topically specified public opinion (Habermas, 1996: 360). To him, association life is the material from which the public sphere emerges (Young, 2000: 170). In fact such association life does not necessarily imply physical proximity, as the classical example of café bars suggests.³ W. Lance Bennett and Robert M. Entman have argued that the public sphere refers to the areas of informal life – ranging from cafés, Internet chat rooms, or any place where the exchange of public opinion is held – where ideas and feelings relevant to politics are transmitted or exchanged openly (Bennett and Entman, 2000: 2-3).

In this regard, like-minded citizens may be able to gain a voice in public affairs outside formal democratic institutions (Tocqueville, 1945; Dahlberg, 2001: 615-633; Poster, 1996: 201-217; Kellner, 1998: 167-186; Dahlberg, 2001). Interactive communication mediated by the Internet and other informational technologies represents not merely a two-way process, but also a many-to-many channel of sharing, disseminating, relaying and exchanging information, whether top-down, bottom-up, vertically or horizontally. Hence by providing a new technology for public forums, the Internet opens new possibilities for citizen associations (Klein, 1999: 213-220). Robert Putnam further links civic associations and voluntary associations with what he terms “social capital” for public/political participation and effective governance, after he has documented a long-term decline in American civic involvement from the 1960s (Putnam, 1995: 65-78; Putnam, 2000; Putnam, 2002). He explains that social capital refers to connections among individuals, through social networks and the norms of reciprocity and trustworthiness that arise from them (Putnam, 2001: 19), that enable participants to act together more effectively to pursue shared objectives (Putnam, 1996: 34-48).

A growing literature from the late 1990s has begun to connect the role of the Internet with the concepts of social capital and the public sphere in advanced industrial democracies (Wellman, Haase, Witte and Hampton, 2001: 436-455). Relatively few works, however, have applied the same approach to less developed democracies and undemocratic countries. Those few works that have been written tend to treat the Internet as an isolated socioeconomic phenomenon without considering how interactions on the Net may form together with other societal impacts and influence ordinary people’s political participation. Christopher Marsh and Laura Whalen are among the few who have conducted research on e-social capital and the Internet with regard to the Chinese context. Building upon the concept of “social capital” which is borrowed from James Coleman and is defined as a form of social organization that facilitates the achievement of goals that otherwise might not be achieved, Marsh and Laura postulate that the Internet and cyberspace allow for a “new and unique” form of social organization that can be used to generate an electronic form of social capital in the Chinese context.⁴

Whilst some scholars have argued that cyberspace holds an enormous potential for the creation and development of social networks which provide the necessary grassroots for the strengthening and intensifying of social mobilization and eventual social transformation, others have seen the Internet and its associated communities with more scepticism, arguing it creates passivity and provokes isolation which actually corrodes social activism.⁵ After examining Chinese people’s access to and use of the Internet, together with the government’s (in)ability to control this medium, they come to the

conclusion that the Internet users undermine state control and contribute to the formation of a civil society (Marsh and Whalen, 2000: 61-81).

In the issue of homosexuality, scholarship on the impact and socio-political meanings of Chinese same-sex relationships first emerged during the 1990s. It is partly driven by a newly found academic interest in the possibilities of gay and lesbian civil action and their alternative or dissenting voices *vis-à-vis* sexual “correctness” in traditional Chinese context. The deepening economic reform has also helped carve out more dynamic and competing media practices, in a liberal way contributing to a more dynamic atmosphere debating or contesting Chinese homoerotics. Such an issue was previously uncharted terrain of scholarly discourse, remaining either ignored or barely probed by the academic community.

After all, the politics of homosexuality still remains a marginalized theme of China’s gender studies. In a way, the meanings, influences, and politics of female same-sex desire, their collective identity, and cyber networks and social bonds continue to be underexplored whilst the country’s economy becomes globally interconnected and wired.

It is, consequently, that the Chinese lesbian community is worth studying primarily for two reasons: firstly, authoritarian China has persistently maintained a broad control and censorship over the mass media during the reform and opening period, and has been relentless in repressing defiant and dissenting voices and opinions. Homosexuality has been predominantly suppressed as it has been considered to make up a potential sociopolitical nuance and a threat to the purity of the Communist rule. Thereby, homosexuals had been historically perceived as sexual deviants in China; over the past few decades they were treated as mentally disturbed or even criminals. The advent of new communication technology, especially the Internet, has provided one of the few spaces where these same-sex individuals may be able to identify and express themselves, and to develop their sense of belonging by creating “virtual” communities and networks in which their common sexual identity, attachment, and bond may be built. Therefore, the possibilities, implications, and limits with which the new information technology provides in the creation of communal identity, social mobilization, and activism are of academic interest if we are to look at the issue from a comparative perspective of economic and sociopolitical transitions in (post-)communist regimes.

Secondly, it is also worth researching in the sense that the lesbian community, as it develops and progresses, is neither established for political purposes, nor as a means of dissension; many of these different sets of same-sex communities have effectively organized and mobilized communities of lesbian, gay, bisexual, transgender, and queer to advocate their rights and freedoms. The gay and lesbian communities had been largely underground but are now developing in Chinese cyberspace in which an even wider range

and scope of information and advocacy are more available. From time to time, they are moving their (regular) meetings from more secure cyberspace to offline “real” encounters, such as public meetings, conferences, and festivals to enhance their bonds as well as address their concerns. A milestone event of the *Lala* community was the 2001 Lesbian Cultural Festival in which hundreds of lesbians and gays from mainland China, Hong Kong, and Taiwan, participated in this self-organized activity. Despite its objectives of simply holding a series of conferences, film series and other cultural events, the Chinese government responded to the Festival by assigning (cyber)police to interrogate participants and record their names in official police documents, causing fear and anxiety amongst organizers and attendees (Wang, 2004). Considering these developments, an exploration of Chinese *Lala* community may make a *de facto* contribution to an understanding of the influence and politics of these marginalized people/communities in transitional China as these Internet-based and -enabled *Lala* communities should reveal deep implications for China’s civil society and democratic development.

In short, the reintegration of China into the international arena that is set in motion by the development of a market economy has triggered a new wave of gender and cultural study, especially during the information age. The sociopolitical meanings and impact of female homoeroticism and its online presence have become a significant object of discussion, contention, and study in both the Chinese public and academic arenas.⁶

3. Chinese *Lala* Community in Cyberspace

The term *Lala* (拉拉) is a simplified form of the word *lesbian* which originally appeared in Taiwan in 1998 and was introduced to mainland China through “feminist”⁷ and LGBTQ networking.⁸ *Lala* is intimately attached to the lesbian community to denote women’s same-sex love and collective identification. It is also commonly applied to the notions of “women-loving-women” gendered sexuality along a masculine-feminine grid in individual subjective identification. Within the *Lala* or queer sexuality, these lesbian are known as T (tomboy) and P (*po* 婆), which means “wife” in Mandarin Chinese. It now refers mostly to the Internet-based communities whose interests centre on the subject of female same-sex mentality, desires, and sexuality. Compared with the experiences of Taiwan and Hong Kong, the TP roles are, nonetheless, relatively recent to mainland China.

In retrospect, “homosexuality” (*tongxinglian* 同性恋) was suggested to be popular in China’s Song (宋, 960-1279), Ming (明, 1368-1644), and Qing (清, 1644-1911) dynasties. Chinese homosexuals did not actually experience high-profile persecution when compared to their counterparts in Europe during the Middle Ages.⁹ In fact, there were actually certain degrees of cultural tolerance

of homosexuals in ancient China (van Gulik, 1961). Yet, homo/bisexuality began to be treated as the “colonial importation of modern Western sexology, Christian homophobia, and the medicalisation of homosexuality” in modern China, in particular around 1920s and 1930s (Chou, 2000: 42). Specifically, it is argued that “it was the sexologist’s pathologisation of homosexuality rather than the Christian homophobic attitude that was selectively and strategically adopted by Chinese intellectuals who had their own sociopolitical agenda in mind.” (Chou, 2000: 49) Same-sex eroticism had since then been regarded as pathological by Chinese intellectuals since they were enlightened by Western scientific discourses. Political elites as well as the intelligentsia began to demonstrate intolerance towards homosexuality as they repeatedly addressed it as a “diseased state” (*bingtai* 病态) or “metamorphosis” (*biantai* 变态), and thereby viewing homosexuality as an aberration and a mental disease.

After the Communist Party came to power in 1949, the government has given more emphasis on social and moral orders, and as a result, resulting in the intensification of prosecution and imprisonment of homosexuals since the 1950s onwards. Mao Zedong 毛泽东 prominently considered homosexuals products of a “mouldering lifestyle of capitalism” (Contreras, 2007).¹⁰ Homosexual acts and conduct were then deemed as “illegal” and would be severely punished under the statutes of “hooliganism” (*liumangzui* 流氓罪) within the Chinese criminal code. The situation was further aggravated during the Cultural Revolution (*wenhua dageming* 文化大革命) between 1966 and 1976, at which time homosexuals were penalized by re-education in labour camps (*laodong jiaoyu* 劳动教育; *laojiao* 劳教), public humiliation and torture, or rural exile (*xiafang* 下放). Sometimes, they were executed secretly (Laurent, 2005: 179-180). Individual sexual preferences had accordingly given way to lofty revolutionary ideals. To some extent, sex was treated as a political tool for social control. To advance one’s career, he or she had to be sexually well-behaved during China’s revolutionary period.

Since the Chinese Communist Party (CCP) embarked on the so-called “reform and opening-up” (*gaige kaifang* 改革开放) policy in the late 1970s, Chinese society has undergone a series of dramatic transformations in almost all realms of social, cultural, economic and political life. Despite the increasing trend of polarization, the majority of the Chinese people have benefited from economic reform. Some have inevitably benefited more than others. Against the backdrop of rising social discontents and mass popular protests (Wu and Lansdowne, 2009), China’s post-1978 transition from “socialist planning” to “market socialism” has been effectively accompanied by subtle crucial shifts on people’s sex lives.

The CCP made a fateful decision thirty years ago to allow newspapers, magazines, television, and radio stations to compete in the marketplace instead of being financed exclusively by the Party and Government. Thanks

to the intensified media globalization, commercialization and conglomeration, China's media sector, once merely the Communist Party's mouthpiece (*houshe* 喉舌), is today becoming a media industry that covers more stories directly relevant to ordinary people's lives and caters for their needs. Apart from that, a few of the media outlets are somehow reshaping themselves from a pure propaganda machine into an agent of watchdog journalism. In short, newspapers, magazines, and Web-based news sites navigate the cross-currents between the open marketplace and the CCP censors (Shirk, 2011; Lee, 2000; Zhao, 1998). Whilst many media conduits still principally toe the Party line for editorials and for some sensitive political or socio-ethnic issues/stories, they, nevertheless, enjoy more operating autonomy than they were before on occasions of reporting negative news and conducting investigative journalism in order for their publications and coverage to be more readable, reliable, and eventually profitable in the competitive media markets.

Admittedly, globalization and increased economic wealth have jointly set in motion in China's online media, making the media practices further commercialized and from time to time, stirring up for sensational news or blog articles in their virtual presence. These increasingly commercialized media practices bear implication for the transitional Chinese society. One topical case is that of Mu Zimei 木子美, a 25-year-old sex columnist on *City Pictorial*. Mu was small-fry until she became a household name in the Internet community on account of her most controversial work – diaries of sexual encounters which appeared online from mid-June 2003. Sina.com (新浪) has carried the serialization since November 11, 2003. One of Sina's managers explained their action thus: "Sina.com normally attracts 20 million hits daily. However, the number immediately jumped to 30 million and stayed there for 10 days soon after the serialisation of Mu Zimei was online."¹¹ Sina.com therefore credited Mu with attracting 10 million extra hit a day. Sohu.com (搜狐) has claimed that Mu Zimei is the name most often typed into its Internet search engine, surpassing one occasional runner-up, Mao Zedong.¹² Mu's writings have fuelled a wide-ranging debate about sexuality and gender on the Internet, and inspired more people to write weblogs full of various personal experiences. Sina.com was later attacked by *Beijing Wanbao* 北京晚报 (Beijing Evening News) for its lack of social responsibility and excessive pursuit of online popularity for commercial gain.¹³ As a result, Sina.com has reduced its coverage and moved related reports from an eye-catching layout spot to a less noticeable position in response to some of these criticisms.

By this kind of coverage, commercial Internet outlets like Sina.com are helping to emancipate a relatively fettered society and allowing once-taboo subjects to be more openly discussed, both online and offline. The Internet is now impacting on China's sociopolitical environment, creating a pluralized society where diversified public interests may coexist. The private Internet

entrepreneurs have provided a loosely regulated platform that serves a wide range of these interests. Despite some negative impacts on society, there is no doubt that different public interests and needs may now converge in Chinese cyberspace.

The enhanced education has also played a role in China's ongoing sexual liberation and revolution. The end of the Cultural Revolution marked the normalization of Chinese higher education development. By 2009, China's college enrolment rate has roared to 62 per cent, which is a substantial increase from 6.1 per cent in 1979.¹⁴ Normally younger people tend to adopt different sexual orientation identity from their elder generation as they are more geared towards the pursuit of equality, freedom and self-realization. Reform and opening-up policies in China have equally seen the change in the reorganization of social stratification (*shehui jieceng* 社会阶层) from previous social class (*shehui jieji* 社会阶级) discourse.¹⁵ This considerable change is intimately associated with China's ongoing socioeconomic transformative processes, coupled with many forces of globalization and regionalization. Globalization is as such referred to as the process by which regional economies, societies, and cultures have become more integrated through sophisticated information and communication technologies, advanced and convenient transportation, and intensified international trade. Globalization can, in other words, be argued as being driven by a combination of economic, technological, sociocultural, political, and biological factors (Croucher, 2003: 10). Apparently, globalization has already set forth changing mentality of consumerism, secularization and pop culture amongst Chinese people, including intellectuals (Yan, 2009; Yu, 2010).

Through the intimate exchanges and assistances from international academic communities, non-profit international organizations, Chinese rights activists as well as academics are endeavouring to raise people's awareness through various socio-gender projects, workshops and conferences on (homo)sexuality, health, and AIDS prevention programmes (Liu, 2008: 104-113). AIDS prevention has particularly been emphasized by global human rights activists and civil society organizations as well as the Chinese government. Sexual education and health has been the important theme that needs to be repeatedly and openly addressed and debated so as to better tackle the growing HIV/AIDS epidemic in China (Parry, 2006: 261-262). In this regard, China Central Television (CCTV), for instance, widely discussed about homosexuality and AIDS in TV shows in December 2004 and March 2005, entitled, "Homosexuality: Confronting is Better than Evading" (*tongxinglian: huibi buru zhengshi* 同性恋: 回避不如正视) and "People in the News: What I know about Chinese Gays" (*xinwen huiketing: wo liaojie de Zhongguo nan tongxinglian* 新闻会客厅: 我了解的中国男同性恋), respectively. Chinese homosexuals have even made their debut on local and central TV from the

late 1990s. The first homosexual studies course opened for graduate students at Fudan University as early as in September 2003.¹⁶ And the first Chinese gay marriage took place in Chengdu in January 2010 as well.¹⁷

In this globalized world, more Chinese people can now travel across countries and from one region to another. Data sharing and exchange of electronic information have likewise become much easier through modern information technology and the Internet-enabled social media, such as the Short Messaging Service (SMS), cyber-based chat rooms, facebook and online blogs, such as Sina Mini-blog (新浪微博). Their conducts in cyberspace and the physical world are to facilitate public understanding and discussions regarding (homo)sexual issues and to promote gender equality and gay rights. All this information, good and bad, has indeed helped push aside many of China's traditional sexual taboos and hence is undermining conventional norms and perceptions of sexual practice, despite the fact that the Chinese authorities periodically hunt down the authors of subversive verses.¹⁸

Although the exact number of Chinese who identify themselves as homosexual is not very clear, China's health authority, the Ministry of Health (*weisheng bu* 卫生部), estimates that there are around 30-40 million homosexual men and women in total.¹⁹ Chinese sociologist Li Yinhe 李银河 conducted an opinion survey in 2008 in which 91 per cent of respondents claimed to agree with homosexuals having equal employment rights. The respondents claimed that "employment is how people make a living and feed their families ... [we] don't want to take away the homosexual community's means of survival." (Li, 2008)

Gender equality is officially proclaimed to be one of China's national policies and is enshrined in PRC's Constitution. However, to a large extent, mainstream discourse still tends to ignore or play down sexual issues and gender inequality/injustice. In a nutshell, the mainstream media usually treats sexuality and related issues as insignificant, let alone gay and lesbian employment rights, same-sex marriage, women's sexual rights, diversity of sexualities amongst Chinese women and their sociopolitical participation in public affairs.

As far back as 1997, China's Criminal Law decriminalized sodomy. Homosexuality was in 2001 removed from the list of mental disorders by the Ministry of Health. In other words, there is no apparent law against homosexuality or same-sex acts between consenting adults. Together with the Ministry of Health, China's Psychological Association has also removed homosexuality from the "Chinese Classification of Mental Disorders and Diagnostic Criteria" (*Zhongguo jingshen jibing fenlei ji zhenduan biao zhun* 中国精神疾病分类及诊断标准) on 20th April 2001.²⁰ This in part reflects the official discourse on homosexuality beyond a strictly political (Western decadence, *xifang tuifei* 西方颓废), legal (crime, *fanzui* 犯罪) or psychiatric

(illness, *jibing* 疾病) framing (Fang, 1995; Li, 1998). Yet, under the current repressive political atmosphere, it is believed that the Chinese policy towards the gay and lesbian issues adopts the “Three Nos” (*san bu* 三不) policy: no approval (*bu zhichi* 不支持), no disapproval (*bu fandui* 不反对), and no promotion (*bu tichang* 不提倡). Sexual minorities, mostly referring to gays and lesbians, are under-respected and under-protected in social and legal terms.

China’s economic success for the past three decades has also seen the emergence of a middle class. Some members of this middle class have homosexual preferences and seek to protect and expand their socioeconomic freedom by cautiously pressing for legal reform/justice and diligently enhancing the consciousness amongst LGBTQ. As Chinese society becomes more open and globalized, the rising (middle) class of lesbian and gay are becoming more assertive socially and politically in the sense that these activists have begun to challenge the prevalent sexual ideologies and have striven for better access to media of public communication. By way of using the power of the mainstream media, they attempt to publicize their voices and to mobilize and recruit in order for them to win the alliance of sympathetic Chinese third parties. Nonetheless, Chinese homosexual activists are in most cases denied from entering the mass media and are being portrayed negatively in the current sexually biased mainstream mediaspace. Accordingly, they have turned to alternative channels of communication to foster public knowledge, awareness and understanding about homosexuality, aiming to achieve both recognition and legal protection of the civil rights of *same-sex* individuals on a par with *cross-sex* people in China. The new media is in this regard transforming into one of the most potent catalytic agents of sexual liberation, revolution, and rights protection for LGBTQ in China.

The key to China’s dramatic transformation of sexual revolution hinges on the Internet. Social scientist Howard Rheingold argues that, by creating “smart mobs” or “associations of amateurs”, Internet-related technologies “enable people to act together in new ways and in new situations where collective action was not possible before” (2003: xviii). In this aspect, the Internet wields influence on sexual behaviour through promoting alliances, sharing knowledge, and providing a platform where diverse voices may be better heard and forcibly respected. Many informal homosexual social networks have developed through both the Internet and blogosphere. There are many stories of individuals who have come to accept and/or revealed their sexual identity mainly because of the Internet. It is obvious that the Internet is a powerful channel for people to find sexual partners, to organize on- and off-line activities, and to have access to gender knowledge and information. The Internet does provide a level of anonymity that is otherwise rare in Chinese society. In short, Chinese cyberspace is being utilized by *Lala* and gay

groups as a conduit to conduct “virtual” communication and cyber-activity, hence facilitating self-expression and the formation of sexual identity, and mobilizing and organizing to assert their rights in the physical world.

Lala collective spaces were virtually non-existent until the mid-nineties. Amongst other things, a combination of international efforts, such as the 1995 UN Women’s Conference, the formations of HIV/AIDS networks, and some other local events, have made the emergence of (semi-)public venues for LGBTQ possible. By 2011, China is experiencing a dynamic upsurge in semi-public community building that is diversifying into not only a greater variety of bars but also semi-public and *Lala*-identified organizations, conferences, research projects, free zones, and mainstream media exposure. Some *Lala* activists have even managed to appropriate their state-designated organizational structures and turned them into resources for cyber mobilization and collective identity building. The relational dynamics of mutual constitution of the electronic social capital and *Lala* communities in Chinese cyberspace are now emerging and impacting on transitional society. This argument is *per se* an extension to what Guobing Yang has previously argued that “the interactions between civic associations and the Internet have produced a ‘web’ of civic associations in China and that this ‘web’ is civilly engaged.” (Yang, 2009: 154) One cannot, however, expect the Internet and ICTs alone to be the sole agent of the prospects of democratic transformation in China. It is effectively the actual utilization of the Internet by real people and civil society groups, particularly LGBT rights activists in this case, both in cyberspace and in the physical world, to further advance gay rights by not only publication and conferences, but also by social awakening, legal action/petition, and eventually political reform. Zixue Tai has rightly reminded us that, “As the Internet further penetrates every aspect of life in Chinese society and as it becomes deeply ingrained into the everyday life of ordinary Chinese citizens, the revolutionary effects of the Internet on Chinese civil society will be more earthshaking.” (Tai, 2006: 292)

4. Conclusion

Over the past few decades, social and political communications have been extensively transformed by accelerated processes of globalization, liberalization and deregulation as well as by the diffusion of information and communication technologies (Stanyer, 2003: 385-394). The forces of media commercialization and conglomeration have also given rise to a series of general tendencies at the level of national politics – altering the ways in which political actors attempt to communicate with one another (Hong and Hsu, 1999: 225-242; Morris and Waisbord, 2001). Manuel Castells vividly argues that all politics now subsist within the frame of electronic media (Castells,

2000: 391-392). The Internet has indeed emerged and spread exponentially, constituting a media revolution in both the developed and most developing countries from the mid-1990s (Castells, 2000: 77-162).

From the 1980s onwards, we have seen a dramatic rise in alternative sources of information and news report in China. Access to alternative information and dissenting opinion has not only been pivotal in allowing individuals to find and adjudicate amongst different accounts of event and news stories; it has also enabled and encouraged individuals to discourse and deliberate on public issues. Under the circumstances, the development and propagation of the Internet throughout the world has resulted in enormous social, political and cultural changes, and authoritarian China is not an exception. The networked medium of the Internet has provided a newer mode of communication and enlarged a wider scope of information dissemination; it has also created new platforms for voicing opinions, mobilizing people and organizing communities. It signifies the Internet has effectively empowered individuals as well as the society as a whole by diversifying newer sources of alternative/dissenting information and channels for civic association and engagement (Zheng, 2008). Likewise, Chinese cyberspace continues to develop through “a series of complex interactions between the state, market mechanism, intellectual establishments, and new technologies” (Zhou, 2006: 177).

In this respect, the phenomenon of the *Lala* community is an interesting subject in that it examines the ways in which social organization is developed, social activism/movement is nurtured, public empowerment and dissent are formed and mediated on- and off-line. An examination of the *Lala* community, both as a non-political space of self-identity creation, and as a political space of dissent and community organization, may serve to explore many of the potentials of the Internet in the development of homosexual civil rights development. The Internet and its affiliated chat rooms make information relatively accessible from and amongst the grassroots level. Such horizontal communication and civil organizations have the potential to challenge those assertions made by authoritarian governments about their sociopolitical control. Cyber publics like *Lala* community are now better enjoying the relative ease of (horizontal) communication just as easily as the process can be performed through China’s top-down propaganda channels by the Party-State, such as Internet versions of state-owned media coverage and the electronic government projects. In other words, with the Internet, marginalized people like *Lala* groups can now speak more freely amongst themselves, debate and consult with ideas and public issues more easily, and gradually engage with the mainstream generators of news and opinions such as the official media and propaganda machine, resulting in far-reaching social and political influences in the transitional Chinese society.

With the rising expectations and public demands for an improved quality of life and protection of social, economic, and political rights, *Lala* citizens as well as other (middle) class may not merely want the Communist regime to address their demands through (state-owned) mass media or other official apparatus, such as legal complaint letter (*xinfang* 信访) or visit system (*shangfang* 上访), but also request adequate channels to proactively articulate them in the first place and safeguard their rights (*weiquan* 维权) (Hung, 2010: 331-349) in appropriate manners. This bottom-up force and pressure derived from the general public and LGBTQ may facilitate and reinforce a favourable social basis of the twin effects: the increasingly dynamic civic society and Internet diffusion. It means this incipient online civic engagement as well as fledging public space serves as a precondition for civil society, which in turn is both the foundation of and a necessary ingredient for any future democracy/democratization in China. A nascent public space for “virtual” civic engagement, albeit with Chinese characteristics, can indeed be found in online forums and offline community in Chinese society.

China cannot be fully immune from the influence of global lesbian and gay rights movement and the changing dynamics of Internet politics. Chinese *Lala* communities are coming to terms with and protecting their homosexual rights and freedoms today in the information age, as what Manuel Castells has suggested:

In fact, freedom is never a given. It is a constant struggle; it is the ability to redefine autonomy and enact democracy in each social and technological context. The Internet offers extraordinary potential for the expression of citizen rights, and for the communication of human values. Certainly, it cannot substitute for social change or political reform. However, by relatively levelling the ground of symbolic manipulation, and by broadening the sources of communication, it does contribute to democratisation. The Internet brings people into contact in a public agora, to voice their concerns and share their hopes. This is why people’s control of this public agora is perhaps the most fundamental political issue raised by the development of the Internet.

(Castells, 2001: 164-165)

Notes

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- * Dr Chin-fu Hung 洪敬富 is Associate Professor at the Department of Political Science and Graduate Institute of Political Economy, National Cheng Kung

University (NCKU), Taiwan. He holds a PhD in Politics and International Studies from the University of Warwick, UK. Dr Hung's main research interests include the political and economic transition of China, the impact of the information and communication technologies upon political development and democratization, and the sociopolitical development in East and Southeast Asia. He has written several articles on topics of cyber participation and the Internet politics of democratic and (semi-)authoritarian states in Asia. <Email: bcfhung@mail.ncku.edu.tw; Personal web site: <https://sites.google.com/site/bernhardhung/>>

1. China remains “an essentially Leninist party-state (党国) in the sense that the members of the Standing Committee and Politburo of the Central Committee of Chinese Communist Party (中国共产党中央政治局常务委员会) continue to enjoy *de facto* monopoly power and are not accountable to political or judicial constraints.” See Preston and Haacke (2003: 10).
2. The most recent example of the Internet-enabled revolution took place in Tunisia in which President Zine El Abidine Ben Ali was forced out of the presidency by people power and popular protests in late 2010. The 2010-2011 Tunisian Revolution is also called “the Jasmine Revolution” by many media organizations, and which was the impetus of the Arab Spring. See “North Africa: Tunisia’s ‘Jasmine Revolution’”, *Africa Research Bulletin*, Vol. 48, Issue 1, pp. 18675A-18685C, February 2011.
3. As Antje Gimmler has pointed out, Habermas was pessimistic about the return of a critical public sphere in his earlier work (1962 German versions and 1989 English version). Nonetheless he changed his mind and argued that the return of such a sphere is possible within the resurgence of civil society itself. See Gimmler (2001: 25); Curran (2002: 234).
4. Traditionally, social capital must be formed in civil society where it is a relatively autonomous sphere in a society which rests between the state and the private sector. The “new and unique” environment afforded by cyberspace provides the form of social organization that can be used by democratization movements in authoritarian regimes, despite these regimes’ best efforts to control civil society and organized opposition. See Marsh and Whalen (2000: 62, 66 and 67). Besides, for Coleman’s concept of social capital, see Coleman (1990: 304).
5. For a general review of the discourses and theories regarding the possibilities and potential of the Internet, see Slane (2007: 81-105); DiMaggio, Hargittai, Robinson and Newuman (2001: 307-336); Crossley and Roberts (2004).
6. See further discussions at Sang (2003).
7. It is usually argued that feminism and female homosexuality came about in the development of lesbian feminist theory during the 1970s, where “Feminism at heart is a massive complaint. Lesbianism is the solution.” See Johnston (1973: 166).
8. LGBTQ is a conceptual shorthand for lesbian, gay, bisexual, transgender, and queer.
9. It is generally believed that prior to the secularization of sodomy prohibitions in the sixteenth century, lesbian and homosexuality is regarded as a distinctively unmentionable crime. See Calhoun (2000: 83-84).
10. Joseph Contreras, “Legal in Unlikely Places”, *Newsweek*, 17th September 2007.

11. Jim Yardley, "Internet Sex Column Thrills, and Inflames, China", *New York Times*, 30th November 2003.
12. Jim Yardley, "Internet Sex Column Thrills, and Inflames, China", *New York Times*, 30th November 2003.
13. "Zenme Kan Mu Zimei 怎么看木子美" [How to look upon Mu Zimei], *Beijing Wanbao* 北京晚报, 16th November 2003.
14. Liu Shinan, "Unqualified Colleges Must be Shut Down", *China Daily*, 12th March 2010.
15. In a collaborative work conducted by sociologists from the Chinese Academy of Social Sciences (CASS), ten strata were noted: (1) national and social management, (2) managers, (3) private enterprise-owners, (4) professional technicians, (5) clerks, (6) industrial and commercial individuals, (7) business service staff, (8) industrial workers, (9) agricultural labourers, and (10) city unemployed, laid-off, and half laid-off vagrants in urban areas. See Lu (2002).
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The Mountains Are High and the Emperor Is Far Away: An Examination of the Ethnic Violence in Xinjiang

*David O'Brien**

University College Cork (UCC), National University of Ireland

Abstract

The summer of 2011 has been another violent one in the Xinjiang Uyghur Autonomous Region (XUAR). Despite the removal of hard-line party secretary Wang Lequan who was seen to have seriously mishandled the devastating outbreak of violence in July 2009, his replacement by the supposedly reform-minded Zhang Chunxian and the pumping of vast amounts of central government funds into the region, the XUAR is still an area of major concern for Beijing. This paper argues that the central leadership fears its control over the vast, strategically and economically vital province slipped significantly during the last year of Wang's leadership. It examines in detail the violent events of the summer of 2009 based on interviews with eye witnesses and contemporaneous accounts and argues that Xinjiang remains an unstable region with the potential for further serious unrest.

Keywords: Xinjiang, Beijing, Urumchi, Wang Lequan, central, provincial

JEL classification: H12, J15, N35, Z13

1. Introduction

The summer of 2011 was another difficult one with a number of violent incidents in two of the Xinjiang Uyghur Autonomous Region (XUAR)'s largest cities resulting in the death of more than 30 people.¹ In the southern city of Hotan, according to official reports, 18 people (16 rioters and 2 policemen) were killed when a police station came under attack.² Just over a week later in Kashgar two men hijacked a truck and drove it into a crowd of people, killing eight and injuring 28. The following day an explosion hit a restaurant west of Kashgar's central square. Five men armed with knives then attacked police and bystanders. Six bystanders were killed and 12 were injured.³ Two ethnic Uyghur men, Memtieli Tiliwaldi and Turson Hasan, who

the authorities said were involved in the attacks were shot by police when found hiding in a corn field on the outskirts of Kashgar the following day.⁴

Chinese media and officialdom, as usual, immediately blamed outside forces for the violence (Pantucci, 2011). However, it was noticeable that the authorities have become much more direct in naming Pakistan, China's "all weather friend", as the source of these foreign-trained militants. Pointing the finger directly at the East Turkestan Islamic Movement (ETIM), the Kashgar government published a statement in which it said that one of the men had confessed that some of the leaders of the group had trained in Pakistan in bomb-making and weapons handling and had returned to carry out terrorist attacks.⁵ Following the attacks, XUAR party secretary Zhang Chunxian 张春贤 ordered a crackdown on terrorists, religious extremists, and "illegal religious activities". "Strong and effective measures should be taken to prevent more terror attacks and guarantee people's safety, their assets and regional stability," he said. "(We should) resolutely punish terrorists according to the law, crack down on terror activities, resolutely crack down on extreme religious forces and effectively contain illegal religious activities."⁶ It was also announced that the elite Snow Leopard anti-terrorism unit would be sent to Xinjiang to boost security.⁷

It had all been very different just a few weeks previously when Zhang had surprised Urumchi (Urumqi) residents by turning up "unannounced" to hand out kebabs and beer at a street side stall on the 2nd anniversary of the July 5th riots. Official media reported that Zhang's visit to the Dawan Evening Food Court would "win a thousand times more trust from the people than an inspection of security work in the city".⁸

Zhang, who famously is the most senior official in China with an account on micro-blogging website Weibo 微博, has been in the top position since April 2010 having replaced long-term party secretary Wang Lequan 王乐泉. He was expected to adopt a softer line in Xinjiang than his iron-fisted predecessor. Zhang has been championing investment in the region as the best way to deal with violence, with a new focus on disaffected unemployed Uyghur youth.

Following the Urumchi riots, the central government significantly increased investment in Xinjiang, setting aside 11.4 billion yuan for infrastructure projects in 2010 alone.⁹ Beijing also revamped a programme under which richer provinces act as donors and investors for different parts of Xinjiang. It promised to bring in fresh investment and vowed that more attention would be paid to regional disparities.¹⁰ Slums were cleared in Urumchi, with new housing for the poor, mostly southern migrants to the city, and with more than 46,000 residents in the city's Heijiashan 黑甲山 slum alone, re-housed.¹¹

However periodic outbreaks of violence (usually in the hot summer months) remain part of life in Xinjiang. The violence of summer 2011 was

the second time Zhang faced a security crisis since he became XUAR party secretary. In August 2010 a man drove an electric tricycle packed with explosives into a crowd in Aksu city killing seven and injuring 14.¹²

As it has done since the Chinese Communist Party (CCP) came to power, Xinjiang continues to ebb and flow between periods of stability and outbreaks of violence, between relative openness and reform to harsh clampdowns (Bovingdon, 2010; Millward, 2007; Rudleson, 1997). Perhaps in Xinjiang more than in any other part of China, the CCP struggles to maintain what Zhao Suisheng calls “the myth of harmony” and claim that “equity, unity, mutual help, and common prosperity are the basic principles of the Chinese government in handling relations between ethnic groups” (Zhao, 2004: 166).

2. Urumchi Aflame: The Causes and Consequences of the July 5th Riot

Beijing clearly anticipated trouble in the highly sensitive year of 2009 and had already moved an estimated 80,000 troops and People’s Armed Police (PAP) officers to Tibet and Xinjiang (Lam, 2009). Anniversaries are always a big deal in China and 2009 had lots: the 60th anniversary of the founding of the People’s Republic of China (PRC), the 50th anniversary of the failed Tibetan Insurrection in 1959 and the 20th anniversary of the 1989 student protest in Beijing. Apart from the sensitivities of these dates a huge celebration was planned for the 60th anniversary of the founding of the PRC and the central government was all too aware of how violence in Kashgar and Kucha had marred the opening of the Olympic Games.

Yet despite this massive security presence, on the evening of July 5th, 2009, XUAR capital Urumchi was the scene of the worst social unrest in China since the violent suppression of the 1989 student protests. The official *China Daily* went so far as to describe the violence as the “deadliest riot since new China was founded”.¹³ According to official figures, the riots which broke out in a number of areas in the city of 2.3 million people left 197 people dead and over 1,700 injured. As the crisis deepened President Hu Jintao 胡锦涛 was forced to leave a G8 summit being held in Italy in order to take personal charge. While most of the fatalities occurred on the night of July 5th, it took three days and the deployment of thousands of People’s Armed Police and regular soldiers onto the streets of Urumchi before the situation was brought under control.¹⁴

2.1. Rumours Spread over Internet

According to eyewitnesses I interviewed in Urumchi in November 2009, the violence was triggered when police attempted to disperse a large crowd which had gathered in People’s Square to protest what they saw as the inadequate

handling of a violent row which had broken out thousands of miles away in a toy factory in Shaoguan 韶关 City, Guangdong 广东 Province. The mass late night brawl at the factory involving up to 1,000 local Han Chinese and Uyghur workers who had been recently recruited from Xinjiang, led to two deaths and 118 injuries. According to an official investigation, the fight was triggered by a disgruntled former employee of the factory who had falsely written on the Internet of a young Han Chinese girl being raped by a group of Uyghurs after she mistakenly walked into the Uyghur dormitory at the factory.¹⁵

Rumours of much greater loss of life spread quickly through the Internet following the June 25th brawl along with gruesome pictures from Shaoguan that appeared to show more fatalities than the two reported. The original People's Square protest mostly involved students from Xinjiang University. The students had asked permission to hold a protest in the square but the authorities refused. However those behind the protest decided to go to the square anyway and a crowd numbering in the region of 300-400 gathered, calling for a proper investigation into the events in Shaoguan. Police attempted to disperse what was at this stage a peaceful protest and after a number of small-scale skirmishes the crowd seemed to disperse. According to a number of eyewitnesses (personal interviews) many in the crowd were angered by what they saw as the heavy-handed approach of police. By 8 pm a larger and more violent crowd had gathered at the Uyghur bazaar in Erdaoqiao 二道桥. The Erdaoqiao bazaar had once been the largest and most important Uyghur bazaar in Urumchi but has in recent years seen a large influx of Han traders and stall owners. It appears that this crowd began hurling bottles and stones at the small number of regular police who being outnumbered, quickly withdrew. For the next four hours the city descended into total chaos with mobs of mostly young Uyghur men attacking first Han store owners and then passers-by, taxi drivers and bus drivers while the police awaited reinforcements and orders on what to do.

By midnight with the trouble now spreading to a number of areas in the city, gun shots could be heard and People's Armed Police in their distinctive green uniforms attempted to restore order.¹⁶ In the early hours of the morning riot police and PAP spread out into residential areas detaining large numbers of Uyghur men. In the region of 1,500 mostly men and boys were detained in the raids which took place mostly in the Erdaoqiao and Saimachang 赛马场 areas of the city.¹⁷

On the night of July 5 Internet access was cut in Urumchi while text messages and calls from abroad were blocked. In the days that followed these restrictions were extended to the rest of the XUAR while social networking sites such as Facebook and Twitter and video-sharing site YouTube were blocked throughout China. The authorities only gradually began to ease these restrictions in late January of the following year and the Internet in Xinjiang

remains heavily restricted. Facebook, Youtube, Twitter and other sites remain blocked throughout China.

Over the next two days crowds of Han Chinese, many carrying home-made weapons began massing in various parts of the cities demanding revenge and in some cases attacking Uyghurs. In a televised speech on the evening of July 6th, Wang Lequan announced that the city was now under night time curfew. He told viewers the unrest had been quelled but warned that “this struggle is far from over”. Earlier the same day Urumchi party chief Li Zhi 栗智, who would be sacked a few weeks after the riot, was forced to address a large crowd from the roof of a police jeep, calling for the protestors to return home.

By this stage foreign media had arrived in large numbers and were met with an openness that surprised many, especially in the light of the restrictions placed on traveling to Tibet following the Lhasa riots in March 2008. “Let the facts speak for themselves,” regional government official Li Wanhui 李万辉 told foreign journalists.¹⁸

2.2. Rebiya Kadeer and the World Uyghur Congress

It was only on July 8th following President Hu’s departure from the G8 summit that large numbers of security forces – some sources put the figure as high as 50,000 (Lam, 2009) – began to flood the city.

By July 9th, with the situation now relatively calm, helicopters dropped leaflets while trucks drove through the streets blaring messages appealing for calm and blaming extremists for orchestrating the riots. By this stage the authorities were pointing the finger of blame squarely at Rebiya Kadeer, the 62-year-old head of the World Uyghur Congress. In 1999 Kadeer was jailed by the Chinese for the crime of passing state secrets, although it appears that these “secrets” were contained in newspaper clippings she sent to her husband in America. Following her release in 2005 she fled to America, where she set up the Uyghur American Association. Before her imprisonment Kadeer had been a successful businesswoman and philanthropist, had been held up by the Communist Party as proof of the success of its ethnic minority policy and was named a delegate to the eighth session of the Chinese People’s Political Consultative Conference and the National People’s Congress. However she fell from favour when she began criticizing government policy in Xinjiang. She has continuously denied being behind the riots and insists that almost 200 Uyghurs were tortured and killed at detention centres in the immediate aftermath of the riots while up to 10,000 were detained.¹⁹

In August two of her children and her brother wrote open letters condemning her for orchestrating the riots. Five of Kadeer’s 11 children still live in Xinjiang. Her brother Mehmet, son Khahar who is currently in prison

convicted of fraud, and daughter Roxingul all appeared on state television condemning their mother.²⁰

2.3. Emergency Meeting of the Standing Committee of the Politburo

On the evening of July 9th, Hu Jintao convened an emergency meeting of the Standing Committee of the Politburo to discuss the ongoing situation. Standing Committee members agreed that stability in Xinjiang was the “most important and pressing task”, according to a statement issued on Xinhua. The Standing Committee ordered authorities in Xinjiang to “isolate and crack down on the tiny few” and “unify and educate the majority of masses”. While “instigators, organizers, culprits and violent criminals in the unrest shall be severely punished in accordance with the law,” it said, “those taking part in the riot due to provocation and deceit by separatists, should be given education.” It was a serious crime which was masterminded and organized by the “three forces” of terrorism, separatism and extremism at home and abroad, and the unrest had resulted in great losses and done great harm to local order and stability, the statement said.²¹

At the meeting it was also decided that Standing Committee member Zhou Yongkang 周永康 would travel immediately to Urumchi to take personal charge of the security operation. According to a high ranking XUAR official²², Beijing believed the local government had been too cautious in its use of force. While President Hu, no stranger to ethnic unrest from his time as Tibet party secretary, insisted from Italy on the night of July 5th that armed police use full force as soon as the gravity of the situation became apparent. Wang however was reluctant to open fire. While this may go against Wang’s hawkish reputation, there was clearly a breakdown in command on the night. Despite having troops available it took hours to bring the situation under control. The fact that the central government changed the law on how the PAP operate within weeks of the riot seems to backup this interpretation. The new law designated the PAP as responsible for dealing with “riots, unrest, large-scale violent crimes, and terrorist attacks” and crucially included new procedures for deploying PAP troops, drawn up by the State Council, and the Central Military Commission which took much of the control of the PAP away from local officials.²³

Three weeks after the riot, with the situation stabilizing on the ground, XUAR Chairman Nur Bekri set out the government line. “The riot is neither an ethnic nor religious issue, let alone a human rights issue. It is a political struggle between us and hostile forces on safeguarding national unity, opposing ethnic division, maintaining the socialist system, consolidating the Party’s ruling status and protecting core national interests,” he told a meeting of the XUAR legislature. He also pledged to find and arrest all other suspects

“at an early date” who had escaped “after committing crimes of vandalizing, looting and arson during the riot”.²⁴

A month later Hu Jintao visited Xinjiang where he told government officials, “the key to our work in Xinjiang is to properly handle the relationship between development and stability in the region”, emphasizing the “three unshakeable goals”: upholding the central task of economic construction; maintaining social stability and combating separatism; and upholding unity among the country’s different ethnic groups to ensure “joint prosperity and development” (Lam 2009).

The visit of Hu had intended to show that stability had returned to Xinjiang but the authorities were deeply embarrassed in September when a bizarre syringe attack panic broke out in Urumchi and then spread to other cities. The vast majority of these cases however seemed to have been imagined and the result of the hysteria that had gripped the region since July 5th. According to officials nearly 600 people reported being pricked with needles in Urumchi, but only 106 victims have shown signs of jabs, bumps or rashes, while the others were injured by sewing needles or pins rather than syringes, and some were insect bites. None of the reported victims have suffered from illness, poisoning or other effects.²⁵

2.4. Removal of Wang Lequan

The situation became even more serious when on Friday September 4th a large crowd of mostly Han protestors gathered in People’s Square demanding the government improve the security situation. Wang appeared on the roof of the square’s government building appealing for calm but was shouted down by the crowd, some of whom threw plastic bottles at him. Shortly after Wang left, riot police moved in to deal with the explosive situation, resulting in the death of five protestors.²⁶

For Wang, a hardliner known as the “King of Xinjiang” and a member of the Politburo who led the XUAR for 15 years – far longer than the usual 10-year limit designed to prevent regional leaders from becoming too powerful – to be shouted down by a clearly furious Han crowd was a disaster as far as Beijing was concerned.

3. A New Approach to the New Dominion?

It remains to be seen whether the appointment of Zhang Chunxian heralds a new approach in Xinjiang. Much has been made of Zhang’s reputation for openness and, ironically in a region where the Internet is even more restricted than the rest of China, his use of the web to communicate directly with the people. Announcing Zhang’s appointment, Xi Jinping 习近平 said the ex-Minister of Communication was a man endowed with “liberated ideas, a

clear-thinking mind and a spirit of creative thought".²⁷ Within days of his appointment it was announced that candidates applying for government jobs and those hired in the past two years would have to learn Uyghur or Mandarin.²⁸ The announcement was heralded as requiring officials to become bi-lingual. However even a cursory examination of the policy, which says that those who meet requirements but fail the language test will have to attend a three-month course, would suggest that officials might not be required to be all that proficient. While Mr Zhang will attempt to gain the support of the Uyghur population and disaffected Han, it would appear the central government has no intention of admitting it got Xinjiang wrong and rowing back on the policies of 15 years. In January it was reported that spending on security would be increased by almost 90 per cent to 2.89 billion yuan. Making the announcement, the region's finance department director Wan Haichuan 弯海川| said, "the government decided to increase the spending on public security this year to enhance social stability in Xinjiang." Speaking at the same press conference, Nur Bekri repeated the official assertion that the "three evil forces" of terrorism, separatism and religious extremism were responsible for the rioting in Urumchi.²⁹ In February it was announced that Xinjiang plans to invest 120 billion yuan in 200 major projects in 2010 prioritizing the construction of "hydraulic engineering, transportation, communication, energy, ecological and livelihood projects".³⁰ The main theme of the March meeting was "uphold national unity and safeguard national security".

The appointment of Zhang who has spent much of his career in Beijing clearly shows the central government tightening its grip on the region. Before the riots Nur Bekri, who is Uyghur, had been signalled as a rising star within the party in an article in the official journal *Global Personalities* (Lam, 2009). It was thought possible that he could even get the top job of party secretary in Xinjiang. The XUAR party secretary, the position of real power in the province, has almost always been Han, while the relatively ceremonial position of chairman of the regional government is always Uyghur. It seems the old belief, that concessions in anyone one of China's contested provinces duly open a flood of "splittist and separatist" demands from other aggrieved provinces, who will presumably conclude that they now have a chance to make good their hopes for greater power, and in Beijing's eyes, thereby destroy the state (Blank, 2003), remains as strong as ever.

3.1. *Hardline Policies*

Wang Lequan's term was characterized by a hardline approach of marginalizing religion and the Uyghur language, encouraging Han in-migration, numerous "Strike Hard campaigns" against suspected "splittists" and development of the region's economy (Becquelin, 2000; Bovingdon, 2004;

Clarke, 2007; Gladney, 2004). His approach won him praise at the highest levels and led to his appointment to the Politburo. He was seen as the Party's leading man on ethnic issues. His protégé in Xinjiang, Zhang Qingli 张庆黎, brought with him the same mindset when he was appointed party secretary in Tibet in 2005. While violent incidents occurred throughout his leadership, most notably a serious uprising in the northern city of Yining 伊宁 (Gulja) in 1997, Xinjiang has for most of the period been relatively peaceful. As the historian James Millward has shown, while concerns about Uyghur separatism have received increasing official and media attention from the 1990s onwards, particularly following September 11th, 2001, in fact, both the frequency and severity of violent incidents in Xinjiang have declined since 1997-98 (Millward, 2004). Economically under Wang, Xinjiang thrived; he opened the region's oil and gas fields to drilling, laid pipelines east to the Chinese heartland and west to Kazakhstan, and turned the Production and Construction Corps, a "creaky make-work project for mustered-out Han soldiers, into a moneymaker listed on the Shanghai stock exchange".³¹ However there is a widespread belief in Xinjiang that members of Wang's family and Shandong 山东 friends benefited more than most from these projects.

Following the riots the government published a white paper which trumpeted the fact that the local gross domestic product (GDP) in 2008 stood at 420.3 billion yuan, which is 86.4 times higher than that of 1952, up 8.3 per cent on average annually. In 2008, the per-capita net income of farmers in Xinjiang was 3,503 yuan, which is 28 times more than that of 1978, while the per-capita disposable income of urban residents reached 11,432 yuan, which is 35 times more than that of 1978 (*White Paper 2009*).

This makes Xinjiang, in aggregate terms, relatively affluent, its per capita GDP ranking twelfth out of China's 31 regions and provinces and trailing behind only the 11 provinces along the east coast (Wiemer, 2004). This has led to a high rate of in-migration which the government has encouraged but are less keen on publicly acknowledging. As Steve Hess has noted, in spite of an official emphasis on the region's economic backwardness implied in national programmes aimed at developing the west and dragging the province into modernity, Xinjiang is actually a leading importer of labour (Hess, 2009). According to C. Cindy Fan, the 1990 census revealed a net interprovincial in-migration to Xinjiang of 63,000, and the 2000 census showed that net interprovincial in-migration had reached 926,000, the fifth highest such rate of all provinces in China (Fan, 2008).

3.2. Security Implications

The central government's response to the violence has followed the usual pattern of security clampdown coupled with increased investment. However,

as the violence in Aksu, Hotan and Kashgar demonstrates, the region remains unstable. It remains to be seen if this approach can eventually suppress all unrest but for now Xinjiang remains a significant worry. As outlined above the central government has since changed the control structure of the People's Armed Police giving Beijing a greater say. Sending the elite Snow Leopard anti-terrorist unit to the province also suggests that Beijing is concerned that the security forces in Xinjiang are not fully up to the job of preventing violence.

While the assumption is that the security presence in Xinjiang is heavy, Yitzhak Schichor has shown that given China's policy of concentrating troops near Beijing, Xinjiang may have no more than 50,000 to 60,000 regular troops or one soldier per 35 to 40 sq km permanently based in Xinjiang (Schichor, 2004). He points out that following the attacks of September 11, 2001, and the subsequent invasion of Afghanistan by the United States, the government became deeply concerned about direct and immediate implications for Xinjiang. While concerned for some time about the spillover of ethnoreligious terrorism from Central Asia into Xinjiang and growing involvement of the US in the region it was only after the attacks in New York and Washington that large numbers of troops and security forces were sent to the region while the border with Pakistan was closed. The fact that when the crisis erupted the government immediately sent reinforcements to Xinjiang reinforces the conclusion that Xinjiang's forces are quantitatively and qualitatively inadequate to cope with emergencies (*ibid.*).

While Xinjiang has witnessed a large number of organized protests and violent events since 1949 (Bovingdon, 2010), it has never faced a large scale, well organized, well funded separatist movement. Large scale public demonstrations are also extremely rare. For the authorities, the protests against Wang Lequan must have been deeply worrying. Beijing knows only too well that there has always been a section of Uyghur society that has never accepted Beijing's control but for the Han to also take to the streets was something not seen since the chaos of the Cultural Revolution. That the government was unnerved by the so-called Arab Spring where popular protest swept aside long-lasting authoritarian regimes in Tunisia and then Egypt, was evident when it began rounding up dissidents, including the internationally known figures such as artist Ai Weiwei 艾未未. The efficiency of Xinjiang's internal-security apparatus and armed forces, which are subordinate to the Communist Party, were severely brought into question by the events of July 5th. But who knows how the security forces would respond if asked to suppress another mass uprising involving large numbers of Uyghurs and Han? They were ready to shoot protesters to quell unrest among Uyghurs in Urumchi in 2009. But even in 1989 the army did not prove wholly reliable – at least one general disobeyed orders to join the advance into Beijing.³²

Another factor as Schichor has pointed out is Beijing's increasing concern with US presence in the region. With the fall of the Soviet Union, Xinjiang was meant to be more secure than ever. Its Central Asian borders have been officially pacified, reflecting friendly economic, political and military relations with Kazakhstan, Kyrgyzstan and Tajikistan as well as a joint struggle against perceived threats of terrorism, religious extremism and separatism. Yet though it shares, and even leads this struggle, Washington's intrusion into Xinjiang's backyard is causing grave concern for Beijing. In fact, one of Beijing's fundamental incentives for creating the Shanghai Cooperation Organization (SCO) had been to exclude the United States from Central Asia, something it had warned against even before September 2001. While the majority of its forces in Afghanistan are due to leave, a significant presence is certain to remain while the Americans show no sign of giving up key military positions in the region such as the giant Manas air base outside the Kyrgyz capital Bishkek. Beijing is concerned less with the possibility of an all-out military invasion of Xinjiang than with the prospect of Washington using Central Asian bases for a unilateral armed interference in Xinjiang following the precedents of Kosovo, Afghanistan, and Iraq – especially if the situation in the Taiwan Strait deteriorates. Perhaps an even bigger fear is that the United States would encourage, incite, and urge separatist movements in Xinjiang to act against China, as it did in the later 1940s (Schichor, 2004).

3.3. Demographics

The fact that the worst outbreak of ethnic violence Xinjiang has witnessed in a century took place in its most Han of cities was another shock of the July 5th violence. Urumchi is 80 per cent Han, a relatively prosperous city with a higher average wage than any other city in Xinjiang yet. Violence has usually been confined to the southern cities of Kashgar and Hotan or Yining (Gulja) in the north which have majority Uyghur populations. The central government has long had a policy of encouraging Han settlement in the area which many observers have seen as playing the central role in its strategy to pacify the region and bring it fully under Beijing control. However, if the most serious violence seen in the region occurs where Han are in a huge majority, this inevitably raises significant questions for the strategy (Bequelin, 2000; Bovington, 2004).

As the tables outline, while the Han population has grown exponentially since 1949 the population of other ethnic groups has also increased dramatically since. This could have been caused by improvements in diet and healthcare since the Communists came to power as well as less rigorous birth control regulations for ethnic minorities.

Table 1 Xinjiang Ethnic Makeup (2000 Census)

Ethnic Group	Population	Percentage
Uyghur 维吾尔	8,345,622	45.21
Han 汉	7,489,919	40.58
Kazakh 哈萨克	1,245,023	6.74
Hui 回	839,837	4.55
Kyrgyz 柯尔克孜	158,775	0.86
Mongol 蒙古	149,857	0.81
Dongxiang 东乡	55,841	0.30
Tajik 塔吉克	39,493	0.21
Xibo 锡伯	34,566	0.19
Manchu 满	19,493	0.11
Tujia 土家	15,787	0.086
Uzbek 乌孜别克	12,096	0.066
Russian 俄罗斯	8,935	0.048
Miao 苗	7,006	0.038
Tibetan 藏	6,153	0.033
Zhuang 壮	5,642	0.031
Daur 达斡尔	5,541	0.030
Tatar 塔塔尔	4,501	0.024
Salar 撒拉	3,762	0.020

Note: Excluding members of the People's Liberation Army in active service.

Source: State Bureau of Population, Social Affairs, Science and Technology Statistics, National Bureau of Statistics of China (国家统计局人口和社会科技统计司).

Table 2 Population of Xinjiang in 1941

Ethnic Group	Population	Percentage
Uyghur	2,984,000	80.0
Kazak	326,000	8.7
Han	187,000	5.0
Hui	92,000	2.5
Kyrgyz	65,000	1.7
Others	76,000	2.0
Total	3,730,000	100.0

Source: Chang Chih-Yi, "Land Utilization and Settlement Possibilities in Sinkiang", *Geographical Review*, Vol. 39, No. 1, January 1949, p. 62.

Table 3 Xinjiang Basic Census Data, 1982-2000 (percentages in brackets)

Year	1982	1990	2000
Total Population	13,081,500	15,156,900	18,462,600
Male	6,732,200 (51.5)	7,823,200 (51.6)	9,554,900 (51.8)
Female	6,349,300 (48.5)	7,333,700 (48.4)	8,907,700 (48.2)
Age 0-5	1,867,000 (1.4)	2,188,500 (14.4)	1,645,600 (8.9)
Age 6-14	3,308,500 (25.3)	2,821,200 (18.6)	3,396,000 (18.3)
Age 15-64	7,424,200 (56.8)	9,554,900 (63)	12,586,000 (68.1)
Age 65 and over	481,800 (3.7)	593,000 (3.9)	835,000 (4.5)
Han	5,284,000 (40.4)	5,695,400 (37.6)	7,497,700 (40.6)
Minorities	7,797,500 (62.4)	9,461,500 (62.4)	10,964,900 (59.4)
College Education	83,700 (0.6)	279,800 (1.8)	949,100 (5.1)
Senior Secondary	842,800 (6.4)	1,574,200 (10.4)	2,231,900 (12.1)
Junior Secondary	2,286,300 (17.5)	3,135,100 (20.7)	5,082,500 (27.5)
Primary	4,425,700 (33.8)	5,525,500 (36.5)	7,006,600 (38)
Illiterate and Semiliterate	2,653,900 (20.3)	1,981,100 (13.1)	1,026,400 (5.6)

Source: Xinjiang Uyghur Autonomous Region Bureau of Statistics (新疆维吾尔自治区统计局), *Xinjiang Statistical Yearbook 2001* (2001 新疆统计年鉴), Beijing: China Statistics Press (中国统计出版社), 2001, p. 93.

As Uyghurs become more urbanized it is likely that their population growth rate will decline. Stanley Toops has pointed out that the process of urbanization and industrialization are bringing about the development of a modern workforce in the region. The rural agricultural workforce is also changing, albeit more slowly. Natural increases in rural populations and improved efficiency in agriculture will gradually create a surplus of agricultural labour. The question is: will that often poorly educated population be able to find work in the cities? (Toops, 2004). Young unemployed Uyghurs from the south who had recently moved to Urumchi were blamed for being behind much of the violence on July 5th. The key variable is the flow of population across the region. Han migration has followed the most efficient transportation routes. Now that the railroad has been extended to Kashgar one can expect a substantial flow of migrants into the region (*ibid.*).

4. Conclusion

The continuing violence in Xinjiang demonstrates that the deep divisions between different ethnicities have, if anything, grown worse as the economy has developed while the gap between the government's official policy for the

area and minority policy in general and what is actually happening on the ground continues to widen. Wang Lequan came to personify this gap. His misrule also led to a major chasm opening up between Xinjiang and Beijing, one which Zhang Chunxian will have his work cut out to bridge. Xinjiang is vital to the PRC, in terms of its strategic location bordering Russia, Mongolia, India, Pakistan, Afghanistan, Tajikistan, Kazakhstan and Kyrgyzstan, its rich oil, gas and mineral resources, its complex ethnic demographics, and the fact that it makes up one sixth of the country, but perhaps more than any of these reasons it is vital in terms of national identity. Any threat to the position of Xinjiang within China is a direct threat to the CCP's hold on power.

When I visited the region in June 2009 and was struck by the tension that existed not just between Uyghurs and the authorities but also between Han and the authorities. The heavy restrictions that were put in place ahead of the Olympics and the severe clampdown that followed the attacks in Kashgar and Kucha in the run-up to and during the Beijing Olympics were criticized by both sides. Nowhere else in China, even in Tibet, are the public of all ethnicities subjected to such restrictive measures. As James Millward has pointed out, the readiness of both groups to believe Internet posting, tweets and old-fashioned word of mouth, while distrusting official news sources is a noteworthy aspect of the entire series of events; arguably non-transparency of information, the unreliability of official news sources and state efforts to block communication have done much to exacerbate the incidents (Millward, 2009). The speed with which the July 5th violence spread out of control clearly shocked the authorities and exposed the reality that Xinjiang remains a deeply unsettled region. Despite winning praise from Beijing for his hard-line stance, Wang Lequan's blatant disregard for non-Han minorities, his cronyism, and fierce suppression of any opposition allowed a serious situation to develop without Beijing ever being fully aware. The old adage "the mountains are high and the emperor is far away" was certainly true during the reign of Wang. Expect Beijing to keep a much closer watch over things in the future.

Notes

- * David O'Brien is Coordinator of MBS Asian Business, School of Asian Studies, University College Cork (UCC), National University of Ireland, Cork, Ireland, and a doctoral candidate at the School of Asian Studies, UCC. He lived in Xinjiang from 2002 to 2005 and returns frequently. He is a graduate of the National University of Ireland and has studied at Shanghai University. Before beginning his PhD he worked as a journalist for a number of years. <Email: D.O'Brien@ucc.ie>
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Stratification, Social Action and Morphogenesis: Structures and Agents in Contemporary China's Social Transformation

*Emile Kok-Kheng Yeoh**
University of Malaya

Abstract

The process of social change typically involves a combination of four different components: context, institutions, agents and events. Upon the praxis between operating structures and purposely acting human agents, agency is constantly shaped by structure which in turn is being reshaped in the process. Amidst the dynamic interplay of such an array of critical socioeconomic factors that underlie the surging currents of social change, the role of the individual as a catalyst for change cannot be underestimated, even if the long-term impact of the individual's action is not immediately explicit and the lone crusade involved does not receive adequate sympathy of the wider public. Such is the tragedy of the commons. Beginning with the problem of increasing inequality and ethnoregional dimension of poverty which together constitute the epitome as well as the root of China's social ills resulted from her recent decades of continuous, astounding economic *tour de force*, this paper examines contemporary China's social transformation as a phenomenon that is neither simple nor unidimensional, wherein social and in particular sociopolitical change could be said not to be a multiattribute concept, but a *multiconcept* construct. Due attention is paid to various different dimensions of such changes, both positive and negative, including socioeconomic inequalities, socioracial stratification, ethnoregional disparities and State-civil society relations, in particular the structure-agency interface in the challenge of ACES (active citizenship and effective State) evolution. At any one time, certain dimensions may increase in severity, while others remain constant or decline. Certain dimensions or variables are considerably more difficult to measure than others but their inclusion is essential to provide a comprehensive view of the challenges of China's social transformation in her contemporary reform era.

Keywords: *State, inequality, élite, dissent, structure, agency, morphogenesis, morphostasis, civil rights, activism*

JEL classification: *H11, H12, Z10, Z13*

1. Introduction

In the government document “Scientific Concept of Development and Harmonious Society” that formed *the* theme of China’s 17th National Congress of the Communist Party, 2007 (15th–21st October 2007), it was reiterated that “[t]o coordinate development among different regions, we should promote the common development of all regions. Regional gaps are not only found between eastern China and western China, but also between provinces, autonomous regions and municipalities directly under the central government. This problem should be gradually addressed in the course of industrialization, urbanization and market development.”¹ While brief, this statement reflects the probably understated concern of the ruling regime of the People’s Republic of China (PRC) over the widening gap in economic development between eastern and western China, between rural and urban population, and between different social strata. In spite of the astounding economic performance – nothing short of a miracle – over the past few decades, China is undeniably facing acute problems on various fronts. For instance, agriculture accounted for only about 14.6 per cent of China’s gross domestic product (GDP) in 2003 but 49.5 per cent of her labour force, while up to 59.5 per cent of the country’s total population is rural. This is in addition to the fact that only 13 per cent of China consists of arable land and the country has 40 per cent less arable land per capita than anywhere else in the world. Hence, with more people and less arable land in rural areas, the country has a lower comparative advantage in agriculture, and investments have therefore been concentrated in the cities and industries and this has led to increasing rural-urban disparities in socioeconomic development and income distribution (Bi, 2005: 114), as well as the increasingly alarming socioeconomic disparity between the country’s eastern, coastal regions and the inland, especially western, regions.

To place them in the proper perspective, such problems in development that China is facing today could be said to be by nature the same ones that many other developing countries were experiencing in the second half of the last century and now at the beginning of this century. Woo *et al.* (2004) found that of United Nations’ 15 Millennium Development Goals (MDGs)² relevant for China (targets 1-12, 15, 17-18), the country has already achieved 1.5, made above-average progress in 6, and attained satisfactory progress in 1. In summary, China is on-track for 8.5 targets, off-track on 4, and has made unknown progress on 2.5. In general, China’s amelioration of the poverty problem has been nothing less than remarkable. In 1978, China’s population in poverty totaled 250 million. Entering the new millennium, poverty has been reduced to 29.27 million in 2001, 28.2 million in 2002 and 29 million by 2003, with the incidence of poverty having declined from 30 per cent to

just 3.1 per cent, according to official figures. (*IDE Spot Survey*, 2001, p. 54, Table 1; Chen, 2006: 174)

In fact, with rural poverty rate declining from 31.3 per cent in 1990 to 10.9 per cent in 2002, China had greatly exceeded MDG's Target 1 which only requires that the poverty rate be halved in the 1990-2015 period (Woo *et al.*, 2004). However, as Woo *et al.* (2004) noted, the number of China's rural residents below the poverty line of US\$1 a day (at 1985 PPP) in 2002 was still 102 million, which was more than one third of the United States of America (USA)'s population, making "Impoverished China" the 10th largest "country" in the world (the other countries with populations exceeding 102 million in 2002 were Bangladesh, Brazil, India, Indonesia, Japan, Nigeria, Pakistan, Russia, and the USA).

Beginning with the problem of increasing inequality and ethnoregional dimension of poverty which together constitute the epitome as well as the root of China's social ills resulted from her recent decades of continuous, astounding economic *tour de force*, this paper will examine contemporary China's social transformation as a phenomenon that is neither simple nor unidimensional. Like Rose's claim with respect to the institution of government (Rose, 1983: 159), social and in particular sociopolitical change could be said not to be a multiattribute concept, but a *multiconcept* construct. Hence, due attention should be paid to various different dimensions of such changes, both positive and negative, including socioeconomic inequalities, socioracial stratification, ethnoregional disparities and State-civil society relations, in particular the structure-agency interface in the challenge of ACES (active citizenship and effective, accountable State) evolvment (Yeoh, 2010a: 271-272), which will be discussed in detail in the subsequent sections of this paper. At any one time, certain dimensions may increase in severity, while others remain constant or decline. Certain dimensions or variables are considerably more difficult to measure than others but their inclusion is essential to provide a comprehensive view of the challenges of social transformation of China in her contemporary reform era.

2. Poverty Reduction and Rising Inequality

One of the most important changes in recent years in China's poverty eradication efforts is the switch of focus from absolute poverty to relative poverty. Even while the overall proportion of population in poverty dropped impressively from 30.7 per cent in 1978 to 3.4 per cent in 2000, according to government statistics, income inequality was increasing, with the Gini coefficient reaching 0.415 in 1995 and continuing to rise (Chai *et al.*, 2004: 2). Hence, while China's reforms have been successful in giving many people higher incomes and producing more goods and services, they also led

to increasingly acute inequality in income and wealth among the populace. From one of the most egalitarian societies in the 1970s, China has turned into one of the most unequal countries in the region and even among developing countries in general. Bert Hoffman of the World Bank noted in 2006 that China's Gini had risen from 0.25 – equal to that of Germany – in 1980 to about 0.45 today, as the country becomes less equal than Russia or the USA. Yan (2010), on the other hand, gave a “conservative” Gini estimate of 0.475 for the year 2007. In the 1980s the richest 10 per cent of the people of China earned 7 times the income of the poorest 10 per cent, today they earn more than 18 times as much.³ Or as another observer put it, “Ever since the early years of reforms, the divide between the rich and the poor had been emerging, and it is now getting to the stage of ripping the entire society apart.” (Zhou, 2006: 286).

2.1. Income Disparity in Chinese Society

Computing using disposable income and excluding welfare payments, Huang and Niu (2007) found that China's urban Gini coefficient since 1998 hovered between 0.4 and 0.5, showing a clear tendency towards increasing income inequality. The encouraging sign was that after peaking in 1998, Huang and Niu actually found a slow gradual decline, albeit slight, in Gini from 1998 to 2003 (see Table 1).

Observing that Gini is relatively sensitive only to income changes of the middle-income group while the Theil index is sensitive to changes of the high- and low-income groups, Huang and Niu gave an interesting comparison over the 1999-2003 period of Gini with the Theil index (Table 1) which, reflecting income changes of the high-income group, continued to rise significantly, except for the decline in 2003, while the second Theil index L and the log variance V, which reflect the income changes of the low-income group, experienced continuous slight but steady increase, pointing to the remarkable transformation underway in the income distribution of the high-income and middle-income groups, reflecting the transformation in size and structure of the middle class in China's rapid economic development. The peaking of Gini in 1998 was related to the rapid unbalanced economic growth of that period, while the significant decline of L and V during that period – especially L which was lower than 0.1 for quite long after 1996 – was an indication of the egalitarian tendency of the low-income group: a general widening impoverishment (Huang and Niu, 2007: 156).

However, Yan (2010) gave a high Gini for all China as early as in 1994 at above 0.43, which had risen to a “conservative” estimate of 0.475 in 2007, which is of course a far cry from the Gini of below 0.3 (averages of 0.16 and 0.22 for urban and rural areas respectively) before the economic reforms. This

Table 1 Income Inequality amongst China's Urban Population

Year \ Index	Gini coefficient (G)	Theil's entropy measure (T)	The second Theil's entropy measure (L)	Log variance index (V)
1985	0.268	0.129	0.116	0.202
1986	0.265	0.131	0.116	0.202
1987	0.264	0.131	0.118	0.204
1988	0.275	0.138	0.124	0.214
1989	0.271	0.143	0.128	0.22
1990	0.272	0.139	0.125	0.215
1991	0.262	0.132	0.119	0.206
1992	0.272	0.16	0.131	0.224
1993	0.297	0.167	0.149	0.252
1994	0.234	0.177	0.158	0.266
1995	0.229	0.17	0.152	0.256
1996	0.449	0.296	0.049	0.253
1997	0.3	0.181	0.161	0.271
1998	0.494	0.081	0.073	0.245
1999	0.487	0.086	0.076	0.246
2000	0.4784	0.091	0.08	0.253
2001	0.476	0.097	0.086	0.263
2002	0.417	0.157	0.113	0.31
2003	0.41	0.133	0.12	0.315

Note: Huang and Niu's computation followed Lambert and Aronson (1993) with data from issues of the *China Statistical Yearbook* of the years 1986-2004, noting that G was sensitive to the income changes of the middle-income class, L and V were sensitive to the income changes of the low-income class, and T was sensitive to the income changes of the high-income class.

Source: Huang and Niu (2007: 157), Table 5-1.

alarmingly high Gini of 0.475 in 2007 represented a growth of 135 per cent from 1978, over a 29-year period in which GDP per capita (at constant prices) had grown by almost 10 times over the pre-reform level with an average annual growth rate of 8.6 per cent. Yan (2010: 176-177) divided this growth of inequality into four phases:

- the "relatively egalitarian" (by international standard) period of 1978-1984 with Gini between 0.2 and 0.3 and little urban-rural disparity, while the rural economy developed immensely under the full force of reform;

- the “relatively justifiable” period of 1985-1992 with Gini hovering between 0.3 and 0.4 while the whole economy was expanding vibrantly with the emphasis of reform shifted to the cities since 1984, though the accompanying inflation and expansion of the income gap had begun to overshoot people’s psychological expectation threshold, resulting in rather serious social instability;
- the worrying period of 1993-2000 of yearly increasing Gini index, with increasingly rapid reform and marketization pushing Gini over the international alarming line of 0.4 in 1993, and further over 0.43 in 1994, before the coefficient dropped back below 0.4 in 1995 and 1996 but rose again with increasing urban-rural, employment, intercommunal and interstratum differentiation amidst the intensifying marketization and growth of the private-sector economy following the 15th National Congress of the Chinese Communist Party (CCP)⁴;
- the high interest polarization period since 2001 to the present wherein the globalization of China’s growing economy and the wealth effect of the capital market have led to the continuous expansion of the income gap, with Gini reaching 0.475 in 2007, even by “conservative” estimation.

Besides the disparity shown in Table 1 that was based on the individual as unit of analysis, Huang and Niu also computed the disparity index (D), the Ahluwalia index (A) and the Kuznets index (K) with household as unit based on the categorization of the *China Statistical Yearbook* (see Table 2).

Huang and Niu’s indices in Table 2 bring us to the fact that the urban income disparity has been getting more and more noticeable, with the D index showing that the gap between the highest 20 per cent and lowest 20 per cent income groups continued to expand rapidly, from 2.3 times in 1985 to 5.4 times in 2003. On the other hand, the Ahluwalia index (A) shows that the share of the poorest 40 per cent has dropped by 38 per cent over the two decades, from 0.296 in 1985 to 0.185 in 2003, while the Kuznets index (K) indicates that the share of the richest 20 per cent has increased by 25 per cent over the same period, from 0.411 in 1985 to 0.549 in 2003 (*ibid.*: 158-159). Nevertheless, Yan (2010: 177-178) pointed out that China’s rural Gini has always been higher than the urban, implying that the intra-rural income disparity is fueling the expansion of the national income disparity, while the urban-rural income disparity is almost the main cause of the continuous expansion of the national income gap. In fact, the 20 per cent urban highest income group’s income is shown to be 5.5 times the income of the 20 per cent urban lowest income group whereas the 20 per cent rural highest income group’s income is 7.3 times the income of the 20 per cent rural lowest income group.⁵ Besides urban-rural, such widening of income and wealth disparity is also manifest in various other aspects (Table 3). Yan’s analysis

shows further that changes in national Gini is positively related to changes in urban-rural income ratio, and concludes that China's present Gini coefficient has reached a stage of too big a disparity and could be even higher if various informal incomes of the middle stratum and upper stratum are included in the calculation, even allowing for some scholars' view that China's Gini could be permitted to be higher, e.g. at 0.45, a line that had almost been reached as early as in 2001.

Table 2 Income Inequality amongst China's Urban Population (Stratified)

Year \ Index	Disparity index (D)	Ahluwalia index (A)	Kuznets index (K)
1985	2.294	0.296	0.411
1986	2.340	0.293	0.416
1987	2.322	0.294	0.416
1988	2.422	0.288	0.423
1989	2.489	0.284	0.428
1990	2.451	0.286	0.424
1991	2.332	0.294	0.418
1992	2.535	0.281	0.430
1993	2.771	0.268	0.451
1994	2.981	0.258	0.457
1995	2.878	0.263	0.451
1996	2.869	0.263	0.451
1997	3.120	0.252	0.462
1998	3.246	0.246	0.468
1999	3.378	0.241	0.475
2000	3.610	0.232	0.483
2001	3.817	0.225	0.494
2002	5.151	0.190	0.539
2003	5.388	0.185	0.549

D – Ratio of the income share of the highest-income 20 per cent of the population to the income share of the lowest-income 20 per cent of the population

A – Income share of the lowest-income 40 per cent of the population, with maximum value = 0.4

K – Income share of the highest-income 20 per cent of the population, with minimum value = 0.2

Source: Huang and Niu (2007: 62-63, 158), Table 5-2.

Table 3 China's Income and Wealth Disparity: Results of Various Surveys and Estimations

Data source	Item	Highest income/ greatest wealth	Lowest income/ least wealth	Note
Chinese Academy of Social Sciences	Proportion of wealth in family wealth per capita	Highest 20% residents having 72.41%	Lowest 20% residents having 1.35%	Gini coefficient = 0.6865
	Proportion of residential house estate in family wealth per capita	Eastern region: 81.4% Non-agricultural households: 80.7% Urban households: 82.0%	Western region: 66.5% Agricultural households: 69.6% Rural households: 72.1%	Sample volume = 5118
China's Renmin (People's) Bank	Proportion of household average saving deposits in urban renminbi deposits	Largest (household average) 20% households having 64.4%	Smallest (household average) 20% households having 1.3%	Local currency deposits: differential = 49.5
	Proportion of household average saving deposits in urban foreign currency deposits	Largest 20% households having 88.1%	Smallest 20% households having 0.3%	Foreign currency deposits: differential = 293.7
National Bureau of Statistics	Urban-rural income ratio	About 40% of urban residents getting near 70%	About 60% of rural residents getting near 30%	Income differential = 2.33 times
	High-low income groups' income ratio	20% high-income group getting 40% income	80% middle- and lower-income group getting 60% income	Income proportion of high-income group getting larger

Source: Yan (2010: 180), Table 4-1.

Table 4 China: Ranking of Ten Major Social Strata by Average Monthly Income

Stratum	Period	Before 1971	1971-80	1981-90	1991-99	2000-01	2005	Overall ranking	Overall ranking of last four periods
State and social administrative stratum (2.1%)		1	1	4	3	3	4	3	3
Managerial stratum (1.6%)		3	2	3	4	2	2	2	2
Private enterprise owner stratum (1.0%)		-	-	1	1	1	1	1	1
Professional skilled stratum (4.6%)		2	3	6	5	4	5	4	5
Officer stratum (7.2%)		6	7	8	6	6	3	7	6
Individually-owned business & industry (<i>getihu</i>) stratum (7.1%)		7	6	2	2	5	6	5	4
Commercial- and service-sector personnel stratum (11.2%)		4	4	5	7	7	8	6	7
Worker stratum (17.5%)		5	5	7	8	8	7	8	8
Agricultural labourer stratum (42.9%)		8	8	10	10	10	10	10	10
Urban and rural vagrant, unemployed and semi-unemployed stratum (4.8%)		9	9	9	9	9	9	9	9

Source: Yan (2010: 186), Table 4-4; stratum's present proportion in brackets from Li and Chen (2004: 13), Figure 1-3.

Table 5 China: Average Monthly Income of Ten Major Social Strata and Differential

	Before 1971	1971-80	1981-90	1991-99	2000-01	2005
Mean value of the strata's average monthly incomes	42.0	52.8	145.3	465.3	641.1	754.4
Income differential between highest and lowest stratum	2.7	3.8	13.8	21.7	19.4	19.9

Source: Yan (2010: 179), Figure 4-3.

In terms of income ranking, the social stratum that is rising fastest since the beginning of the “reform and open” policy is that of the private entrepreneurs, followed by managers, State and social administrators, skilled professionals, and business and industry *getihu* 个体户⁶ (Table 4). The interstratum income gap has indeed been expanding with the differential between the highest average monthly income stratum (that of the State and social administrators up to 1980 and that of the private enterprise owners after 1980) and lowest income stratum (always been that of the agricultural labourers) spiraling from 3.8:1 during the 1971-1980 period (52.8 yuan) to 19.9:1 by 2005 (754.4 yuan) (Table 5).

Huang and Niu's analysis also found that, in 2003, provinces/zizhiqu/zhixiashi⁷ whose Gini coefficients (G_i) are lower than the national figure (G) of 0.45 totaled 20 (Table 6).

The poor zizhiqu of Tibet was rather egalitarian, with Gini lower than 0.3. Other provinces/zhixiashi with a reasonable level of 0.3-0.4 were Shandong, Jiangxi, Hubei, Guizhou and Chongqing. The majority of provinces/zizhiqu/zhixiashi, totaled 23, had Gini levels between 0.4 and 0.5, showing the inclination towards widening gap between rich and poor. Two provinces, the economically advanced Jiangsu and Zhejiang, had Gini greater than 0.5 (*ibid.*: 162).

At his first press conference in 2003 as China's premier, Wen Jiabao summarized the coming headaches in his new post in a group of figures, including China's labour force of 740 million *vis-à-vis* the Western advanced countries' total of just 430 million, and China's annual additional labour force of 10 million, *xiagang* 下岗 and unemployed figure of about 14 million, and the rural-to-urban migrant labour of about 120 million – all giving rise to the huge employment pressure the country was facing (Liu, 2010). In

Table 6 Comparison of China's Provincial Gini (G_i) and National Gini (G)*, 2003

$G_i < G$	$G_i \geq G$ (higher by)
<i>Eastern Region</i>	
Beijing 北京 zhixiashi	Fujian 福建 (1%-10%)
Hebei 河北	Guangdong 广东 (1%-10%)
Shandong 山东	Hainan 海南 (1%-10%)
Shanghai 上海 zhixiashi	Jiangsu 江苏 (10%-15%)
Tianjin 天津 zhixiashi	Liaoning 辽宁 (1%-10%)
	Zhejiang 浙江 (15%-29%)
<i>Central Region</i>	
Heilongjiang 黑龙江	Anhui 安徽 (1%-10%)
Henan 河南	Jilin 吉林 (1%-10%)
Hubei 湖北	
Hunan 湖南	
Jiangxi 江西	
Shanxi 山西	
<i>Western Region</i>	
Chongqing 重庆 zhixiashi	Ningxia 宁夏 Hui zizhiqu (10%-15%)
Gansu 甘肃	Qinghai 青海 (1%-10%)
Guangxi 广西 Zhuang zizhiqu	Sichuan 四川 (1%-10%)
Guizhou 贵州	
Inner Mongolia / Nei Monggol 内蒙古 Mongol zizhiqu	
Shaanxi 陕西	
Tibet / Xizang 西藏 Tibetan zizhiqu	
Xinjiang 新疆 Uygur zizhiqu	
Yunnan 云南	

* $G = 0.45$ *zizhiqu* 自治区 – “autonomous region”*zhixiashi* 直辖市 – municipality directly ruled by the central government

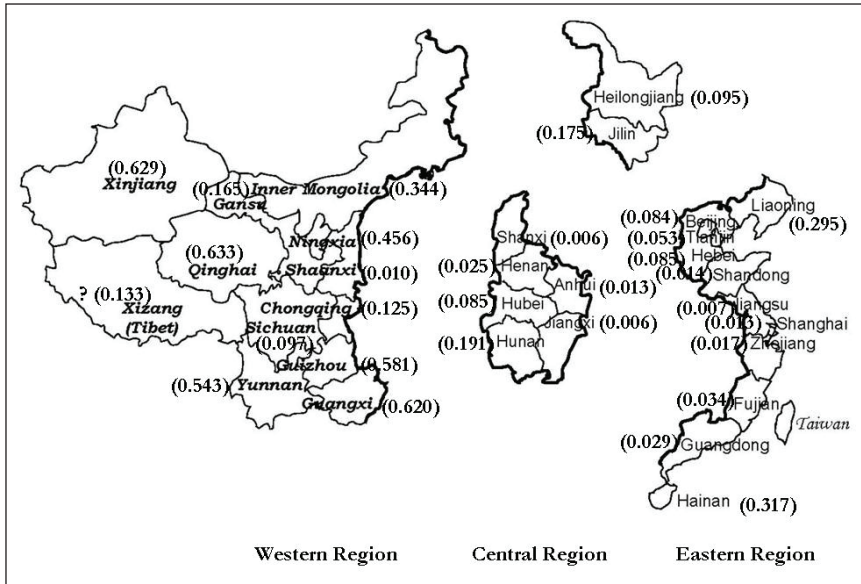
Source: Huang and Niu (2007: 161-162), Table 5-3(2).

terms of poverty and stratification, Wen pointed out that there were 900 million peasants among the country's total population of 1.3 billion, with about 30 million still being trapped in poverty – and the latter figure was derived based on annual income per capita of 625 yuan⁸ which was in fact too low a poverty line: if the line were to be more accurately placed at 825 yuan, the rural poverty population would be about 900 million. In terms of interregional disparity, Wen pointed out that the GDP of the 5 or 6 provinces in eastern, coastal China had exceeded 50 per cent of the national total GDP (*ibid.*).

2.2. Ethnoregional Dimension of Poverty

In line with the now well-known fear of instability (*luan 乱*) on the part of China's ruling Communist Party, the main objective of the country's poverty alleviation policy is to prevent income and wealth inequality from growing out of political control, by attempting to improve the economic position

Figure 1 China: Ethnic Diversity by Province/Zizhiqu/Zhixishi



Note: For the computation of the ethnic diversity/fractionalization index (EFI), with a range of 0–1 from hypothetically complete homogeneity to hypothetically perfect diversity, see Yeoh (2003: 28). EFI for China as a whole is only 0.125, indicating high homogeneity (*ibid.*: 30-32, Table 1).

Source: Computed with data from the 2000 population census.

of the poorest through considerably limited administrative intervention. Furthermore, discontent brewing in the areas resided by ethnic minorities⁹ is taken seriously because these areas are also places that show a relative concentration of poor people.

Just how the western region populated by the non-Han peoples¹⁰ has been left behind in China's economic development is clearly indicated by the poverty problem. Any political or social instability in this ethnic minority region could have grave ramifications throughout the economy that would threaten the development efforts of the central government especially in regard to the development of the regional cores. The *Green Book of China's Rural Economy 2008-2009* gave the rural Gini coefficients (year 2007) of 0.3, 0.3 and 0.4 respectively for the western, central and eastern region (Sheng and Bo, 2009: 131, Table 10-2). Related to this, the *China Development Report 2007* that specially focused on poverty elimination gave the regional distribution of rural absolute poverty as shown in Table 7 and Table 8.

Table 7 shows that of the 23.65 million rural poor of China in 2005, the eastern region, central region and western region contributed 3.24 million (13.7 per cent), 8.39 million (35.5 per cent) and 12.03 million (50.8 per cent) respectively, with incidence of absolute poverty of the central region and western region being respectively 3.1 times and 6.5 times that of the eastern region. Compare this with the 1993 figures of 19.5 per cent, 31.1 per cent and 49.4 per cent for the eastern region, central region and western region respectively (*Zhongguo Fazhan Baogao 2007*, p. 37), it is obvious that the changes in the regional distribution of the rural population in absolute poverty were mainly reflected in the decline of its proportion in the eastern region, increase of that in the central region, while that in the western region had remained largely unchanged, with the implication that the extent of decline of the number in absolute poverty in the eastern region actually surpassed the national average, that in the central region was obviously below the national average, and that in the western region was the same as the national average (*ibid.*).

Table 8 shows the interregional differentials in rural poverty incidence. Those provinces/zizhiqu with incidence of poverty above 5 per cent (i.e. double the national average) in 2005 were Inner Mongolia, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai and Xinjiang which were all in the western region. The only province/zizhiqu/zhixiashi of the western region that had incidence of poverty below 5 per cent were Chongqing, Guangxi, Sichuan and Ningxia – the last one, Ningxia, having experienced a steep decline in rural incidence of poverty from a height of 14.5 per cent in 2000 to just 3 per cent by 2005. Beijing, Tianjin, Shanghai, Jiangsu, Zhejiang, Fujian and Guangdong which are all provinces/zhixiashi in the eastern region have basically eliminated absolute poverty, with incidence of poverty at just 0.2

Table 7 China's Rural Absolute Poverty: Regional Distribution and Change, 1998-2005

	1998	2000	2001	2002	2003	2004	2005	Decline during 1998-2005	Rate of decline during 1998-2005 (%)	
Poverty population (million people)	CHINA	42.10	32.09	29.27	28.20	29.00	26.10	23.65	-18.45	43.8
	Eastern	6.22	4.87	3.93	4.65	4.48	3.74	3.24	-2.98	47.9
	Central	15.59	10.91	9.96	8.88	10.30	9.31	8.39	-7.20	46.2
	Western	20.30	16.32	15.37	14.68	14.22	13.05	12.03	-8.27	40.7
Incidence of poverty (%)	CHINA	4.6	3.5	3.2	3.0	3.1	2.8	2.5	-2.1	45.7
	Eastern	1.7	1.3	1.0	1.2	1.2	1.0	0.8	-0.9	52.9
	Central	4.8	3.4	3.1	2.7	3.2	2.8	2.5	-2.3	47.9
	Western	9.1	7.3	6.8	6.5	6.2	5.7	5.2	-3.9	42.9
Proportion of rural poor (%)	Eastern	14.8	15.2	13.4	16.5	15.4	14.3	13.7	-1.1	7.4
	Central	37.0	34.0	34.0	31.5	35.5	35.7	35.5	-1.5	4.1
	Western	48.2	50.8	52.5	52.0	49.0	50.0	50.8	2.6	-5.4

Source: *Zhongguo Fazhan Baogao 2007*, p. 38, Table 2.2.

Table 8 Incidence of Absolute Poverty of the Provinces/Zizhiqu/Zhixiashi, 1998-2005 (%)

Year	1998	2000	2001	2002	2003	2004	2005
CHINA	4.6	3.5	3.2	3.0	3.1	2.8	2.5
Eastern							
Beijing	1.6	0.6	0.5	0.0	0.0	0.0	0.0
Fujian	0.7	0.3	0.2	0.4	0.3	0.2	0.1
Guangdong	0.5	0.1	0.1	0.0	0.1	0.1	0.1
Hainan	2.7	1.9	1.7	3.0	2.1	1.9	2.2
Hebei	2.0	1.9	1.8	2.9	2.3	1.9	1.5
Jiangsu	0.6	0.3	0.2	0.4	0.3	0.3	0.2
Liaoning	3.1	3.5	3.2	3.2	3.6	2.5	2.2
Shandong	1.4	0.7	0.7	0.7	0.7	0.3	0.3
Shanghai	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tianjin	0.5	0.9	0.5	0.2	0.7	0.2	0.0
Zhejiang	1.0	0.2	0.2	0.4	0.2	0.3	0.2
Central							
Anhui	3.2	2.5	1.8	2.0	3.3	2.7	2.4
Heilongjiang	8.2	5.6	4.6	3.4	5.6	3.6	3.2
Henan	4.0	3.0	2.1	1.7	2.4	2.1	1.9
Hubei	4.4	2.2	1.8	2.0	1.8	3.3	3.1
Hunan	5.0	2.3	2.1	1.9	2.1	1.9	1.8
Jiangxi	6.5	2.8	2.8	3.4	3.6	3.8	3.5
Jilin	4.2	4.1	3.1	2.6	3.0	2.0	1.5
Shanxi	6.0	6.8	6.6	5.0	3.9	3.1	2.3
Western							
Chongqing	6.6	4.2	4.0	3.0	3.0	2.2	1.6
Gansu	11.5	9.7	9.6	9.2	8.6	8.4	8.1
Guangxi	5.5	5.0	3.4	2.7	3.6	3.5	3.2
Guizhou	12.9	10.8	10.4	10.7	10.1	9.7	9.0
Nei Monggol	6.4	8.2	13.3	9.8	9.4	7.5	6.6
Ningxia	12.6	14.5	13.6	8.9	8.4	3.8	3.0
Qinghai	14.0	18.6	16.9	16.1	15.6	13.6	11.5
Shaanxi	9.0	7.9	7.8	6.2	8.3	7.8	7.2
Sichuan	5.5	3.7	3.3	2.2	2.5	2.2	2.0
Xizang (Tibet)	19.0	19.8	15.2	15.6	14.0	8.8	7.2
Xinjiang	8.9	10.0	6.5	6.9	5.7	5.7	5.1
Yunnan	12.2	8.2	7.9	11.1	7.9	7.5	7.0

Source: *Zhongguo Fazhan Baogao 2007*, p. 39, Table 2.3.

per cent and below in 2005. Shandong also had incidence of poverty below 1 per cent. Hainan, Hebei and Liaoning were the only provinces in the eastern region that still had incidence of poverty above 1 per cent in 2005. On the other hand, all provinces in the central region – Anhui, Heilongjiang, Henan, Hubei, Hunan, Jiangxi, Jilin and Shanxi – had rural absolute poverty incidence from 1.5 to 3.5 per cent in 2005.

There are four characteristics typical of the distribution of poverty population in China:

1. Concentration in the mountainous areas.
2. Concentration in the western region.
3. Concentration in environmentally fragile areas.
4. Concentration in ethnic minority areas.

For instance, out of the 29 million people in absolute poverty in 2003, 15.5 per cent were in the eastern region, 35.5 per cent in the central region, and 49 per cent in the western region. Areas with incidence of poverty less than 1 per cent were all located in the eastern region. Guangxi, Sichuan and Chongqing were the only places in the western region with incidence of poverty between 1 and 5 per cent. Inner Mongolia, Yunnan, Shaanxi, Gansu, Ningxia and Xinjiang were places in the western region with incidence of poverty between 5 and 10 per cent. All areas with incidence of poverty above 10 per cent were in the western region, viz. Guizhou, Tibet and Qinghai. Rural population with income from 637 to 882 yuan per annum are officially classified as the low-income group. In 2003, those in the low-income group totaled 29.46 million just within the poverty counties alone. (Chen, 2006: 175, footnote 1) Combining the rural poverty population and the low-income group, the number in 2003 totaled 85.17 million, of which 40.14 million (47.1 per cent) were in the western region, 31.2 million (36.6 per cent) in the central region and 13.83 million (16.2 per cent) in the eastern region. (*ibid.*: 176, Figure 7-2)

In 2000, of the 592 officially designated poverty counties¹¹ – including 257 ethnic minority poverty counties – 62 per cent were concentrated in the western region. Of the 32.09 million poor in 2000, more than half were among the ethnic minorities (i.e. non-Han) or in the ethnic minority areas, totaling 17 million people. Not much had changed in the subsequent years. For instance, out of the national figure of 29 million people in poverty in 2003, 16.98 million or 58.55 per cent were in the 12 *zizhiqu* and provinces of the western region. (*Zhongguo Minzu Fazhan Baogao, 2001-2006*, p. 235) Hence, it is discernable that there is a trend of gradual concentration of the poor towards the western region and the frontier areas, and towards the ethnic minorities. Estimation of the extent of absolute poverty among the ethnic minorities ranges from 40 per cent of the total population as estimated by researchers

in China to 60 per cent as estimated by Nicholas Stern of the World Bank. In view of the fact that ethnic minorities only constitute 8.41 per cent of China's total population, that 40 to 60 per cent of China's poor come from them is indeed alarming. (*ibid.*)

One of the most crucial aspects of China's poverty problem hence is the very fact that the dominant component of the rural poor is the ethnic minorities – as mentioned above, out of the 592 poverty counties, 257 (44 per cent) are ethnic minority counties. Among the poor of the 592 poverty counties in 2003, 46.7 per cent were in ethnic minority areas, with incidence of poverty of 11.4 per cent that was higher than those of the mountainous areas (10.1 per cent), hilly areas (7.1 per cent), old revolutionary base areas (7.7 per cent) and the plains (7.8 per cent). Eighty per cent of the 4.59 million poor of Guizhou were ethnic minorities, and almost all of the 3.1 million hard-core poor of the province were ethnic minorities. In the mountainous areas of southern Ningxia, 60 per cent of the 520 thousand poor were Hui. Eighty-five per cent of Yunnan's 4.4 million poor and more than 90 per cent of Tibet's 250 thousand poor were also ethnic minorities. (Chen, 2006: 177) In fact, out of the country's 29 million poverty population, 45 per cent or more than 13 million were in the ethnic minority areas. Among the 630 thousand people of 22 ethnic minority groups each with population less than 100 thousand, 394 thousand were in absolute poverty or in the low-income category. (Wu, 2006: 15)

Ethnic minority areas' rural absolute-poverty population constituted 47.7 per cent of the national total, according to official figures (end of 2004), while the incidence of poverty was 5 percentage points higher than the national figure, population with low income constituted 46 per cent of the national total, proportion of low-income population in rural population was 9 percentage points higher than the national figure, absolute-poverty population plus low-income population constituted 46.6 per cent of the national total, and the proportion of absolute-poverty plus low-income population in rural population was 14 percentage points higher than the national figure. Almost 80 per cent of China's ethnic minorities are found in the country's western region, especially the rural areas. China's northwest with about 20 different ethnic minorities and total minority population of more than 15 million and southwest with more than 30 ethnic minorities and total minority population of more than 29 million being the country's two areas with the most complex ethnic composition and the largest number of and most concentrated ethnic minorities, the geographical correlation of ethnic minority distribution (largely populating the frontier areas) and poverty population distribution is unmistakable, hence reflecting the composite phenomenon made up of rural poverty, geographical poverty, ethnic poverty and frontier poverty. (Nie and Yang, 2006: 153)

According to the *Green Book of China's Rural Economy 2008-2009*, the western region's rural disposal income per capita was 2,281 yuan (year 2007), compared to 3,054 yuan of the central region and 4,375 yuan of the eastern region (Sheng and Bo, 2009: 131, Table 10-2). As China is experiencing a continuous expansion in urban-rural income gap, such interregional rural income disparity has in fact been widening since economic reform began, as can be observed in Table 9. The ratio of eastern to central to western rural income has been expanding from 1:0.83:0.79 in 1980 to 1:0.75:0.63 by 1990 and further to 1:0.68:0.52 by 2005. An example of such widening gap is the regional GDP per capita differential between Zhejiang Province (in the eastern region) and Guizhou Province (in the western region), with the former's 37,411 yuan *versus* the latter's meager 6,915 yuan (year 2007), as highlighted in the *2010 Blue Book of China's Society* (Yang and Chi, 2009: 239) – Guizhou's figure being just 18.48 per cent of Zhejiang's.

According to official figures shown in Table 10, western regional to national GDP ratio appears to be stable, with slight increases in later years, and there was steady increase in western regional GDP per capita, though it still lagged behind the national level by a very large differential. Even official figures admitted that the gap between the ethnic regions and the advanced eastern region was expanding, with Shanghai's and Guangdong's respective annual average growth rates of 13.11 per cent and 13.97 per cent for the 2000-2004 period exceeding the 13.05 per cent of the ethnic regions, and the annual average growth rate of Guangdong's total import-export surpassing that of the ethnic regions by 9 percentage points for the same period (*Zhongguo Minzu Fazhan Baogao (2001-2006)*, p. 64). The disadvantage of the western region is even more glaring in terms of public revenue, where the differential has been expanding over the years.

Table 9 China's Rural Annual Average Net Income per Capita by Region (yuan)

Region \ Year	Eastern	Central	Western
1980	217.6	181.0	171.6
1985	452.2	377.8	313.4
1990	847.6	632.9	533.8
1995	2127.2	1402.7	1060.7
2000	3063.3	2077.1	1592.7
2005	4416.6	2999.5	2300.4

Source: *Dangdai Zhongguo Shehui Ge Jiecheng Fenxi 2007*, p. 212, Table 7-2 (data from *Zhongguo Nongcun Zhuhu Diaocha Nianjian 2006*, pp. 72-82).

Table 10 GDP and GDP per Capita of China's Western Region

	Year	1998	1999	2000	2001	2002	2003	2004	2008*
	Unit								
GDP of the western region	billion yuan	1464.7	1535.4	1665.5	1824.8	1988.6	2295.4	2758.5	5826.0
National GDP	billion yuan	8278.0	8206.75	8946.81	9731.48	10517.23	11739.02	13687.59	32722.3
GDP of the western region as percentage of national GDP	%	17.7	19.0	18.9	19.0	19.1	19.7	20.1	17.8
GDP per capita of the western region	yuan	4123	4302	4667	5070	5438	6306	7728	13186
National GDP per capita	yuan	6715	6551	7086	7651	8214	9101	10561	21215
GDP per capita of the western region as percentage of national GDP per capita	%	61.40	65.67	65.86	66.26	66.20	69.28	73.2	62.15

Note: * GDP per capita figures are for year 2007.

Sources: *Zhongguo Xibu Nongcun Quanmian Xiaokang Zhibiao Tixi Yanjiu*, 2006, pp. 51-52, Tables 4-1, 4-2; *Zhongguo Xibu Jingji Fazhan Baogao (2009)*, p. 22, Table 6.

3. Environmental Degradation, Ethnoregionalization of Poverty and Social Instability

And when you look long into an abyss, the abyss also looks into you.

– Friedrich Nietzsche (1886), *Beyond Good and Evil*¹²

As poverty and inequality constitute one of the most, if not *the* most, critical challenges China faces in her next phase of politico-socioeconomic development, and as has been noted earlier, poverty in China has the properties of being concentrated in the western region and in the ethnic minority areas, ethnoregionalization of poverty inevitably ensues, presenting China not only with economic challenges but also long-term sociopolitical security risks. Public protests in the ethnic “autonomous regions” lately have been growing alarmingly. For instance, over a thousand ethnic Mongolian herdsmen demonstrated in mid-July 2011 against alleged government-business collusion in an ethnic Han Chinese businessman’s low-price purchase of over ten thousand *mu*¹³ of grazing land, according to the New York-based Southern Mongolian Human Rights Information Center.¹⁴ The subsequent development of the purchased land had allegedly brought in hundreds of ethnic Han workers with trucks and bulldozers whose brutal intrusion into the ethnic Mongolian village concerned had resulted in the death and injury of over a hundred livestock and the injury of over 20 herdsmen who were trying to defend their rights. Another 20 more herdsmen were injured in the thousand-strong demonstrators’ clash with the police in mid-July.¹⁵ This, in fact, is not the first such incident in 2011. Earlier, on 25th May, over two thousand ethnic Mongolian students and herdsmen demonstrated in front of the government building in Xilinhot (Siliyinqota) following the death of a herdsman after being hit by coal truck on 10th May while protecting his grazing land against destruction by ethnic Han’s economic development drive that has caused increasingly acute resentment among ethnic Mongolians who see themselves as the oppressed people of Inner Mongolia, devoid of political power and falling prey to the insatiable rapacity of the Han Chinese migrants – an extension of the dominant central Han political power of the country – who are destroying their traditional economy, culture and environment. Also, in May, demonstrations erupted in the regional capital Hohhot (Kökeqota) ending with the arrest of 50 students and other citizens, and according the Southern Mongolian Information Center, by early June at least 90 students, herdsmen and other citizens had been arrested in Inner Mongolia’s demonstrations, with many students seriously injured in their clash with the police. The herdsman’s death was not an isolated case in Inner Mongolia. There was another case occurring also around that time that involved the death of an ethnic minority young man being hit by an excavator

Table 11 "Mass Incidents" in Inner Mongolia and Xinjiang: Comparison and Contrast

	Inner Mongolia, 11th May 2011	Xinjiang, 5th July 2009
Trigger	Rights-defending herdsman killed by coal truck	Uighur workers killed by Han Chinese
Background	Herdsmen's livelihood in great difficulty and poverty blamed on mining activity on their grassland	Poor development in Uighur areas leading to acute poverty
Way of protest	Peaceful demonstrations	Violent Uighur backlash killing Han Chinese
Slogan of protest	"Remembrance of the killed! Stop mining!"	"Blood for blood! Han Chinese get the hell out of Xinjiang!"
Participants	Mongolian students and herdsmen	Uighur youths
State response	Suppression with army and riot police; making arrests before situation worsened	Suppression with army and riot police; making arrests after conflict

in a fight with the miners over issues related to environmental pollution due to mining activities.¹⁶

The Inner Mongolia troubles came at a time when tensions were high due to the approaching anniversary of the June Fourth 1989 Beijing massacre, and when this multiethnic nation¹⁷ is still reeling from the shock of the 14th March 2008 Lhasa riots and the 5th July 2009 Xinjiang ethnic conflict. There are indeed many similarities between the new incident in Inner Mongolia and the 2009 ethnic violence in Xinjiang, as shown in Table 11.¹⁸

While the Inner Mongolia trouble is more recent in origin and less volatile as compared to the long-running troubles in Tibet and Xinjiang, Beijing's central government has not been any softer in its suppression of the slightest sign of organized dissent that it perceives as equivalent or a prelude to separatism. The most high-profile case of such suppression is the 15-year jail sentence meted out to ethnic Mongolian dissident scholar Hada who founded the Southern Mongolian Democratic League in 1992 pursuing high autonomy for "Southern Mongolia" (i.e. China's Inner Mongolia) and possible referendum for the unification of Inner Mongolia and Outer Mongolia (i.e. the Republic of Mongolia). He was sentenced in 1996 for subversion, separatism and espionage, and had since disappeared after his release in December 2010.

What the Beijing central government might find perplexing is the fact that since 2002 Inner Mongolia has been China's number one province/zizhiqu ("autonomous region") in terms of GDP growth rate, with a GDP of 972.5 billion yuan in 2009, mainly from mining, which also gave the prefecture-level city of Ordos a high GDP per capita of US\$15,000.¹⁹ While the rich deposits of Inner Mongolia's minerals such as coal, rare earth, Glauber's salt, trona, etc. have indeed brought wealth to the region, excessive mining has been accused by the locals as the main reason for the deterioration of grassland (receding grassland) for which the official media has also blamed on the herdsmen's over-grazing their livestock. Of Inner Mongolia's over 63.59 million hectares of useable grassland, as large as 38.67 hectares, i.e. 60 per cent, has deteriorated. Horrific pollution and scarred landscape of the Inner Mongolian grassland environment have been caused by excessive mining due to recent years' rapidly rising coal price which have attracted a huge influx of Han Chinese into this largest coal mining region of China, which is viewed by civil rights groups as tantamount to genocide of the Mongolian herdsmen whose life is so closely intertwined with the grassland for hundreds of years till today.²⁰ The peaceful and harmonious society and interethnic relationship, *vis-à-vis* Tibet and Xinjiang, in this top-growth "autonomous region", have been proven to be a façade hiding the simmering, suppressed anger of the ethnic Mongolians against the State-capital collusion in exploiting and destroying their landscape and life for the benefit of Han Chinese migrants and the Han Chinese-dominated central Party-State. Furthermore, the atrocities committed by the Maoist State during the Cultural Revolution in the 1960s, when hundreds of thousands of people were accused, through torture, to be members of the spurious seditious "People's Revolutionary Party of Inner Mongolia"²¹, resulting in the death of tens of thousands of persecuted ethnic Mongolians, have also been a ghost haunting Beijing's rule over Inner Mongolia to date, similar to the other volatile ethnic regions of Xinjiang and Tibet, that the cosmetic rehabilitations after the passing of the Maoist era and overall GDP growth have not been able to exorcize.

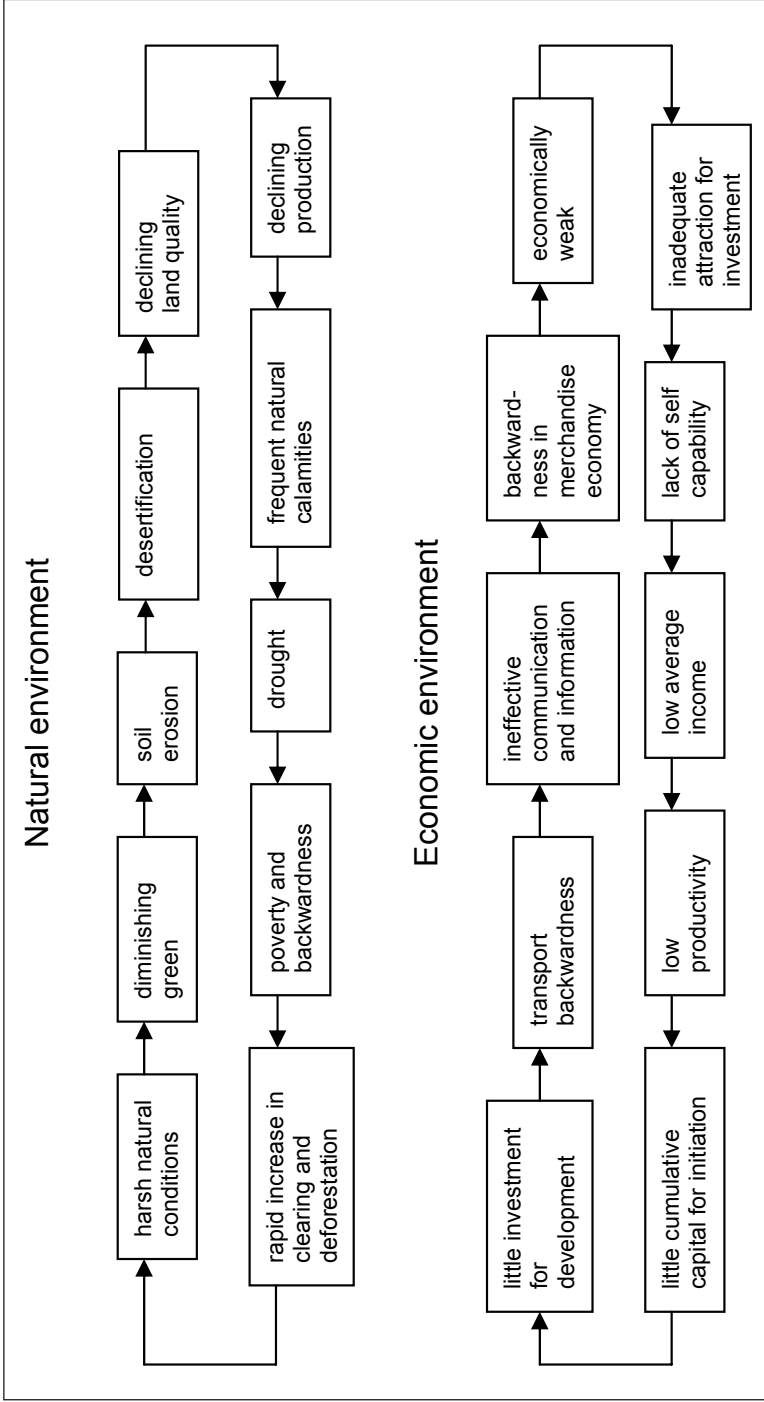
It is also crucial to take into consideration that for China as a whole, poverty is still very much related to ecological factors. For instance, the concentration of the poor in the western region which includes, among others, Inner Mongolia and the other ethnic "autonomous regions" like Xinjiang, Tibet, Ningxia and Guangxi, is related to the fact that, besides desertification, the poverty-stricken mountainous areas are concentrated in this particular region. The country's 64.8 per cent of poverty-stricken mountainous areas (*shanqu* 山区) and 56.2 per cent of the hilly (*qiuling* 丘陵) areas are found in 10 provinces/zizhiqu/zhixiashi of the western region, occupying 72.9 per cent of the total area of the region, with mountainous areas alone taking up 53.1

per cent. The most mountainous provinces are the three southwest provinces of Sichuan (including Chongqing), Yunnan and Guizhou, with mountainous areas taking up 72 per cent, 80.3 per cent and 80.8 per cent of the respective total areas of the said provinces. If inclusive of the hilly areas, the figure rises to 95 per cent for Yunnan and Guizhou, and 97.5 per cent for Sichuan.²² (Chen, 2006: 176; original source: *Zhongguo Shanqu Fazhan Baogao 2003*, pp. 246-247) Out of the 592 poverty counties, 366 are in the western region, and out of these 366 counties, 258 are in remote mountain counties, occupying about 70 per cent of the western mountain counties. Most of these poverty counties are distributed over 6 major areas of fragile ecology, viz. Inner Mongolian plateau's southeastern border area that suffers from desertification, Huangtu 黄土 plateau's gully area that suffers from severe soil erosion, the environmentally deteriorating mountainous areas of the Qin Ba 秦巴 region, the ecologically endangered hilly areas of the karst plateau, the sealed-off mountain and valley areas of the Hengduan 横断 range and the severely cold mountain areas of the western deserts. Being ecologically fragile and sensitive, all these are areas extremely short of resources, with extremely bad environment for human habitation. (*ibid.*: 177) Thus, coupled with structural economic disadvantages, the western region populated by many of China's ethnic minorities is trapped in the vicious cycles of developmental nightmare as depicted by Wu (2006) (see Figure 2).

There are three main issues in the western region's environmental degradation: soil erosion, desertification and grassland deterioration. Major symptoms like the increasingly serious Huanghe 黄河 (Yellow River) drought since the 1990s, the severe flood of mid-Yangzi River (Chang Jiang) 扬子江/长江 in 1998, and the almost yearly spring sandstorm since 2000 all point to the critical stage of environmental degradation of the western region. Take the typical example of year 2008. The first sandstorm came in March from the Gobi desert, affecting not only up to 110 million people in China's 300 cities, towns and counties in 5 provinces/zizhiqu, but also adjacent nations including Korea, Japan and Taiwan, straining bilateral relations. Such sandstorms from China are costing, besides human lives, an estimated US\$5.82 billion of losses in Korea alone.²³

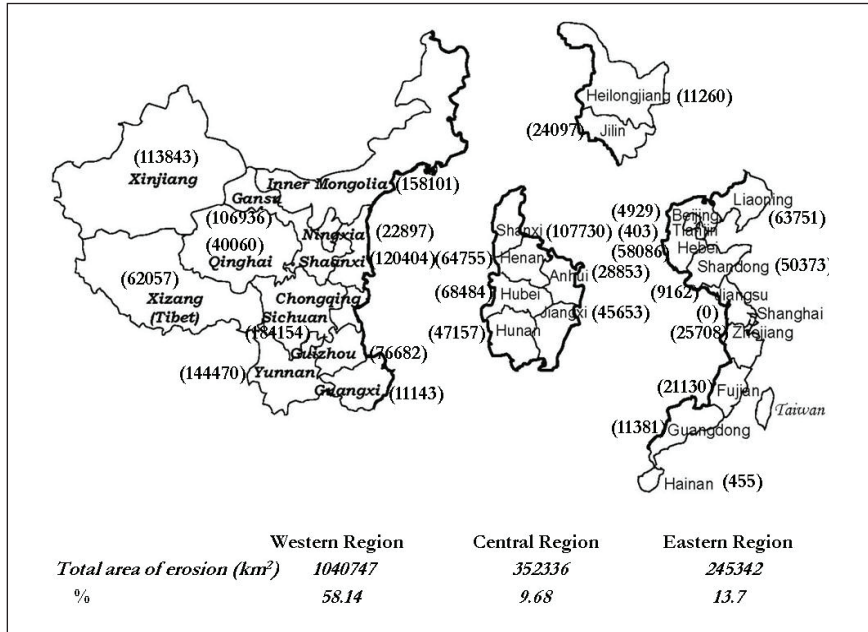
Up to 80 per cent of the country's total area of soil erosion, 81.43 per cent of the area of desertification and 93.27 per cent of the area of grassland deterioration are in the western region. (*ibid.*: 19; original source: *Zhongguo Quyue Fazhan Baogao 2000*) As shown in Figure 3, of all the provinces/zizhiqu/zhixiashi (not including Chongqing), seven have areas of soil erosion exceeding 100,000 square kilometres. Other than Shanxi, all of these provinces/zizhiqu are in the western region: Sichuan, Inner Mongolia, Shaanxi, Xinjiang and Gansu. Soil erosion in the southwestern region is also serious (see Table 12).

Figure 2 Vicious Cycles of China's Ethnic Minority Areas



Source: Wu (2006: 2), Figures 2 and 3.

Figure 3 China: Area of Soil Erosion (km²) by Province/Zizhiqu/Zhixiashi



Source: Chen (2006: 19), Table 1-3 (data from *Zhongguo Shengtai Pohuai Xianzhuang Baogao*, June 1997).

Table 12 China: Soil Erosion in the Southwest

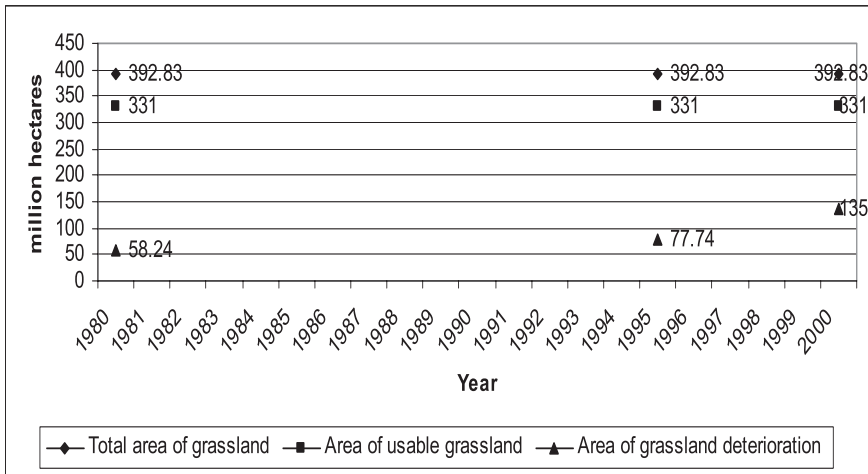
	Yunnan	Guizhou	Sichuan	Chongqing	TOTAL
Area of soil erosion (‘0000 km ²)	14.69	7.4	22.0	4.35	48.44
% of total area of province/zhixiashi	38.3	42.0	45.0	52.8	42.8
Volume of soil erosion (hundred million tons per annum)	5.5	2.7	6.0	2.0	16.2

Source: Chen (2006: 20), Table 1-4 (data from *Zhongguo Quyu Fazhan Baogao 2000*, p. 207).

The desertification of farmland in the western region involves a total area of up to 1.1 million hectares. While this is only 2.24 per cent of the total area of farmland in the western region, it contributes to 43.24 per cent of the national total area of desertification of farmland – that suffering from light- and medium-degree desertification is 87.95 per cent of the national total area and that suffering from high-degree desertification is 12.05 per cent of the national total area. Provinces/zizhiqu in the western region particularly severely hit by desertification are Xinjiang, Qinghai, Gansu and Tibet. (Chen, 2006: 20) With the “Western Regional Development” (*xibu dakaifa* 西部大开发) strategy inevitably aiming at exploiting the rich natural resources (water, nonferrous metal, petroleum, natural gas, etc.) of the western region, both to promote the region’s economic growth and enhance the living standard and welfare of the region’s inhabitants, and to meet the energy needs of the country as a whole, in time there could arise an inherent contradiction between ecological construction/environmental protection and the basic aim of *xibu dakaifa* that cannot be ignored. (*ibid.*: 33)

With 40 million hectares of grassland (41.7 per cent of the country’s total land area), China is one of the few countries in the world with the largest grassland. The country’s natural grassland is mainly distributed in the ethnic minority pastures in the western and northern frontiers. The area of pasturage totaled up to 3.6 million square kilometres, or 37 per cent of the country’s land area. However, the western region is also the country’s main region of grassland deterioration. Take the case of Xinjiang. According to Abliz Yusuf *et al.* (2009: 60-61), Xinjiang is the region of China with the

Figure 4 China: Deterioration of Natural Grassland



Source: Chen (2006: 21), Table 1-5 (data from Deng, 2005: 122).

largest area, widest distribution and most serious situation of desertification and grassland deterioration, a combined result of aridity, high temperature, over-farming, over-grazing and other man-made damages. Of Xinjiang's 87 counties and municipalities, as many as 80 counties and municipalities and more than 90 farms are affected by desertification. The total area of desertified land has reached 795,900 square kilometres, i.e. about half (49.71 per cent) of Xinjiang's total land area, or 30.35 per cent of China's total area of desertification. While the effective usable area of Xinjiang's natural grassland totals 480,000 square kilometres, the size of the area that suffers from serious deterioration has reached 80,000 to 130,000 square kilometres. In fact, a Tian Shan Mountain grassland has a deterioration area reaching 450 square kilometres or over 48 per cent of the usable grassland. Such desertification in Xinjiang is still currently expanding at the rate of 350 to 400 square kilometres per annum. On the other hand, Table 13 shows that the pasturelands of Tibet, Gansu and Sichuan have been deteriorating very rapidly too. Tibet's area of deterioration was 24.267 million hectares in 1980, with a deterioration rate of 29.6 per cent. The deterioration area rose to 29.285 million hectares by 2000, with a deterioration rate of 35.7 per cent, i.e. an increase of 6 percentage points in 20 years. Gansu's area of deterioration was 2.351 million hectares in 1980, with a deterioration rate of 26.7 per cent. The deterioration area rose to 4.405 million hectares by 2000, with a deterioration rate of 50 per cent, i.e. an increase of 23.3 percentage points in 20 years. Sichuan's area of deterioration was only 1.333 million hectares in 1980, with a deterioration rate of only 9.8 per cent. However, the deterioration area tripled within 20 years and rose to 4.541 million hectares by 2000, with a rapid rise in deterioration rate to 33.3 per cent. Qinghai's area of deterioration was 4.398 million hectares in 1980, with a deterioration rate of 12.1 per cent. The deterioration area rose to 20.367 million hectares by 2000, with deterioration rate increased tremendously to 56 per cent, i.e. a shocking increase of 44 percentage points in 20 years.

Of course, oasisization does occur alongside desertification, as pointed out by Abliz Yusuf *et al.* (2009: 60-61) in the case of Xinjiang, and with diminishing buffer zone between the oasis and desert which are both expanding, the oasis environment is constantly under threat from saltization, desertification and pollution, as the environmental situation of mountains, plains and deserts outside the oases is still in disequilibrium and continuing to deteriorate. With oases constituting only 4.3 per cent of Xinjiang's total land area and 11.1 per cent of total effective usable land area, overall deterioration is still much larger than improvement. Adding to that is the issue of soil erosion which has reached a total area of 103 square kilometres or 28.1 per cent of national soil erosion area, making it Xinjiang's number one environmental problem. As Abliz Yusuf *et al.* (2009: 63) further highlighted, with over 90 per cent of the rural population who are in poverty living in the

Table 13 China: Area and Rate of Grassland Deterioration in Tibet, Qinghai, Gansu and Sichuan

Year	Tibet		Qinghai		Gansu		Sichuan	
	Area of grassland deterioration (million hectares)	Rate of grassland deterioration (%)	Area of grassland deterioration (million hectares)	Rate of grassland deterioration (%)	Area of grassland deterioration (million hectares)	Rate of grassland deterioration (%)	Area of grassland deterioration (million hectares)	Rate of grassland deterioration (%)
1980	24.267	29.6	4.398	12.1	2.351	26.7	1.333	9.8
1990	11.428	13.9	6.191	17.0	3.506	39.8	2.045	15.0
1995	24.944	30.4	5.565	15.3	3.982	45.2	2.154	15.8
1996	21	25.6	10.9	30.0	4.22	47.9	3.981	29.2
2000	29.285	35.7	20.367	56.0	4.229/4.4*	48.0/50.0*	4.541	33.3

* Two figures for year 2000 given by Deng (2005) are based on two different data sources. Source: Chen (2006: 22-23), Tables 1-6, 1-7, 1-8, 1-9 (original source: Deng, 2005: 128-130).

environmentally relatively appalling areas, Xinjiang's severely worsening grassland ecology – with 85 per cent of the region's grassland area suffering from various degrees of deterioration including up to 37.5 per cent from severe deterioration – is leading to intensifying soil erosion and frequent sandstorms, adversely affecting livestock husbandry and becoming the one of the main causes of deepening poverty.

Adding to these problems, there is an alarming degree of wastage and environmental damage in resource exploitation in the western region, the former being partly due to the fact that the right for exploitation is given by the government via administrative measures, hence does not feature in the enterprises' cost structure. Furthermore, resource tax by production volume is as low as just 1.18 per cent of resource volume on average. Zero cost of access to resource and extremely low resource tax have thus led to tremendous wastage in exploitation. For instance, for some oil wells in northern Shaanxi, only around 100 kilograms could be extracted from every ton of crude oil reserve, the other more than 800 kilograms being completely wasted. (*Zhongguo Xibu Jingji Fazhan Baogao 2006*, p. 272) Such over-exploitation and wastage, coupled with neglect in environmental protection, have also led to increasingly severe environmental degradation. For instance, in Shaanxi's Shenmu 神木 county, over-exploitation by the county's 216 coal enterprises has resulted in a cavity of up to 99.12 square kilometres in size, leading to 19 cave-ins. Cave-ins, death of plant life due to the drying up of groundwater, and severe water and air pollution are making the mining regions increasingly uninhabitable. It was reported that while cave-ins are making land uncultivable for farmers and causing grazing problems for animal husbandry, and diminishing groundwater is drying up wells which households depend on for drinking water, the mining company is paying villagers a cave-in compensation of just RMB20 cents for every ton of coal. (*ibid.*: 272-273)

4. Public Protests and Social Crisis

These are the times that try men's souls [...] Tyranny, like hell, is not easily conquered; yet we have this consolation with us, that the harder the conflict, the more glorious the triumph. What we obtain too cheap, we esteem too lightly: it is dearness only that gives every thing its value.

– Thomas Paine (1776), *The American Crisis*, 1²⁴

Poverty and inequality are among the key factors underlying social disturbances. Various estimates have shown an increase in collective protest incidents from 8,700 in 1994 to 90,000 in 2006 and further to 127,000 in 2008.²⁵ According to official statistics, “illegal” *quntixing shijian* 群体性事件 (or *qunti shijian* 群体事件, literally “mass incidents”) nationwide increased from 10,000 to 74,000 cases over the decade of 1994-2004, with an average

annual growth rate of 22.2 per cent, while the number of people involved in the *qunti shijian* went up from 730,000 to 3,760,000, with an average annual growth rate of 17.8 per cent (Hu, Hu and Wang, 2006). The figures continued to climb to 87,000 cases and about 4 million people by 2005 (Yeoh, 2010a: 256, Figures 9 and 10). In general, the number of *qunti shijian* had been rising at an alarmingly increasing rate. From a growth of about 10 per cent from 1995 to 1996, *qunti shijian* was growing at an average annual rate of as high as 25.5 per cent from 1997 to 2004, i.e. higher than the average growth rate of 22.2 per cent during the decade of 1994-2004, with annual growth in certain years reaching as high as above 40 per cent; or with 1994 figure indexed 100, a steep increase of the index from 100 to 740 in terms of the number of cases during the decade of 1994-2004 (an increase of 6.4 times) and from 100 to 515 in terms of the number of people involved (an increase of 4.2 times) (*ibid.*).

4.1. Nature and Types of Public Protests

In terms of the participants' profiles, while at the beginning the people involved in these "mass incidents" were mainly *xiagang* workers²⁶ and peasants (reflecting land loss and corruption issues) but later on the list of participants expanded to include, besides *xiagang* workers and peasants who lost their lands, also workers, urban residents, private individual enterprise owners (*getihu*), teachers, students and a small number of ex-servicemen and cadres, etc. (Hu, Hu, He and Guo, 2009: 143; Yeoh, 2010a: 257, Figure 11), thus reflecting expanding and deepening popular interest conflicts and contradictions. The changing and expanding class structure is not only a society-wide phenomenon but also occurring within the particular social class itself, thus making the grievances of the class-within-class even more acute. Donaldson and Zhang, for instance, classified China's farmers today into five categories based on their role as direct producers and their class relations with the agribusinesses – "commercial farmers" who work independently on allocated family land; "contract farmers" who work on allocated family land to fulfill company contracts, whose harvests are sold to the contracting companies, and while being dominated by the companies manage to retain some flexibility; "semi-proletarian farmers with Chinese characteristics", mainly hired villagers who work on collective land rented to companies as company employees, whose harvests belong to the company, and while being dominated by the companies manage to enjoy a degree of entitlement; "semi-proletarian farm workers", mainly hired migrant labourers who work on company land as company employees, whose harvests belong to the companies, and while being dominated by the companies do have family land at home as a fall-back option; and "proletarian farm workers", mainly hired

landless labourers who work on company land as employees, whose harvests belong to the companies, and who, unlike the other four categories, suffer from complete domination by the companies (Donaldson and Zhang, 2009: 99, Table 6.1).

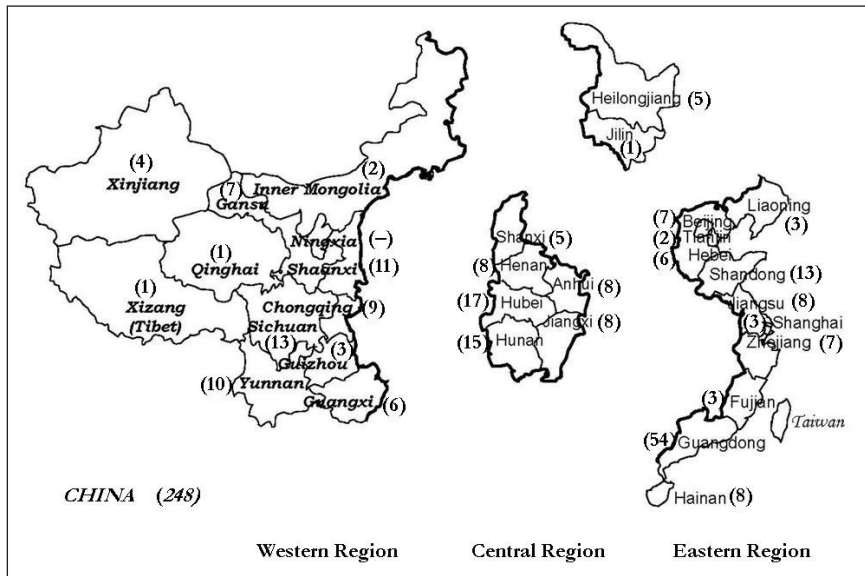
On the other hand, Tong and Lei (2010) documented a total of 248 “large-scale mass incidents” (those with more than 500 participants, according to China’s Ministry of Public Security)²⁷ from 2003 to 2009 (Table 14).

Table 14 China: Large-scale Mass Incidents, 2003-2009

Year	Total Number of Large-scale Mass Incidents
2003	9
2004	20
2005	9
2006	25
2007	63
2008	76
2009	46

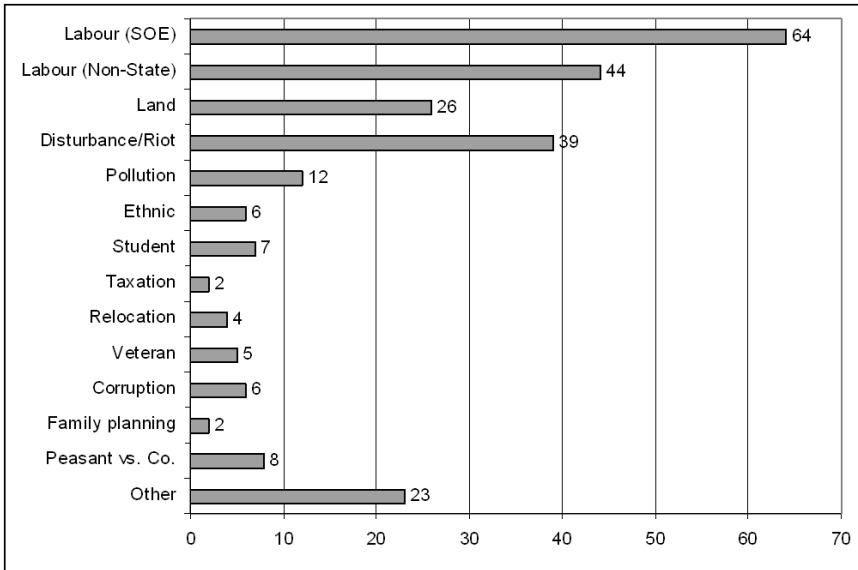
Source: Tong and Lei (2010: 489), Figure 1.

Figure 5 China: Frequency of Large-scale Mass Incidents by Province, 2003-2009



Source: Tong and Lei (2010: 490), Table 1.

Figure 6 Large-scale Mass Incidents by Type (Total Number during 2003-2009)



Source: Tong and Lei (2010: 491), Table 2.

While large-scale mass incidents come in various types, labour and land/relocation disputes top the list (Figure 6), followed by social disturbances and riots usually triggered by isolated incidents but reflecting the people's long-simmering distrust of local government officials with accusation of corruption and government-business collusion (*guan-shang goujie* 官商勾结): the well-known cases being the Weng'an 瓮安 incident of 2008, Shishou 石首 incident of 2009 and the recent riots in mid-June 2011 involving thousands in Taizhou 台州, Zhejiang Province, in a series of latest large-scale riots that also included the disturbances in Guangdong Province's Chaozhou 潮州, Zhejiang Province's Shaoxing 绍兴, Hubei Province's Lichuan 利川 and Xintang 新塘 township of Zengcheng 增城 City (of the metropolis of Guangzhou 广州, Guangdong Province).²⁸ It is undeniable that underlying these large-scale public protests is the issue of rapidly growing economic inequality in the forms of widening income gap, lack of social safety net and perception of social and government injustice, as Tong and Lei commented, "[...] local governments and police force were generally perceived as corrupt and incompetent. The fact that the police force were often dispatched in favour of the capitalists who have close relationship with the government whenever there was a dispute between peasants and the companies reinforced the public perception. There was a profound distrust of the government." (Tong and

Lei, 2010: 498) Such social disturbances and riots with no specific economic demands are seen as the most system-threatening because they are challenging rather than endorsing regime legitimacy:

The outburst of disturbances is often the product of broad and diffused social grievances over a variety of issues ranging from inequality, corruption and social injustice to increasing drug addiction. Disturbance is often triggered by poor local governance, especially the misconduct of *chengguan* [城管, i.e. staff members of the city management agency] or the police. In these cases, social anger, not economic demands, is directed at the authorities.

(*ibid.*: 501)

4.2. Distrust of Political Authority

The frequency and scale of the recent riots has undeniably been increasingly alarming to the government, giving rise to the allegation that the Xintang authorities were under the direct secret order of the Political Bureau of the Central Committee of the Chinese Communist Party to fabricate the image of the mid-June 2011 Xintang riots as purely clashes between the Sichuan migrant workers and the local Cantonese, even by enlisting the underworld to orchestrate attacks, in order to transform the protests against the government into inter-communal conflicts and to justify the suppression of public protests and demonstrations. On the other hand, the government media *Renmin Ribao* 人民日报 (*People's Daily*) has blamed the riots on cultural clash between migrant workers and the local people, while some scholars have attributed the recent Guangdong riots to the recession of an open economy, and the lack of security in the livelihood of the twenty million migrant workers in the province who are also suffering from discrimination and being bullied and harassed by the local underworld and other powers that be. On the other hand, Beijing sociologist Yu Jianrong 于建嵘 pointed to the alarming fact that the recent spate of social disturbances (see Table 15)²⁹, e.g. in Lizhou (Hubei) and Inner Mongolia, were triggered by “sudden events/emergencies” (*tufa shijian* 突发事件) and their participants were mostly unrelated to the original cause and without clear interest demands.³⁰ However, in venting their discontent towards society, the absence of “free-floating aggression” is notable (in contrast with, e.g., the recent summer riots across British cities in August 2011), and the government and State authorities have been the main targets of attack. Widespread support has even been noted on the Internet for such attacks on government offices and even in the case of the killing of judges. During the spate of wanton killings of primary school and kindergarten children that shocked the nation in 2010, the sudden outbreak of fatal free-floating aggression against these young children across China that occurred from March to May 2010 which caused the death of a total of 17

Table 15 Spate of Social Disturbances in May-June 2011

Beginning date of riot	Place	Details
3rd May	Shehong 射洪 County, Sichuan Province	After a secondary school teacher was mistaken as a murderer and beaten up by plain-cloth policemen, over a thousand people including teachers and students demonstrated and destroyed the police station and county government office.
13th May	Tianzhu 天祝 County, Gansu Province	A dismissed employee threw petrol bomb and injured over 60 people.
23rd May	Inner Mongolia	Death of a herdsman after being hit by a coal truck led to demonstrations.
26th May	Fuzhou 抚州 City, Jiangxi Province	A shangfang petitioner detonated bombs at three places including the city attorney's office, killing 3 and injuring 9.
6th June	Chaozhou 潮州 City, Guangdong Province	On 1st June, a 19-year-old Sichuan migrant worker Xiong Hanjiang 熊汉江 asking for unpaid wages of 2,000 yuan was assaulted and had his hand and leg muscles severed, leading to a 10000-people riot, with 18 injured. The badly injured Xiong had recovered in the hospital but could be handicapped for life.
8th June	Shaoxing 绍兴 City, Zhejiang Province	Seven thousand workers and villagers demonstrated against a tin foil factory that had been polluting the place for many years.
9th June	Lichuan 利川 County, Hubei Province	After former anti-corruption office director Ran Jianxin 冉建新 died during interrogation, over a thousand people who believed he was beaten to death walked on the streets and clashed with police.
10th June	Xintang 新塘 Township, Guangdong Province	A pregnant Sichuan woman and her husband who were roadside pedlars were beaten up by security personnel who were allegedly extorting protection money from the couple, leading to a riot by over a thousand Sichuan migrant workers who destroyed the government office and police vehicles, reportedly with 5 people killed, over a hundred injured and hundreds arrested. There are five

Table 15 (continued)

Beginning date of riot	Place	Details
		million Sichuan migrant workers in Guangdong, of whom a hundred thousand are in Xintang.
12th June	Zhengzhou 郑州 City, Henan Province	Over 400 residents of Waliu 洼刘 Village of Shifo 石佛 Township demonstrated against the government over forced relocation and unfair compensation, after unidentified thugs beat up villagers protecting their homes.
13th June	Changsha 长沙 City, Hunan Province	Over 500 residents demonstrated against the government over forced relocation.
14th June	Loudi 娄底 City, Hunan Province	Residents demonstrated against the building of a 220,000-volt cable tower; many injured.
15th June	Taizhou 台州 City, Zhejiang Province	Believing that the village official of the Jiaojiang 椒江 District had been embezzling land acquisition subsidies over the past nine years, thousands of villagers besieged and destroyed Sinopec's petrol station.

people, including 15 children, and injured more than 80, in a string of five major attacks and four other cases that occurred from 23rd March to 12th May (including those that killed 8 and injured 5 in Fujian province, killed 2 and injured 5 in Guangxi, injured 19 in Guangdong, injured 32 in Jiangsu, injured 5 in Shandong and killed 9 in Shaanxi), and another attack on 3rd August that killed 4 and injured more than 20 at a kindergarten in Shandong (Yeoh, 2010a: 247), an iconic banner allegedly appeared at the gate of a kindergarten which read: “*Yuan You Tou Zhai You Zhu, Qianmian You Zhuan Shi Zhengfu* 冤有头债有主 前面右转是政府” [there's a real culprit responsible for any wrong or any debt; take a right turn in front you'll find the government (offices)]. While this can be interpreted as a sarcastic advice to re-direct the free-floating aggression towards the real target of social grievances, the alleged State orchestration of the perception of Xintang disturbances as a clash between the migrant workers and local people would be tantamount to an attempt in re-channelling the anti-State sentiments into inter-communal scapegoating.³¹ Stemming from profound distrust of the government, as Tong and Lei (2010) observed above, such social disturbances and riots with no specific economic demands are the most system-threatening as they are challenging rather than endorsing regime legitimacy.

4.3. System-threatening Social Movements

Governments now act as if they were afraid to awaken a single reflection in man. They are softly leading him to the sepulchre of precedents, to deaden his faculties and call his attention from the scene of revolutions. They feel that he is arriving at knowledge faster than they wish, and their policy of precedents is the barometer of their fears [...] Government by precedent, without any regard to the principle of the precedent, is one of the vilest systems that can be set up.

– Thomas Paine (1792), *Rights of Man, Part the Second*, Chapter IV

Such a distinction between system-threatening and non-system-threatening protests as Tong and Lei pointed out has always been important for explaining State response. Referring to Muslim marchers in 1989 protesting the publication of a Chinese book entitled *Xing Fengsu* 性风俗 [sexual customs] that they claimed denigrated Islam, Gladney drew a parallel with the other, more well-known, protest of 1989:

Just prior to the bloody suppression of the 1989 democracy movement in China, in the midst of the flood of protesting students and workers who, for a remarkably lengthy moment in history, marched relatively unimpeded across Tiananmen Square and the screens of the world's television sets, another comparatively unnoticed, but nevertheless significant, procession took place [...] the protest began with mainly Hui Muslim students who were joined by representatives of all 10 Muslim nationalities in China, including some sympathetic members of the Han Chinese majority [...] this procession was on its way to Tiananmen Square, the so-called "Gate of Heavenly Peace", which soon opened on to a hellish nightmare of indiscriminate warfare in the streets of the terrorized city. This procession to the Square also made its way along Changan Jie, "the Avenue of Eternal Peace," that shortly thereafter was to be renamed "Bloody Alley" by Beijing's citizens [...]

(Gladney, 1991: 1-2)

Gladney moved on further to draw an interesting picture of stark contrast in State responses between this case of "protest *to* the government" and the other case of "protest *against* the government" in those same days³² staged by the students and workers and their supporters from all walks of life around Beijing and other Chinese cities who eventually paid dearly by blood:

Remarkably, and in another dramatic contrast to the crackdown on the student Pro-Democracy Movement, the state took the following actions in response to this Muslim protest over an insignificant Chinese book: The government granted full permission for all the Muslim protests, often despatching police to close streets, stop traffic, and direct the marchers [...] By stressing the legality of the Muslim protests, what Barbara Pillsbury noted as their "protest *to* the government," rather than *against* it – the fact

that the Muslims had permission and were often escorted by police – the state-controlled press sought to juxtapose the legal Muslim protest with the *illegality* of the student protests.

(*ibid.*: 3-5, italics in the original)

These “illegal” student protests of 1989 in Tiananmen 天安门 Square, despite State disapproval, soon evolved into the now well-known broad-based pro-democracy movement after being joined in by other demonstrators from all walks of life from Beijing to Hong Kong 香港, from Chengdu 成都 to Shenzhen 深圳, and was sustained against all odds throughout the 100-day Beijing Spring³³ that tragically ended up with, *à la Asiaweek*, the Rape of Beijing³⁴ on that fateful night of 3rd-4th June 1989, when a besieged regime finally responded with a massacre to reclaim the capital from the unarmed peaceful protesters. While the official death toll stood at four hundred and forty-three, 223 of whom were soldiers and police officers, plus 5,000 soldiers and police officers and 2,000 civilians wounded in the crackdown, exiled dissidents estimated the number of civilians, workers and students killed in the crackdown during the night of 3rd-4th June 1989 to be from 2,000 to 3,000 (Yeoh, 2010a: 273). Soviet sources in 1989 put the number massacred in Beijing as 3,000, as cited by Mikhail Gorbachev at a politburo meeting in 1989.³⁵

One of the most prominent student leaders who led the pro-democracy demonstrations in Tiananmen Square was Örkesh Dölet (Wu'erkaixi 吾尔开希) who, together with Chai Ling 柴玲, Wang Dan 王丹, Feng Congde 封从德 and other student leaders, had launched the Tiananmen Square demonstrations of 1989 against official corruption and political repression. It is interesting to note that Örkesh Dölet was then a Beijing Normal University student of the Muslim Uyghur nationality. However, unlike the protesters in the parallel State-permitted demonstration in Beijing at that time against *Xing Fengsu*, Örkesh Dölet's involvement in leading the pro-democracy movement since the Tiananmen days till today transcends ethnicity, and it was notable that his recent condemnation – jointly issued on 7th July 2009 with Taiwan's China Human Rights Association (中國人權協會) – of perceived government repression in the July 2009 Xinjiang disturbance was issued, while not denying his ethnic identity, as a civil rights activist³⁶, in comparison with some pronouncements made by former Nobel Peace Prize nominee Rabiya Qadir (Rebiya Kadeer), chairperson of the World Uyghur Congress³⁷. Nevertheless, in the eyes of the Party-State during those turbulent days of 1989:

The students [demonstrating on Tiananmen Square in 1989 against corruption and for democracy], as an unrecognized voluntary association, were considered unlawful, riotous, and a threat to the state's order. For that they were met by a military crackdown. The actions of the Muslims [marching against the book *Xing Fengsu*], as members of state-assigned minority

nationalities and believing in a world religion approved by the state, were considered permissible. For that they were inundated with state-sponsored media and assisted in their demands. The difference, from the Chinese state's standpoint, was one of order and disorder, rationality and confusion, law and criminality, reward and punishment.

(Gladney, 1991: 5-6)

However, ultimately, as Fang (1991: 254-255) warned, "There is no rational basis for a belief that this kind of dictatorship can overcome the corruption that it itself has bred. Based on this problem alone, we need more effective means of public supervision and a more independent judiciary. This means, in effect, more democracy."³⁸ Nevertheless, the path towards a North Atlantic liberal democracy as envisaged by Fang has seemed increasingly forlorn as the CCP regime has in the post-June Fourth era led the country to economic miracle and hence, in the eyes of many, has successfully reasserted its legitimacy.³⁹ Describing China as "doubtless a post-totalitarian regime ruled by a ruthless Party", Béja (2009: 14-15) ruminated on the 20th anniversary of the Beijing massacre:

Twenty years after the 4 June 1989 massacre, the CCP seems to have reinforced its legitimacy. It has not followed the communist regimes of the Soviet bloc into oblivion. Its policies of elite cooptation, subtle response to social contradictions, and instrumental support for the "rule of law" have become major complements to its continued control over the press and the political system. It has made concessions to prevent discontent from crystallizing into social movements that might challenge its rule, and it has sent in the police to silence dissidents. Over the course of the same two decades, the opposition has had to wrestle with the trauma of the June 4 Massacre and the huge difficulties that it has raised for anyone who would challenge the CCP's primacy.

4.4. State Response to Social Movements and the Shopworn Conspiracy Theories

Successful it might seem to be, the CCP regime's reassertion of its legitimacy and unassailability has in reality not been immune to a series of challenges, some rather severe and unexpected, since June Fourth, exemplified by the horrific events of March 2008 in Tibet and July 2009 in Xinjiang. Regrettably, in facing such challenges, the regime has never been able to grow out of the tendency to recycle the "black hand" (*heishou* 黑手) theory – the "shopworn conspiracy theories that blame mass protests primarily on the CCP's foreign and domestic enemies, reflecting the classic Leninist insistence that social protest in a Communist country cannot just happen, it must be instigated" (Tanner, 2004: 143) – which is unfortunately so apparent in the ruling regime's

response to the Xinjiang crisis or the Tibet riots. For this “black hand” theory, Tanner gave an example from the 1989 Beijing massacre:

In the days after the Tiananmen demonstrations, this Leninist conspiratorial worldview was typified in a report on the protests issued by Gu Linfang, the Chinese vice minister of public security who was in charge of “political security.” To document a conspiracy in 1989, Gu painstakingly listed dozens of allegedly nefarious contacts among protest leaders; reformist Communist officials; foreign academics; and, of course, Western and Taiwanese intelligence agencies. The vice minister railed against party reformers for coddling schemers who fomented rebellion. A Leninist to his marrow, Gu refused to concede any acceptance of what social scientists have known for decades, that whenever a society grows and changes as rapidly as China has, an increase in political protests is a normal development.

(*ibid.*)

Similar State response can be observed following the 5th July 2009 Xinjiang riots when Nur Bekri, chairman of the Xinjiang Uygur Zizhiqu, declared on 18th July 2009 the source of the riots being “the triumvirate of terrorist, secessionist and extremist forces”⁴⁰ and Wu Shimin 吴仕民, vice-chairman of China’s State Ethnic Affairs Commission, stated on 21st July 2009 that the July Fifth riots had absolutely nothing to do with China’s nationality (ethnic minority) policies. Without the courage to face up to domestic realities, any solution to the root problems leading to either June Fourth or July Fifth would remain illusive. The ruling regime’s inability to face domestic realities is further manifested in the continued repression including the arrest of ethnic Uyghur economics professor Ilham Tohti of China’s Central Nationalities University and founder of the “Uighur Online” on 7th July 2009⁴¹ and the revocation of licenses of civil rights lawyers who took up cases related to the Xinjiang riots.⁴² In the case of the Tibetans, over 300 Tibetan monks were reportedly arrested during the night of 21st-22nd April 2011 in Sichuan Province’s Ngawa 阿坝 *Zizhizhou* 自治州 (“autonomous prefecture”) of the Tibetan/Zang 藏 and Qiang 羌 nationalities, the site of that devastating earthquake on 12th May 2008 which killed at least 68,000 people. Among the civilians holding a vigil outside the temple concerned, two elderly Tibetans were reportedly killed and various others injured during the police attack which was believed to be linked to the earlier demonstrations after a young Tibetan burned himself to death in self-immolation on 16th March 2011 at the 3rd anniversary of the 14th March 2008 Tibetan riots.⁴³

4.5. Federalization and the Fear of Disintegration

Coupled with the shopworn conspiracy theories is the federal taboo, in which federalization is inevitably seen as a prelude to disintegration – prominent

Chinese dissident Liu Xiaobo 刘晓波 was arrested for organizing the signing of Charter 08 that included an Item 18 “A Federated Republic”⁴⁴ for which he was ostensibly charged – though how far that threat is genuinely believed remains dubious as liberal democracy could be the ultimate fear since democratization tends to go hand-in-hand with federalization. However, the danger of fragmentation coming from democratization and federalization is real but not inevitable.

One of the basic features of a federal system, according to Bakvis and Chandler (1987: 4), is that it provides “incentives for structuring group/class conflicts along territorial lines”. When the territories concerned represent the centres of concentration of distinctive socioracial communities, ethnic conflicts are translated into territorial rivalries and the process of fiscal federalization becomes an arena of ethnic resource competition. Nevertheless, Dorff (1994) warned that federal *structures*, when not accompanied by federal *process*, could have contributed to the fragmentation of Yugoslavia, Czechoslovakia and the Soviet Union, and these one-party states’ federalist structures, without federalist processes, initially used to suppress, not accommodate, ethnic differences, had actually helped to create a political environment ripe for disintegration via ethnic mobilization once decentralization began, as regional leaderships bent on protecting the interests of their territorial constituencies at the expense of other regions and the federation.

It could hence be highly equivocal to keep seeing the disintegration of Yugoslavia, Czechoslovakia and Soviet Union as a sword of Democles warning against federal structures. On the contrary, the fate of these disintegrated nations could be a lesson to take heed of at this juncture just past the 22nd anniversary of June Fourth, in particular after the foreboding event of 5th July 2009, to begin early the federal process, before it becomes too late when eventually the moment of truth arrives for a China ripe for democratization⁴⁵ it turns out also to be the moment for a China ripe for disintegration. Definitely, a federal process is always full of pitfalls⁴⁶, especially for a country still facing the problems of high incidence of poverty, ethnoterritoriality, sectionalism and ethnoregional socioeconomic disparities. Inevitably, it is also a process abounding with right and wrong options and choices.

The Chinese regional structure bears substantial similarity to the Spanish – for instance, only 3 out of Spain’s 17 *Comunidades Autónomas*, comprising less than 30 per cent of the country’s population, are non-Castilian ethnic regions, in contrast to countries like Belgium or the former Soviet Union, Yugoslavia and Czechoslovakia where the state is composed of constituent regions each of which populated predominantly with a differentiated ethnic community. As Spain is pondering her options whether to move on from the State of the Autonomies to a full-fledged federation – through a whole

spectrum of scenarios as summarized by Brassloff (1989: 41-45) into the evolutionist minimalist regional autonomist, radically revisionist neo-centralist, radically European regionalist, nationalist particularist, mixed federo-regional and, lastly, the federalist maximalist in which the presently evolving State of the Autonomies may develop all its potential and end up operating as a federal state – it could also be timely for a China in astounding transformation to ponder new options other than a *dictablanda* or even a *democradura*⁴⁷ with the perpetually uneasy coexistence of economic decentralization with political centralism or, as a former vice-premier pointed out, being constantly trapped in the perennial “cycles of decentralization and recentralization”⁴⁸ that breed unending chaos and instability.

4.6. Ethnicity, Political Mobilization and Social Unrest

Among the types of large-scale mass incidents listed in Figure 6 earlier, Tong and Lei (2010: 495) observed that ethnic differences “are the most difficult to reconcile and are therefore the most persistent cause of social frictions and the most effective means in political mobilization” and ethnic conflicts “are usually not caused by economic grievances, as economic cleavages cross-cut ethnic lines”. As seen earlier, more recent cases of such public order disturbance were alarmingly on the rise in a series of serious incidents including, for example, year 2008’s high-profile conflicts of 28th June (in Guizhou), 5th July (Shaanxi), 10th July (Zhejiang), 17th July (Guangdong) and 19th July (Yunnan). Yet these constitute but just a small sample of the overall rise in social unrest across China in recent years, some of which involved ethnic conflicts⁴⁹. Adding to these are the long-running Tibet conflicts including the March 2008 Lhasa riots and the March 2009 conflict in Qinghai Province’s Guoluo 果洛 Tibetan *Zizhizhou*⁵⁰, as well as the July 2009 Ürümqi riots.

With the memory of the 1989 tragedy constantly hanging like the sword of Damocles, the ruling regime is again facing a dire dilemma, as described by Tanner (2004):

[...] the struggle to control unrest will force Beijing’s leaders to face riskier dilemmas than at any time since the 1989 Tiananmen Square demonstrations. Experiments with less violent police tactics, economic concessions to demonstrators, and more fundamental institutional reforms all risk further encouraging protest in an increasingly restive society. Nevertheless, these challenges must be navigated if the party wants to avoid the ultimate dilemma of once again resorting to 1989-style violence or reluctantly engaging in a more fundamental renegotiation of power relations between the state and society.

(Tanner, 2004: 138)

5. Dilemma of Political Reform and State Response to Dissent

You will do me the justice to remember, that I have always strenuously supported the right of every man to his own opinion, however different that opinion might be to mine. He who denies to another this right, makes a slave of himself to his present opinion, because he precludes himself the right of changing it.

– Thomas Paine (1794), *The Age of Reason*, Part First⁵¹

Such renegotiation of power relations between the State and the civil society, however, inevitably faces critical restriction given that the CCP regime is in no way prepared to take the risk of having to relinquish its monopoly of power in the process of free multi-party elections. Indeed, while promoting the rural elections in 1987, Peng Zhen 彭真 had already argued that such elections were to be used to help the Chinese Communist Party govern the country's rural areas and perpetuate the Party's rule (Zheng and Lye, 2004).

5.1. "Rights-defending" Activism and the State

Hence, any perception that such electoral initiatives are implying that the Party is loosening its stranglehold over China's politics could be illusory as the signals conveyed by the ruling regime regarding the tolerance threshold for dissent remain unmistakable, not least highlighted in recent years by the relentless arrest and jailing of dissidents, including civil rights lawyers Gao Zhisheng 高智晟, Zheng Enchong 郑恩宠 and Chen Guangcheng 陈光诚, researcher Zhao Yan 赵岩 and *Straits Times* (Singapore) journalist Ching Cheong 程翔. Other cases included the arrest of Hu Jia 胡佳, an AIDS and environmental activist, in December 2007, on subversion charges, and Wang Dejia 王德佳, a cyber dissident, in the same month, also on subversion charges for criticizing the government over human rights abuses ahead of the Beijing Olympics (Lye, 2009: 239), and many other civil rights activists including the latest case of well-known rights defender Wang Lihong 王荔蕪 who was arrested on 21st March 2011 in Beijing for her protesting the government's charge against three bloggers in April 2010 outside the court of Fuzhou 福州 City, though the authorities had still seemed to be unable to settle down to a convincing charge against her by the second half of the year⁵². Wang's arrest and the State's struggle to convict her show the increasing uneasiness of the State over the rising use of the Internet for *weiquan*-related social movements. The 56-year-old Wang has been a long-term activist involved in fighting for the rights of the disadvantaged, including the case of Deng Yujiao 邓玉娇, the Hubei girl who killed an official who was trying to rape her, and the murder of the girl Yan Xiaoling 严晓玲. Wang was finally sentenced on 9th September 2011 to 9 months in prison

on the charge of provocation and disturbance.⁵³ In another case of 2011, a Sichuan dissident writer, Ran Yunfei 冉云飞, was arrested in mid-February on accusation of “jasmine revolution” sedition, later released in August but still under virtual house arrest.⁵⁴ He was charged on 17th August with sedition to subvert State power, placed under house arrest pending court hearing, at the time when two other Sichuan dissident intellectuals, Ding Mao 丁矛 in Chengdu 成都 and Chen Weiyin 陈卫因 in Suining 遂宁, were also arrested pending similar indictments.⁵⁵

In the case of Hu Jia, he was charged with “inciting subversion of State power” and sentenced on 3rd April 2008 to three and a half years in prison for his voicing out on social problems and human rights and on the case of Gao Zhisheng. Hu was released on 26th June 2011 but continued to be under tight surveillance. To avoid possible house arrest, his wife and daughter moved to Shenzhen just before his release but were evicted by the houseowner citing heavy pressure from the top.⁵⁶ During Hu Jia’s imprisonment, his 3-year-old daughter Hu Qianci 胡谦慈 became probably China’s youngest political prisoner when she was put under house arrest together with her mother Zeng Jinyan 曾金燕. With Hu Jia ending his jail term, according to Amnesty International, there are still at least 130 rights-defending activists in China who continue to be incarcerated, forced “disappeared”, harassed or held under house arrest.⁵⁷ For instance, civil rights lawyer Gao Zhisheng who first disappeared in August 2006 was later charged with subversion of State power and sentenced to three years’ imprisonment with a five-year probation. He disappeared again in February 2009 after being taken away by the government from his Shaanxi home but reemerged briefly in March/April 2010. In a press interview at that time he revealed that he had been tortured. He disappeared again a month later after he returned home, escorted by government security agents, to pray to his late mother during the *Qingming* 清明 (traditional day of remembrance for ancestors) of April 2010.⁵⁸

The most high-profile case in recent years is, however, that of the Chinese dissident Liu Xiaobo 刘晓波, who played a prominent role in the 1989 Tiananmen demonstrations and hunger strikes, who was remanded in police custody on 8th December 2008 for organizing the signing of Charter 08 (*Ling-ba Xianzhang* 零八宪章) that managed to gather over 300 signatures of prominent Chinese citizens on the eve of the International Human Rights Day. Charter 08 was conceived and written in emulation of the founding of Charter 77 in former Czechoslovakia in January 1977 by over two hundred Czech and Slovak intellectuals, including the dissident playwright and future Czech president Václav Havel. The number of signatories to Charter 08, local and overseas, later increased to about 7,000 by March 2009⁵⁹ and continued to rise. After being taken away for half a year,

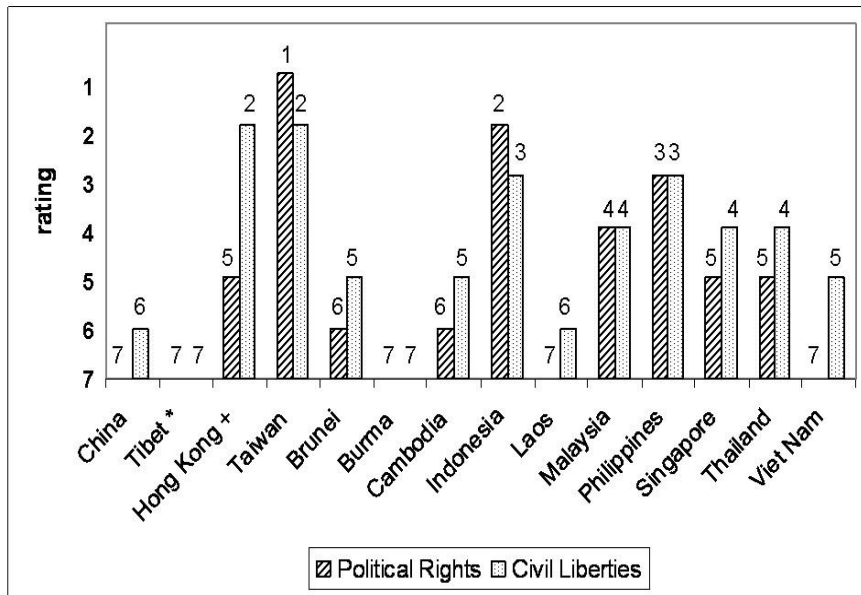
Liu was “formally” arrested on sedition charges on 23rd June 2009 and later sentenced to 11 years of imprisonment.⁶⁰ Liu was awarded the Nobel Peace Prize on 8th October 2010.

About the time Liu was handed the harsh sentence, China’s civil rights issues were also thrust into the limelight with the release of dissident Yang Zili 杨子立 after eight years of imprisonment for advocating political reform on the Internet, while his fellow dissidents Jin Haike 靳海科 and Xu Wei 徐伟 were still languishing in prison.⁶¹ Yang, Jin and Xu, together with Zhang Yanhua 张彦华 and Zhang Honghai 张宏海, were members of the Xin Qingnian Xuehui 新青年学会 (New Youth Study Group) they set up in 2000 for the exploration of China’s political and social reforms. The case of a former People’s Liberation Army (PLA)⁶² soldier Zhang Shijun 张世军 who was taken away by the authorities in 2009, as the year’s 20th anniversary of the 1989 Beijing massacre was approaching, after writing an open letter to President Hu Jintao 胡锦涛 through the Internet citing the “unspeakable atrocities” he witnessed committed against civilians and students twenty years earlier on that fateful night of 3rd-4th June 1989 while serving in a unit that was involved in the bloody crackdown – a rare eyewitness account from inside the PLA – is another reference point for reading civil rights development in China.⁶³ Besides these high-profile cases, there are also many other little observed arrests and imprisonments that rarely raise an eyebrow beyond the border.

Further developments saw the government closing down the Open Constitution Initiative (OCI) (*Gongmeng* 公盟) on 17th July 2009 ostensibly for tax offenses, subsequent to the 5th July 2009 Xinjiang riots and with the 60th anniversary of the founding of the People’s Republic approaching. OCI is a legal research centre set up in 2003 which has been involved in various sensitive cases in recent years – including the case of the blind civil rights lawyer Chen Guangcheng, the melamine-contaminated baby milk scandal, and various other civil rights and press freedom cases – and published critical reports on China’s human rights and minority policies. The suppression of OCI came after the revoking of the licenses of 53 Beijing lawyers, many of whom being well-known personalities active in civil rights cases.⁶⁴

In the 2011 Freedom House’s Annual Global Survey of Political Rights and Civil Liberties (ratings reflect events from 1st January 2010, through 31st December 2010), China was rated 7 (i.e. the worst rating) on political rights and 6 (next to worst) on civil liberties (see Figure 7), making her one of the 19 “worst of the worst” countries in terms of political rights and civil liberties (Puddington, 2011: 4), just marginally better than North Korea, Turkmenistan, Uzbekistan, Libya, Sudan, Burma⁶⁵, Equatorial Guinea, Eritrea and Somalia that were all rated 7 on both political rights and civil liberties (Freedom House, 2011).

Figure 7 China, Taiwan and ASEAN: Political Rights and Civil Liberties, 2010



Notes: 1 is the best rating, 7 the worst. Ratings reflect events from 1st January 2010, through 31st December 2010.

* Xizang (Tibet) Zizhiqu (“autonomous region”), China

+ Hong Kong Special Administrative Region (SAR), China

Source: Data from Freedom House (2011).

5.2. Predators of the Press

According to the advocacy group Reporters Sans Frontiers (Reporters without Borders), there are more journalists in prison in China than anywhere else in the world.⁶⁶ A report of the International Federation of Journalists (IFJ) at the end of January 2009 accused China of renegeing on her promise of press freedom during her bid for hosting the Olympics and called for the country to immediately release imprisoned journalists and halt the repression of journalists with the current national security and other laws – and this came amidst reports that a new series of rules and regulations would be launched in 2009 to strengthen the control on journalists and news reporting ostensibly for maintaining quality and authenticity in news reporting.⁶⁷

Freedom House in its *Freedom of the Press 2010* issued on the World Press Freedom Day of 3rd May 2011 covering 196 countries and regions recognized 68 as having press freedom, 65 partially free and 63 unfree. Among them, China is without press freedom, being ranked 184th, while Hong Kong is partially free, ranked 70th, and Taiwan is free, ranked 47th.⁶⁸

In her comments to the Voice of America, the 1997 UNESCO/Guillermo Cano World Press Freedom Prize laureate, Chinese reporter Gao Yu 高瑜 accused that other than being without press freedom, today's media milieu in China could not even be compared to the 1980s, with the current atmosphere of severe self-censorship and constant fear of being persecuted.⁶⁹ Press freedom has apparently also been further curtailed after the recent spate of jasmine revolutions-inspired incidents which were swiftly nipped in the bud, with officials going all out to enforce self-censorship to protect their own careers. Earlier, Lye (2009: 215, 237) also cited Reporters Sans Frontiers ranking China number 167 out of a total of 173 countries in its 2008 Worldwide Press Freedom Index and considering the number of arrests and cases of news surveillance and control by China's political police and Department of Propaganda to be very high, and Human Rights Watch asserting that China's extensive police and State security apparatus continued to impose upon civil society activists, critics and protestors multiple layers of controls that included "professional and administrative measures, limitations on foreign travel and domestic movement, monitoring (covert and overt) of the Internet and phone communications, abduction and confinement incommunicado, and unofficial house arrests [and] a variety of vaguely defined crimes including 'inciting subversion', 'leaking state secrets' and 'disrupting social order' [which] provide the government with wide legal remit to stifle critics". Another development saw the Foreign Correspondents' Club of China – an organization with more than 260 members from 33 countries – issuing a statement in August 2009 accusing China of renegeing on her 2008 Olympics promise of freer foreign press reporting, based on a member survey in the previous month that reported 100 cases of driving away reporters at public places, 75 cases of tailing reporters, 16 cases of physical violence against reporters, 45 cases of threatening interviewees and 23 cases of calling in reporters for questioning.⁷⁰

The persecution of conscientious reporters also includes the threat of dismissal, e.g. the recent dissolution of *Zhongguo Jingji Shibao* 中国经济时报 [China Economic Times]'s special reports department and the sacking of its head Wang Keqin 王克勤 who has been dubbed "China's number one dark-side exposing (*jiehei* 揭黑) reporter" with his track record of being the journalist who brought to the public's attention the notorious cases of the Lanzhou 兰州 securities black market, Beijing taxi monopoly scandal, Dingzhou 定州's horrific homicide, Shanxi's vaccine scandal, the Li Gang 李刚 case, etc.⁷¹ Another reporter, Qi Chonghuai 齐崇淮, who revealed official corruption in the case of the ultra-luxurious government complex in Shandong Province's Tengzhou 滕州 City, was thrown into jail in 2007. Upon his release in September 2011, the court sentenced him to another 9 years based on "missing charges" (*louzui* 漏罪).⁷²

On the other hand, in its annual global list of government leaders accused of suppressing press freedom issued on 3rd May 2011, Reporters Sans Frontiers included Chinese president Hu Jintao as one of these “Predators of Press” (“politicians, government officials, religious leaders, militias and criminal organisations that cannot stand the press, treat it as an enemy and directly attack journalists”), citing the secret arrest and disappearance of over 30 dissidents, lawyers and rights-defending (*weiquan* 维权) activists this year so far by April/May 2011.⁷³ In fact, in trying to control the power of the pen by drawing blood with their swords, these predators’ official policy towards dissent could be chillingly Orwellian, as related in Poole (2006: 203): “In June 2005, users of Microsoft’s newly launched Chinese weblog service were banned from using words and phrases such as ‘democracy’ or ‘democratic movement’: attempts to type these terms invoked an error message that read: ‘This item contains forbidden speech.’” The attempt by the Chinese government in 2009 to enforce the compulsory installation of a “*lǜbā* 绿坝” (Green Dam)⁷⁴ Internet filtering software was widely interpreted to be yet another similar assault on dissent in cyberspace.⁷⁵ The list of forbidden words on the Internet has been growing lately, covering terms that could be even merely remotely related to dissent, including ludicrously *moli* 茉莉 [jasmine], *pangzi* 胖子 [fatty – nickname of the persecuted artist Ai Weiwei 艾未未], etc.⁷⁶

6. Structure and Agency

There is a tide in the affairs of men / Which, taken at the flood, leads on to fortune; / Omitted, all the voyage of their life / Is bound in shallows and in miseries.

– William Shakespeare, *Julius Caesar*, Act IV, Scene III

Causes of social changes can usually be categorized into three groups, viz. the economic, the political and the cultural factors. Economic factors, especially the impacts of industrial capitalism, form the core of the Marxist approach to social changes. Such Marxist emphasis on economic factors, whether for ideological reasons or for the convenience of power maintenance, still forms the basis of the Chinese Communist Party’s fundamental definition of human rights as the people’s rights to be fed, to be sheltered, to be educated and to be employed. Nevertheless, straying from this orthodox Marxist tenet is the neo-Marxist expansion of sources of social contradictions, which are inherent in social structures, to the political, religious, ethnic and ideological factors of conflicts and also the importance of culture not least as a marker for political mobilization. Adapting Buckley (1967: 58–59)’s concepts of morphostasis referring to “those processes in complex system-environment exchanges that

tend to preserve or maintain a system's given form, organization or state" and morphogenesis referring to "those processes which tend to elaborate or change a system's given form, structure or state", Archer (1995), on the other hand, posited that humanity had entered the stage of the morphogenetic society and spoke of the central importance of the role of the human agency that generates both the social segments' morphostatic and morphogenetic relationships which, in turn, are not able to exert causal powers without working through human agents.

Nevertheless, the cautious but pragmatic approach to reform, whether economic or political, of post-Mao Zedong 毛泽东 and post-Deng Xiaoping 邓小平 China seems to reflect the neo-Marxist view that total system or revolutionary change is not inevitable and a stalemate or Reeler (2007)'s cold stuckness could be the preferred outcome of social conflicts – the stance of "stability above all else" (*wending yadao yiqie* 稳定压倒一切) which reaffirms dominance maintained by gradualism in reform and piecemeal changes. Pluralized conflicts, one of the possible major patterns of conflicts from the point of view of neo-Marxists, help in such maintenance of dominance, characterized by the distinctive feature of "fragmentation and absence of a feeling of commonality" of current Chinese extra-Party politics (Benton, 2010: 322), partly as a result of the relentless crackdown on generalist dissent that the CCP regime perceived as most threatening, which has recently intriguingly escalated into a wider crackdown on civil right defenders and whistle blowers.

In addition to those mentioned in the previous section, also noteworthy is the sentencing of dissident Xie Changfa 谢长发 to 13-year imprisonment for his involvement in organizing the China Democracy Party since 1998, which came after the conviction of the civil rights activists Huang Qi 黄琦, Tan Zuoren 谭作人 and Guo Quan 郭泉, who voiced out on the alleged school building construction scandal exposed by the 2008 Sichuan earthquake that resulted in a huge number of student casualties due to the collapse of school buildings.⁷⁷ The epitome of the prisoners of conscience at the moment, as mentioned earlier, is of course Liu Xiaobo, the key founder of Charter 08, who was awarded the Nobel Peace Prize on 8th October 2010, in a year with a large number of the nominees for the prize being persecuted Chinese dissidents and civil rights activists including prominent figures like Wei Jingsheng 魏京生, Gao Zhisheng, Chen Guangcheng and Hu Jia.

The widening of persecution of civil rights lawyers and activists has seen the arrest or "disappearance" of 30 to 50 people in the first five months of 2011, including the arrest of civil rights activist and artist Ai Weiwei, and the continued persecution of the "melamine-contaminated baby milk scandal" activist Zhao Lianhai 赵连海 whose son was among the hundreds

of thousands of infant victims of the 2008 scandal.⁷⁸ After being put under house arrest in 2005 following his involvement in the legal cases of women's forced abortion and sterilization in the prefecture-level city of Linyi 临沂 in Shandong Province, the blind rights-defending lawyer and activist Chen Guangcheng was formally charged in 2006 with the destruction of public property and traffic disruption and sentenced to four years and three months in prison. Though he was released on 9th September 2010, he and his family have since been under tight house arrest and complete seclusion. After the publicizing of an image recording he secretly made of his house arrest ordeal, Chen and his wife Yuan Weijing 袁伟静 were cruelly beaten up by seventy-odd people who broke into their house on 18th February 2011, according to a letter sent out by Yuan. The terrorizing and intimidation continued, she said, with their windows being sealed up with iron sheets on 3rd March, television antenna broken on 7th, and the intrusion of forty-odd people who took away their computer and certain handwritten materials.⁷⁹ According to another *weiquan* activist Liu Shasha 刘沙沙, Cheng Guangcheng's 6-year-old daughter Chen Kesi 陈克斯 was denied her right to schooling because of her parents' house arrest although she had reached the school age.⁸⁰

In the case of Ai Weiwei, he was arrested on 3rd April 2011 and accused by the official media of having committed economic crime and tax evasion. Li Fangping 李方平, the civil rights lawyer who had defended Ai Weiwei and Zhao Lianhai, was taken away on 29 April. He was released on 4th May, the day another civil rights lawyer Li Xiongbing 黎雄兵 disappeared.⁸¹ Four staff members of Ai's studio also disappeared on 11th April. Ai was released on bail on 22nd June with the condition that he must not talk to the media or through twitter or other Internet social group for at least one year. The apparently less brutal treatment towards Ai compared to those meted out to other dissidents could probably be attributed to his "red family" background. His arrest represented a State warning that he had overstepped the line in his investigation into many incidents involving government corruption, such as the melamine-contaminated baby milk scandal, the "tofu dregs" schoolhouse scandal that causes a huge number of schoolchildren casualties during Sichuan's Wenchuan 汶川 earthquake⁸² and his vocal support for the persecuted rights-defending dissidents. During his incarceration, Ai was allegedly placed in a windowless room of less than four square metres, and police interrogation had never touched upon the tax evasion issue but on subversion and "jasmine revolution" instead. The police allegedly told him that "you embarrassed the country, the country will embarrass you; this is what you deserve."⁸³

However, in comparison with the different waves of almost a century of Chinese dissent, as pointed out by both Benton and Wasserstrom,

today's dissent in China lacks a unifying thread that connects the actions of different disgruntled groups (Wasserstrom, 2009), partly due to the actions of the regime, partly also being “a result of the increasing complexity, differentiation, and individualization of Chinese society, which is no longer monochrome and predictable but as diverse as other contemporary societies, and geographically even more diverse” (Benton, 2010: 322). This increased diversity has inevitably impacted on the increasingly complex structure of the agent-institution interface (see Green's model of social change as applied to the Chinese case – Green, 2008; Yeoh, 2010a: 271, Figure 19) at the core of the circles of social transformation.

Archer's double morphogenesis sees both structure and agency as conjoint products of interaction in which agency is both shaped by and reshapes structure (Archer, 1995; 1996; 2000; 2003). Operating structures and purposely acting human agencies (combinations of acting individuals) in combination forms the praxis and interface of social interaction that effects social change, wherein agencies are both creating and being limited by the structures, exemplified no doubt by the voicing of dissent and the corresponding crackdowns justified by the notion of “stability above all else”. However, social control, as ironically seen by Ralf Dahrendorf (1959), could be the broadest basis of social conflicts. In a sense, such coercion to extract conformity is normal, as all social systems exhibit association of roles and statuses that embody power relationships which tend to be institutionalized as authority, sometimes self-perpetuated, with normative rights to dominate.

On the macrosociological level, while conflict is an inevitable part of social life and not necessarily negative as it is the engine for social change from both Marxian and Weberian perspectives, the key question is ultimately who gains at whose expense – the question of equity – and this leads to the actions of the rights-defending activists. Indeed, from the interpretive perspective, social reality is ultimately a construction by people – interactions among people so that patterns and standards of behaviour emerge, how these people – be they the ruling political élite or the increasingly persecuted civil rights lawyers and activists, many of whom being the survivors of the 1989 Beijing massacre, who unlike the also persecuted democracy movement organizers like Liu Xiaobo and Xie Changfa, seek instead “to protect and improve the rights of citizens within China's constitutional constraints and legal framework with minimal political requests” yet not totally apolitical (Hung, 2010: 333-334).

From the perspective of interpretivism, change in the forms of interaction, process and negotiation is primal, while structure a by-product and temporary. In this context, both the pro-democracy and civil rights activists and members of the ruling political élite are human agencies engaged in

the constant creation, negotiation and re-creation of the social order. Within this process of social change there exists a negotiated consensus about what constitutes objective social reality – an outcome of the historical process of symbolic interaction and negotiation that is society as social construction because human agencies, be they State agencies, civil societal groups or organizations, become real only if the human agents believe that they are to be real, and in huge and complex societies with a multitude of contending realities whatever consensus on what constitutes objective social reality is at best partial. This can be seen in the context of interpretive understanding of social action (*verstehen*) – the Weberian focus on human agents' interpretation, definition and shaping by cultural meanings well beyond overt behaviour and events wherein human agents define their social situations, while these definitions influence ensuing actions and interactions and such human interactions entail the negotiation of order, structure and cultural meanings. At the level of the individual human agent, Archer (2003) described the integration of subjective projects and objective circumstances in a viable *modus vivendi* linking structure with agency, through constantly examining one's social contexts, asking and answering oneself in a trial-and-error manner about how one can best realize the concerns that oneself determine, in circumstances that were not one's own choosing (Archer, 2003: 133).

While Archer's theorizing has sometimes been criticized as focusing too much on internal conversation, conceptualized as a causal power that transforms both human agents and society, at the expense of intersubjective communication which is crucial for understanding the morphogenesis of structure through collective action and social movements – her emphasis that “[w]ere we humans not reflexive beings there could be no such thing as society” (Archer, 2003: 19) – it could be unfair not to take into consideration the relevance of her theorizing to the latter and the great potential of extracting a theory of collective action from her work. Her “metareflexives” for instance, while – true to her assertion that private life is an essential prerequisite for social life – being idealists seeking self-knowledge and practicing self-critique for self-realization, are also driven by their personal missions to criticize their environment – Habermasian Meadian *wertrationale* social utopians constantly judging themselves and their societies in a critical manner from the point of view of the “generalized other” and the alternate “rational society” (Habermas, 1987, 1992; Mead, 1934), showing concern for social injustice and refusing morphostasis or “cold stuckness” (Reeler, 2007) in the name of some cultural or political ideal or the preference for stability. Mead's “generalized other”, after all, is the “organized community or social group which gives to the individual his unity of self” (Mead, 1934: 154), enabling the human agent to raise questions of justice and rights.

7. State as Racketeer

Every Communist must grasp the truth, “Political power grows out of the barrel of a gun.”

Mao Zedong, *Selected Works*, Vol. II, “Problems of War and Strategy”,
6th November 1938

I told myself that no matter what, I refused to become the General Secretary who mobilized the military to crack down on students.

– Zhao Ziyang (2009a: 29; 2009b: 48; 2009c: 62)

Just a year prior to Mao’s passing, on the other side of the globe in 1975, in Spain which constitutes 85 per cent of the Iberian Peninsula, Generalísimo Francisco Franco y Bahamonde⁸⁴ (the *Caudillo*) died. While repeatedly expressing confidence that he would leave Spain *atado, y bien atado* (“tied-up, well tied-up”)⁸⁵, Franco’s death in 1975 was followed within two years by the dismantling of the structure of the whole Franquist regime, and the first free parliamentary elections in over 40 years were held on 15th June 1977. One of the most remarkable developments under the democratic transition had been the political decentralization of the State. Nevertheless, the controversy and confusion over the regional picture and the fear for the loss of Spain’s national identity, as well as the continued attacks by ETA, the Basque separatist group, continued to fuel right-wing discontent, led to a series of conspiracies against the democratic government and culminated in the almost successful military coup of 23rd February 1981. However, the result has not been to roll back reforms but to push the ethno-regional question even more firmly to the top of the political agenda.

Hence, going back to the 1970s, what we are seeing here is that at their respective critical structural junctures three decades ago, in 1975 and 1976, fascist Spain and Marxist-Leninist China embraced different paths of reforms, with post-Franco Spain spurning overnight her fascist-corporatist past and embracing multi-party democracy and federalism, taking the risk of the disappearance of the central State, to hold the country together against potentially separatist ethno-regional conflicts, while post-Mao China has since followed a more cautious path that was to evolve later into an institutionalized relationship between the central State and the localities some would call “selective centralization” (Zheng, 1999).

7.1. *From May Fourth to June Fourth to July Fifth*

O ye that love mankind! Ye that dare oppose, not only the tyranny, but the tyrant, stand forth!

– Thomas Paine (1776), *Common Sense*

Across the globe in China, since the demise of Mao, another critical juncture arrived in 1989, with the 100-day peaceful Tiananmen demonstrations and

hunger strikes that received global sympathy probably other than those behind the high walls of Zhongnanhai 中南海 whose only known feedback mechanism for dealing with such “deviation-amplification”⁸⁶ that could trigger systemic change was armed repression. These poignant lines from Howard Chapnick’s foreword to *Beijing Spring* (Turnley *et al.*, 1989: 15) speak of June Fourth as a historical milestone:

[...] The martyrs of Tiananmen Square lie silent and still. They spoke for themselves throughout the tumultuous and chaotic weeks of the Beijing Spring of 1989. But now, in the aftermath of repression and intimidation, their symbolic Goddess of Democracy has been shattered, their banners have been removed, and their voices have been silenced [...] We were incredulous spectators as the Chinese students dared to dream what became an impossible dream [...] But certain events are so monumental, so symbolic, so glorious, and speak so eloquently to our highest ideals that they transcend the immediacy of the news. History demands that they be preserved.

Such poignancy results, in Archer (1988)’s explanation, from the disjunction between the system segments’ relations of contradictions and complementarity and those between human agents in terms of conflict and cooperation. Shocking it might have been, it was not surprising that the 1989 Beijing Spring had ended in the tragic Rape of Beijing⁸⁷ when the system segments’ relations did not mesh with those of the human agents – the same mismatch that is still manifesting itself today where the political élite in the life-world is adamant in holding ground against the masses’ demand for transformative political change amidst lively debate and consensus on universal values at the general level of the cultural system – thus nipping morphogenesis in the bud, leading to the subsequent protracted morphostasis.

While Spain’s 1981 failed coup had put the decentralization plan into more urgency by highlighting the peril in the management of decentralization, the threat from conservative forces, and the threat from regional reformers and secessionists, the Tiananmen demonstrations had instead ended in the spill of innocent blood and arrested the maturing of the political system with the purge of Zhao Ziyang 赵紫阳, the arrest of Bao Tong 鲍彤 and the exile of other chief reformists and intellectuals who advocated democratization such as Yan Jiaqi 严家其 and Fang Lizhi 方励之 and the student leaders in the forefront of the mass protest.

Aspects of political reform have since been either rolled back or stalled. In view of the close link between political decentralization and democratization,⁸⁸ the tragic end of the Tiananmen protests and democracy movement of June 1989 was a disaster for democratic pluralist development and ethnoregional accommodation. The post-June Fourth robust, even miraculous, economic growth has been used time and again rather successfully by the CCP for the *ex post* justification of the Tiananmen crackdown of 1989,

that the brutal crackdown had been necessary to preserve China's stability and economic progress, but if the blood-chilling words attributed to Deng Xiaoping⁸⁹ – that it was worth killing 20 *wan* 万 (i.e. 200 thousand) people to ensure 20 years of stability for China – in ordering the brutal crackdown of June 1989 were truly his, then the continuing, even recently escalating, social unrest – including those more alarming incidents with ethnic or ethnoregional flavour – that culminated in Xinjiang's July Fifth deadly riots of 2009, just a month past that year's 20th anniversary of the Beijing⁹⁰ massacre, look somehow like an omen that time might be running out. The student movement which snowballed into social protests of unprecedented scale is in many ways a return of May Fourth. While May Fourth of 1919 had eventually led to the triumph of Maoism-Leninism which in a way hijacked the early socialism of Chen Tu-hsiu (Chen Duxiu) 陳獨秀⁹¹, the violent suppression of the 1989 mass protests represented a prelude to the subsequent hijacking of the Hu Yaobang-Zhao Ziyang administration's initiative for politico-economic liberalization⁹² by the strengthening one-party authoritarian State corporatism preferred by Deng Xiaoping who once and again felt wary of and threatened by his protégés' "bourgeois liberalism". The conservative backlash had since worsened the uneasy coexistence of a highly decentralized economic structure with a highly centralized intolerant political regime which has, among other ramifications, stalled the more rational accommodation of ethnic and ethnoregional aspirations and precipitated the horrific events of 14th March 2008 and 5th July 2009.

Yet, the 1989 Beijing massacre could be seen as a wake-up call for the CCP to embark rigorously on a path of continuing economic reform while rolling back the Hu Yaobang-Zhao Ziyang era of limited politico-cultural liberalization (a prominent symbol being the *He Shang* 河殤 [river elegy] documentary⁹³) and the subsequent collapse of Communist Party rule in USSR and Eastern Europe from the end of 1989 to early 1990⁹⁴ had seemed to reaffirm the correctness of such a decision to crack down on the part of the CCP to ensure the survival of its one-party rule. June Fourth could also be seen as a catalyst for the single-minded determination to deliver on the economic front after Deng Xiaoping's "southern tour" (*nanxun* 南巡) later in 1992 to reaffirm the Party's policy of moving forward with economic reform and liberalization, coupled with more determined repression of political dissent. Nevertheless, as Bao (2009) noted:

There are people who said that the crackdown has led to prosperity. What I know is: economic reform created prosperity. It is the people who have, with market economy, crushed the yoke of Mao Zedong to create prosperity. Now there are people who concluded that prosperity is the output of crackdown. Facing the global economic crisis, I do not know whether they are preparing to introduce the experience of crackdown to save the world economy. There

are people who applaud that a muzzled China – a China in Total Silence – has leapt forward to become the world's second largest economic entity – just after the United States; I believe this is true. Under the brutal rule of Kublai Khan, China has so early already been the prosperous paradise witnessed by Marco Polo [...] June Fourth opened up a new phase of Total Silence. After Deng Xiaoping's southern tour, the China in Total Silence reiterated economic reform and wealth redistribution. But who are the beneficiaries of such redistribution in a China in Total Silence?⁹⁵

Such worries are not unfounded. There is indeed little unique for a politically repressive country to achieve economic miracles. Many authoritarian and neo-authoritarian countries have done it before, such as Chiang Kai-shek 蔣介石's Taiwan and Park Chung-hee 박정희 / 朴正熙's South Korea, or in a way even Augusto Pinochet's Chile and Soeharto's Indonesia. In fact, many such countries are among the models CCP's China, in its search for a way forward after 1989, found attractive to consider for emulation.

This year 2011 is the 22nd anniversary of June Fourth. It is also the 92nd anniversary of May Fourth. There are indeed many similarities between May Fourth of 1919 and June Fourth seventy years later – the passion for social reform and national rejuvenation, the resentment against contemporary socio-politico-economic injustice, the call for democracy, science, human rights and modernization (in 1989 very much symbolized by the hugely popular *He Shang* documentary), the forlorn challenge against the overwhelming power of a ruthless State. Like May Fourth of 1919 which, while inclusive of the liberal tradition, eventually turned Chinese intellectuals away from Western liberalism to Bolshevism, planted the seeds of Mao's ascending the Tiananmen on 1st October 1949⁹⁶ and of the contradictions between national rejuvenation, modernization and radicalism, June Fourth of 1989⁹⁷, which happened to coincide with the 200th anniversary of the French Revolution, 70th anniversary of the May Fourth Movement and 40th anniversary of Chinese Communist Party rule, in a way also sowed the seeds of escalating internal contradictions and tension in subsequent policy orientation.

Even not seen in ethnic and ethnoterritorial terms, such social contradictions have manifested themselves in the alarmingly widening income gap, deteriorating socioeconomic inequalities and proliferating social unrest. The State's neurosis towards the meaning of May Fourth, which was supposed to be a national pride, and its link to the spirit of June Fourth, for instance, was manifest in the quiet passing of the recent 92nd anniversary of the May Fourth movement in Beijing and Peking University, the birthplace of the movement. Besides the suppression of freethought and dissent and the ubiquitous "thought police" on campus, Peking University's economics professor Xia Yeliang 夏业良 attributed the dire atmosphere to the government's denial of the universal value of liberal democracy and freedom of expression and

political choice.⁹⁸ In contrast with the students who participated and led the 1989 democracy movement who dared to turn ideals into action, according to Professor Ye, today's students tend to heed their parents' advice to beware of the political minefield given the memory of the 1989 Beijing massacre and the subsequent two decades of relentless repression on dissidents, and increasingly, even civil rights activists and lawyers, which has been seen to be deteriorating recently partly due to the CCP regime's fear of the spread of the tantalizing "jasmine revolutions" from the Arab North Africa and West Asia into this East Asian giant.

However, in the interplay between the State and the civil society, much like what Kristensen's law in public choice theories postulates, the negotiation between human agencies as stated earlier in the previous section tends to be asymmetrical. In entrenching and expanding its power, the ruling regime as a rule would resort to exploit such power asymmetry not only by the overt repression of dissent in the preservation of stability as an ongoing stalemate – one of the possible results of social conflicts from the neo-Marxist perspective – but also by forging and re-forging alliances with societal groups based on common interest and the co-optation of the societal élite including segments of the intelligentsia. All these, of course, depend on the State's ability to monopolize the concentrated means of coercion. In this, China is not unique, as Charles Tilly observed:

At least for the European experience of the past few centuries, a portrait of war makers and state makers as coercive and self-seeking entrepreneurs bears a far greater resemblance to the facts than do its chief alternatives: the idea of a social contract, the idea of an open market in which operators of armies and states offer services to willing consumers, the idea of a society whose shared norms and expectations call forth a certain kind of government.

(Tilly, 1985: 169)

While that brings to mind Thomas Paine's iconoclastic dictum that "government even in its best state is but a necessary evil; in its worst state an intolerable one"⁹⁹, Tilly noted that apologists for a government usually argued that the government offered protection against local and external violence and these apologists called people who complained about the price of protection "anarchists", "subversives", or both at once. Tilly found an analogy of such a government with a racketeer:

But consider the definition of a racketeer as someone who creates a threat and then charges for its reduction. Governments' provision of protection, by this standard, often qualifies as racketeering. To the extent that the threats against which a given government protects its citizens are imaginary or are consequences of its own activities, the government has organized a protection racket. Since governments themselves commonly simulate, stimulate, or even fabricate threats of external war and since the repressive

and extractive activities of governments often constitute the largest current threats to the livelihoods of their own citizens, many governments operate in essentially the same ways as racketeers.

(Tilly, 1985: 171)

Such racketeer governments basically perpetuate their power through violence, in one sense or another:

Back to Machiavelli and Hobbes [...] political observers have recognized that, whatever else they do, governments organize and, wherever possible, monopolize violence. It matters little whether we take violence in a narrow sense, such as damage to persons and objects, or in a broad sense, such as violation of people's desires and interests; by either criterion, governments stand out from other organizations by their tendency to monopolize the concentrated means of violence.

(ibid.)

7.2. From Megaghost to Megastar: A Party Reborn?

The mismatch between the system segments' relations and those of the human agencies, coupled with power asymmetry and one-sided monopoly of violence, gives rise to a situation in which social structural stratification leads to even involuntarily placed agents being transformed into social actors during the process of transforming the structural conditions affecting them – Archer (1988)'s double morphogenesis – while they are endeavouring to realize their undertakings and/or to guard their vested interests, as poignantly struck home in the following diatribe by the observing media against the perpetrator of the June 1989 Beijing massacre:

Not only is Peking a nightmare streetscape awash in atrocity and anguish; the nation at large has become a haunted land. This howling, lurching megaghost is the Chinese Communist Party. In one staggeringly brutal stroke, it shot itself through the heart. It will not recover. A regime that professes itself to be the distillation of popular will has turned on the Chinese people, committing the ultimate sacrilege of eating its own children. Hundreds of China's brightest, most idealistic sons and daughters, their movement commanding wide public sympathy, were nakedly sacrificed to the cause of preserving an élite.

(*Asiaweek*, 16th June 1989, p. 16)

While *Asiaweek* in its 16th June 1989 editorial "The Rape of Peking" lamented a Goya-esque landscape, these lines seem today, by hindsight, a gross underestimation of CCP's resiliency and the effectiveness of authoritarian power, and the importance of the constraints and enablements that depends objectively on the relative social position of the human agents and subjectively on the agents' projects which to a certain extent being adjusted

to possibilities through Bourdieu's "causality of the probable" (Bourdieu, 1974), given the stark asymmetry in power relations and one-sided monopoly of violence.

Meanwhile, building upon the foundation set by the Hu-Zhao administration's audacious reformist programmes, Deng Xiaoping moved forward from where his purged former protégés have left by reinvigorating the post-Tiananmen chilling politico-economic milieu through his *nansun* in 1992, culminating lately in China first superseding Germany to become the world's third largest economy in early 2008, ranked only after the United States of America and Japan, and finally superseding Japan in mid-2010.¹⁰⁰

According to Wang Qinfeng 王秦丰, the deputy head of CCP's Central Committee Organization Department (中共中央组织部), from the 4.48 million party member in 1949 at the founding of PRC, the Chinese Communist Party has grown to comprise over 80 million members by the end of 2010, of whom one quarter were below 35 years old. In fact, about 80 per cent of those who applied to join the party in 2010 were below 35 years old, with the party members with university or other high academic qualifications continuing to increase in number.¹⁰¹ CCP has also been intensively recruiting professionals in private enterprises as party members. For instance, of the 200 employees of the Beijing company Hengtai Shida 恒泰实达 about 10 per cent, mainly from the middle and higher echelons, are now CCP members.¹⁰² On the other hand, Chen Xiqing 陈喜庆, the deputy head of CCP's Central Committee United Front Department (中共中央统战部), declared at a recent press conference that China's "multi-party" system was already perfect, hence there was no need to establish new political parties.¹⁰³ The CCP, according to Chen, has been absorbing the workers, peasants, soldiers as well as members of the intelligentsia as party members, while the eight existing "democratic parties" (*minzhu dangpai* 民主党派) are focusing mainly on recruiting people from the middle and upper social strata, including those in the fields of technology, culture and sports, as their party members. In China's so-called "multi-party cooperation" (*duodang hezuo* 多党合作) system, these "democratic parties" are neither "non-ruling parties" (*zaiyedang* 在野党) nor "opposition parties" (*fanduidang* 反对党), but "participating parties" (*canzhengdang* 参政党). Besides that, according to Chen, there are also "party-less" (*wu dangpai* 无党派) people in the system, comprising those who are not members of these nine political parties.

However, nomination of independent candidates for the county- and village-level elections this year (2011) has apparently been blocked on the ground that the nomination of such independent candidates has no legal basis, while official media are accusing these independent candidates as learning from the Western opposition, creating confrontation, being irresponsible and

causing political hazards in China's society. These independent candidates are also warned not to touch the government's "red line".¹⁰⁴ According to China's electoral law, only the "official representative candidates" are legal candidates for the county and village elections, being nominated and recommended by the political parties, civil organizations and the electorate; hence, these "independent" candidates are considered illegal. For instance, a female *xiagang* worker in Jiangxi Province, Liu Ping 刘萍, was placed under tight police surveillance after she declared her intention to stand in Xinyu 新余 City's Yushui 渝水 District elections. A labour-rights activist, Liu has been arrested before for her *shangfang-weiquan* 上访维权¹⁰⁵ activity and believed that she would be arrested again in the government's attempt to stop her from standing in the coming elections.¹⁰⁶

Hence, while many authors inside and outside China have been lauding the country's "grassroots democratization" and intra-Party reforms as pointing to a promising path of de-authoritarian evolvement, the perception that China is moving out from the "politically closed authoritarian" category of regime type (see taxonomy in Diamond, 2002: 30-31, Table 2) could prove to be as misleadingly whimsical as it is empirical unfounded. Furthermore, past record of mismanagement and repressive, often violent, response to dissent, including the excesses during the Cultural Revolution both in China proper and in the ethnic regions like Tibet and Xinjiang, and the June Fourth atrocities, may not be encouraging for many, as a dissident astrophysicist, exiled after the 1989 Beijing massacre, ruminated:

[...] changes are not devoid of suffering. China has again shed fresh blood, blood which testifies to an oft-proved truth:

- Without respect for human rights, there will be resorting to violence;
- Without tolerance and pluralism, there will be resorting to prison;
- Without democratic checks and balances, there will be resorting to armed coercion.

China's history has long since proven, and continues to prove, that using violence and imprisonment and armed coercion to enforce upon a nation a single belief, a single point of view, a single superstition, will only lead to instability, poverty, and backwardness.

(Fang, 1991: 259)¹⁰⁷

8. Élite as Seemers

Hence shall we see, / If power change purpose, what our seemers be.

– William Shakespeare, *Measure for Measure*, Act I, Scene IV

And as to you, Sir, treacherous in private friendship (for so you have been to me, and that in the day of danger) and a hypocrite in public life, the

world will be puzzled to decide whether you are an apostate or an imposter; whether you have abandoned good principles, or whether you ever had any.

– Thomas Paine, letter to George Washington, 1796¹⁰⁸

While not denying that much progress is required before China turns democratic, Bo (2010) argued against the accusation that the CCP's rule is illegitimate:

It is taken for granted in the Western media and academe that the Chinese Communist Party (CCP) has an issue of political legitimacy. Since China scored very low on a series of widely used international indexes on political openness and governance, it is claimed, the CCP's rule is in a serious legitimacy crisis [...] It is wrong to evaluate the legitimacy of the CCP rule by relying solely on "expert" opinions of the Western academia and media because they are in no position to judge whether the CCP has right to rule or not. To assess the legitimacy of any political regime, we need to see whether such a regime is receptive to the governed. From this perspective, the CCP has no legitimacy crisis. It has been recognized as legitimate internationally as well as by the people of China.

(Bo, 2010: 102, 117)

Yet, according to Arthur Stinchcombe, legitimacy depends rather little on abstract principle or assent of the governed for the "person *over whom power is exercised* is not usually as important as *other power-holders*" (Stinchcombe, 1968: 150, italics in the original)¹⁰⁹ the probability of whose confirmation of the decisions of a given authority constitutes the latter's legitimacy, and these other authorities, as Tilly commented,

[...] are much more likely to confirm the decisions of a challenged authority that controls substantial force; not only fear of retaliation, but also desire to maintain a stable environment recommend that general rule. The rule underscores the importance of the authority's monopoly of force. A tendency to monopolize the means of violence makes a government's claim to provide protection, in either the comforting or the ominous sense of the word, more credible and more difficult to resist.

(Tilly, 1985: 171-172)

It is in this way that these "other power-holders", be they societal pressure groups, professionals, or academics and the intelligentsia, "have been co-opted into the decision-making process, rewarded with perks and privileges, and are no longer available as a source of inspiration [for the dissident activists ...] retreating from 'politically engaged and intellectually oppositional topics' to inquiries reconcilable with the prevailing order and designed to legitimate the hegemonic order" (Benton, 2010: 321-322)¹¹⁰ of a regime claiming credit for the economic successes that brought along heightened international stature

and diplomatic prowess and propounding existing stability as the key to continued economic prosperity which itself being the unfailing characteristic of the Chinese and Chinese diaspora worldwide – achievement which could have come naturally for the people once the Maoist yoke, both in the forms of the suppression of free entrepreneurial spirit and the political horrors, was lifted by the same regime that had foisted that yoke upon the Chinese people for three decades since 1949.

With the carrot-and-stick approach to maintain its survival, the once-brutal-dictatorship-turned-benevolent-*dictablanda* (à la O'Donnell and Schmitter, 1986) has managed to preserve the *status quo* of its own rule as well as the interests of the “other power-holders” by both selling the credit it claimed on behalf the industrious, enterprising and persevering masses whose newly freed entrepreneurial spirit, long-recognized in the communities of their brethren worldwide, resulted from the Party's repudiation of the Maoist policies, has doubtlessly led to the country's economic success during the economic reform decades since 1979, as well as extracting the support of these “other power-holders” who are willing to abdicate their opportunity to rule in exchange for other kinds of protection by the ensuing strong State run by the present regime (Stepan, 1985), in a *faute de mieux* deal much akin to Karl Marx's description of the Bonapartist regime in *The Eighteenth Brumaire of Louis Napoleon* (1852). Marx's classic analysis of Bonapartism as a basis of State autonomy rests mainly in the sharing of common interests between the State and the dominant group, which in the case of contemporary China, the ruling CCP regime and the dominant social élite and groups whose inability to overcome the present State's monopoly of violence to force a regime change has given the Party-State the opportunity to use the leverage gained both to preserve the *status quo* and to propound its claim as the protector of stability and prosperity in exchange for the acceptance of its legitimacy, for even when “a government's use of force imposes a large cost, some people may well decide that the government's other services outbalance the costs of acceding to its monopoly of violence” (Tilly, 1985: 172), though it could turn out to be a Faustian bargain that these social élite and groups might live to rue. In the stylized representation in Yeoh (2010a: 254, Figure 8), proscription of even the slightest manifestation of dissent against the one-party rule has managed to contain societal political action to the routine intra-party politics at the far bottom right-hand corner, despite the sporadic outbursts of people power usually stemming from localized grievances which have always been quickly suppressed. Amidst all this, individual political actors are playing a central role in giving existence to the obduracy of the system, for the causal powers of systems and structures cannot exist without the mediation through the human agency, as Archer (2003) admitted despite her rejection of the theorem of the duality of agency and structure.

“Infidelity,” said Thomas Paine, “does not consist in believing, or in disbelieving, it consists in professing to believe what one does not believe.”¹¹¹ Among members of the political élite, without the pressures from emerging critical junctures (Katznelson, 1971), critical decisions like those coming from Zhao Ziyang and Deng Xiaoping in 1989 are no longer forthcoming, and political decision-makers tend to lapse, for career security, into the safe zone behind the veil of ignorance – postponing critical decisions on the pretext of maintaining stability in the hope that problems would not come to a head so soon or would fade into the background with increasing prosperity – and come to be political seemers characterized by rhetoric barrages of nationalistic rhapsodies and Poolean unspeak¹¹². As a case in point, Premier Wen Jiabao 温家宝 is increasingly being accused by the disillusioned masses of not matching any action to his frequent verbal outburst advocating political reform the details of which have been noted by observers to be much similar to those advocated in Charter 08 which landed its proponent Liu Xiaobo with an 11-year imprisonment.¹¹³

Postponing critical decisions on the last leg of reform – that in the political sphere – could only be postponing the inevitable and in fact accentuating the existing social contradictions, for both the speed and volatility brought about by the country’s breakneck economic transformation under increasing morphogenesis are making whatever State-sanctioned system with the bottom line of one-party rule short-lived in viability when all State-guided *modi vivendi* as such could be at best *pro tem*. The inability to face up to the rapidly changing reality and shifting social context and keep their meta-reflexivity (Archer, 1995) constantly on call to realistically assess their existing *modus vivendi* and to be receptive to a transformative change (Yeoh, 2010a: 285, Figure 21) has trapped the ruling élite, for political survival, in the unwavering upholding of a prolonged stage of morphostasis, being the agency and most powerful institution that is best positioned to block or promote (Yeoh, 2010a: 271-272, Figure 19) the path of morphogenesis, which according to Archer (1995), like morphostasis, is both generated and only exerting causal powers by working through social agents.

Distinctively, Archer’s critical realism grants causal powers to the human agency that are indeducible from or irreducible to the causal powers of society (Archer, 2000). Such endowment of causal powers must be crucial for the Bourdieuvian human agents who, involuntarily occupying social positions that define their life-chances, upon gaining cognizance of their class members’ common interests, are being transformed into Tourainean corporate agents who now set out as social actors to transform society, personalizing the latter as per their ultimate concerns (Bourdieu, 1974; Touraine, 1969, 1973, 1978). It is in this context that, according to Archer, the existing system itself would shape the life-world practices geared towards reproducing, reshaping or

transmuting the system, whose result, not really incompatible with Deng's "river-crossing" dictum¹¹⁴ or Mao's "perpetual revolution", is poised to be contested and modified in the subsequent phase of the series of endless morphogenetic cycles of sociopolitical and sociocultural interaction and systemic conditioning and elaboration.

The political reform much hoped for by China watchers when Hu Jintao 胡锦涛 and Wen Jiabao – both being former colleagues and subordinates of the former reformist premier Zhao Ziyang who was disgraced in 1989 in a power struggle with hardliner Li Peng 李鹏 who subsequently executed Deng Xiaoping's decision for a brutal crackdown on the Beijing-Tiananmen protesters – took over the presidency and premiership respectively has never materialized. Their absence at the memorial service for Zhao, "the conscience of China" placed under house arrest for sixteen long years for his refusal to repent his decision to oppose the 1989 Beijing-Tiananmen crackdown and to urge for the accommodation of the hunger-striking students' demands, when he passed away in 2005 has added to the doubt regarding the degree of their political power in the central politburo.¹¹⁵ The utter cold-heartedness Wen Jiabao exhibited towards the plight of Zhao Ziyang has long puzzled observers of Chinese politics and Zhao's family and relatives have long found chilling. "Take from the mine the coldest, hardest stone, / It needs no fashion: it is Washington. / But if you chisel, let the stroke be rude, / And on his heart engrave – Ingratitude", said Thomas Paine in his unpublished epitaph for George Washington¹¹⁶. While Washington's betrayal of Paine, the little known father of both the French and American revolutions, during the latter's incarceration in Paris waiting to be guillotined was a political necessity given Paine's open espousal of religious unorthodoxy, the 1796's American presidential elections, as well as America's foreign policy turnabout, the same necessity for political survival could probably explain much the behaviour of Wen who survived through both purges of Hu Yaobang 胡耀邦 and Zhao Ziyang. Political seemers they may both be, both Washington and Wen have indeed acted with good political sense as rational human agents interfacing with harsh political realities of their times. Nevertheless, revelations by political analysts based on internal Party sources have shown that, as in the case of Wen Jiabao, the personal allegiance and political orientation of individual political players who were highly visible during those critical junctures like June 1989 might have been greatly misread (see, e.g., Liu, 2010).

The real "ruminating self" that intervenes in between the field and the habitus (*à la* Bourdieu, 1990, 2008) through those soul-trying months of passion and anguish at that critical juncture in 1989 and in the aftermath of the massacre, which constitutes the intercessor that connects the structure's causal powers to agency, may be fully understood only by the particular

human agents themselves whose existential projects that they construct *in foro interno* upon which the actuation of social structures' causal powers through constraints and enablements is contingent (Archer, 2003). It is in this context that human agents act to mediate their own social conditionings as well as effectuate the reproduction or transformation of society. "It is not an accident that Premier Wen Jiabao once called himself 'grandpa Wen' – *Wen yeye* [温爷爷] – in front of the people", noted Hung (2011). In a sense, the role of Wen, long cultivated as the loving grand patriarch who is at every scene of disaster to offer moral care for his "children", is orchestrated to be an on-site projection of the central Party-State as the modern successor of the caring benevolent emperor who was always there to *zuozhu* 做主 (do justice) for his downtrodden subjects and punish his abusive officials, in a system that survives till today in the form of *shangfang* 上访 (travelling to the capital for petitioning) by the abused people suffering in the hands of corrupt local officials. Such an image is crucial to the survival of the Party-State, as any self-seeking dynasty-builder has long been acquainted with, for the mandate of heaven would be lost if that image is shattered – ever since Mencius (Meng Zi 孟子) emphasized two thousand three hundred years ago the people's satisfaction as an indicator of a ruler's moral right to power, and justified the overthrow of an unworthy ruler¹¹⁷.

The ultimate project of a self-seeking State is also manifest in the single-mindedness in pursuing greater economic prosperity, sometimes dubbed "GDPism"¹¹⁸, a crazed quest that is increasingly unfolding in recent years to be at a terrible social cost, epitomized recently by the horrible train mishap in Wenzhou 温州 on 23rd July 2011 – the very Wenzhou that has long found its place in modern Chinese history in the typonym of the "Wenzhou model". The scandalousness of the mishap lies neither in the derailment itself, which is not an uncommon phenomenon in China, nor the scale of the human casualties, nor the unfolding or imminent clampdown on media reportage and civil rights activists and lawyers which has been quite a routine from the Sichuan earthquake's "tofu dregs" school-house scandal to the Sanlu 三鹿 milk contamination disaster, but rather in the scale of the disregard for the dignity of human life. However, the uniqueness of this event, the unusual uproar it has led to stems from the open urban setting of the occurrence that renders surreptitiousness of scandalous actions impossible, unlike, for instance, the case of a similar mishap in Jiangxi on 23rd May 2010 in which the similarly alleged immediate destruction of train wreckage with utter disregard for the victims trapped therein, whom the authorities had hurriedly presumed dead, had also been carried out both to avoid publicity and to speed up the return to normal operation. In the Jiangxi case, the efficient returning the rail segment where the mishap had occurred to operation took even a shorter space of time – merely 16 hours compared to Wenzhou's 34 hours'

duration which is already considered reckless by international standard in the handling of such disasters.¹¹⁹ Wen Jiabao's late appearance in Wenzhou six days after the mishap, while being jeered at by some disbelieving his illness excuse¹²⁰ and rationalized by others in terms of the power struggle between the Hu-Wen and Jiang Zemin 江泽民 factions¹²¹, had followed the now routine format of Wen showing on-site the caring, human face of the Party-State, while the latter began to clamp down on media coverage and social activism stemmed from the incident. Wen's pronouncements at the site of the disaster are apparently, as have become routine in the past calamities, to project the impression of a benevolent central court ruling an impossibly vast country, struggling to keep a rein on the sometimes wayward, corrupt and uncaring local officials.

Nevertheless, as a paramount figure within the gargantuan Party-military-industrial complex that has metamorphosed during the reform years into an incredible modern Leviathan¹²² whose State-capital-collusion reach has since permeated into every corner of the Chinese society, Wen's routine calamity-site pronouncements tend to sound hollow if not pseud. After all, while the perpetuation of one-party rule depends upon the monopoly of violence and ruthless suppression of dissent ever since the June 1989 massacre, the legitimacy of the rule ultimately lies in the ability to maintain the miraculous GDP growth that has brought the country from poverty to prosperity, catapulted the nation to the second place in the world in economic size and given back the Chinese people, whether they be the *Han-jen* 漢人 in the north, *T'ang-jen* 唐人 in the south or the worldwide Chinese diaspora, the long-lost pride, at least in material terms, in the nostalgia for the formidable Han and T'ang dynasties which have been reduced by the early part of the 20th Century to the shameful fate of the "sick man of Asia" and the *bainian guochi* 百年國耻 (hundred years of national humiliation), in a partial redemption for the unspeakable atrocities committed by the Party during the Mao years. Being a political seeder, while riding the waves of the miraculous economic performance that its reborn self has unleashed among the long-suffering Chinese people by lifting the Maoist yoke, the Party has demanded the same gratefulness and reverence long demanded by ancient imperial China's Sons of Heaven for the very economic prosperity that the newly freed, long-suppressed Chinese entrepreneurial spirit has brought to fruition with incredible speed and *geist*.

Nevertheless, a seeder as it is, the Party's ultimate concern is never disguised in the pronouncements of its leaders in party congresses, namely the perpetuation of the anachronistic one-party rule, while rejecting the "bourgeois liberal" practices of multi-party elections and *trias politica* separation of powers, supported by its continued ability to deliver on the economic front as well as to curb social ills resulted from economic

transformation including the rampant corruption and increasing income inequality before they lead to uncontrollable, large-scale system-threatening social protests. This is supported by the ruthless suppression of dissent and nipping any sign of “deviation-amplification” in the bud before it could take the first step to trigger systemic change, all under the façade of territorial unity, political stability and a “harmonious society” (*hexie shehui* 和谐社会), the key conceptual cornerstone since the Sixth Plenary Session of the 16th Central Committee of the Communist Party of China in October 2006 passed the “Resolution on Major Issues Regarding the Building of a Harmonious Socialist Society” (关于构建社会主义和谐社会若干重大问题的决定).

While rumours in cyberspace that the order for the alleged Wenzhou cover-up attempt immediately after the derailment had in fact come from the central State at a level beyond the Ministry of Railways could probably never be confirmed or refuted in a governing environment of lies and deceptions, the central Party-State’s paramount priority of maintaining a “harmonious society” and the “stability above all else” prime directive would have had a primary impact on local-tier decision-makers’ policy choices. Take the case of the famous Weng’an incident of 2008 that shocked the nation, when tens of thousands of people walked the streets of Weng’an, Guizhou Province, on 28th June 2008, attacking police and burning law enforcement vehicles and government offices after the suspicious death of a beautiful young schoolgirl Li Shufen 李树芬, discovered at 1 a.m. of 22nd June 2008 drowned at the Daan Bridge 大堰桥 of the Ximen River 西门河. Three persons were present at the scene: Li’s female schoolmate Wang Jiao 王娇 and two male brick factory workers Chen Guangquan 陈光权 and Liu Yanchao 刘言超. Li’s family members believed that she was brutally raped and murdered and Wang, Chen and Liu were the prime suspects. There were even rumours that thugs were hired to rape and murder Li to punish her for refusing to submit to plagiarism demands during school examination, and that the perpetrators of this hideous crime had kinship relations with the county’s party secretary Wang 王 and the provincial public security department head Jiang 姜. Official autopsy results, however, stated that Li had committed suicide and drowned, and Wang, Chen and Liu were released before the first autopsy even began. While it is a social fact that rapid economic transformation during the reform era has brought about overall concomitant rise in crime – the *2010 Blue Book of China’s Society* reported 12,000 cases of homicide (increase of 0.4 per cent from the previous year), 28,000 cases of rape (11.4 per cent increase), 6,064 cases of arson (26.4 per cent increase), 1,045 cases of planting of dangerous material (37.5 per cent increase) and 237,000 cases of robbery (6.7 per cent rise) in the first ten months of 2009 (Fan, Song and Yan, 2009: 86)¹²³ – and indeed acute social contradictions, deteriorating social order and State-civil society relations, out-of-control crime, worsening income and wealth disparity

Table 16 State's vs Society's Version of the Case of Li Shufen

	What the people believed	Government's version
Cause of death	Li Shufen was brutally raped and murdered	Li Shufen jumped into the river herself and drowned
Background of Wang Jiao, Chen Guangquan and Liu Yanchao who were present at Li Shufen's death	Kinship relations with party secretary Wang of the county, or related to Jiang, head of the provincial public security department	Parents of all three were peasants in the village, not relatives of the party secretary
How were Li Shufen's family members beaten up?	Li Shufen's uncle, grandfather and grandmother were beaten up, lying with critical injuries in the hospital; her aunt was locked up at the police station, with her hair cut off; her uncle was beaten up by public security (police) and injured during argument	Li Shufen's grandfather, grandmother and aunt were not beaten up, neither were they locked up at the police station; her uncle was not beaten up by the police – he was in fact beaten up by somebody in front of an insurance company and the case was being investigated
Who recovered Li Shufen's body from the river?	Li Xiuzhong 李秀忠, her uncle	Fire brigade
Autopsy on 25th June 2008	Public security and armed police had come to take the body away for autopsy but were disallowed by the people; public security finally took away Li Shufen's internal organs, hence Li's body in the coffin was without internal organs	Li Shufen's family members agreed to drowning as the cause of death but refused to let the body be buried; they were asking the public security department to order Wang Jiao, Liu Yanchao and Chen Guangquan to pay a compensation of 500,000 yuan

in Weng'an, a mining county with a highly-mixed ethnic minority and Han Chinese population of 460,000, has often been blamed for the June 2008 riots, the standard official “black box” approach, as in so many other cases throughout the country, had served to accentuate the people’s distrust of the government and fed further the rumour mill (Table 16¹²⁴) and pushed the situation to the boiling point.

Covering up and news blackout have become a routine and standard procedure. In the Li Shufen case, for instance, the government had moved swiftly to impose *si feng* 四封 (“four blockades”), i.e. *feng wang* 封网 (blocking the Internet), *feng cheng* 封城 (blocking the town), *feng tongxin* 封通信 (blocking mails) and *feng jizhe* 封记者 (blocking reporters). As a result, the mainstream media simply reflected the standardized version from the local government officials, Internet postings were severely cut, people involved were kept out of reach of the press, and many family members of the victim disappeared for many days before reappearing to tell the press about their full support for *hexie* 和谐¹²⁵ (“harmony”). In the parlance of the sarcastic Chinese netizens, they had already been “harmonized” (*bei hexie* 被和谐) while Li Shufen had been “suicided” (*bei zisha* 被自杀).¹²⁶ Just like in the case of the Wenzhou derailment and many other cases, while such State response can be blamed on the local governments and their officials, what lies behind is ultimately the central Party-State’s paramount concern over any perceived threat to a “harmonious society” and the “stability above all else” bottom line that it sees as a cornerstone, besides economic prosperity and the monopoly of violence, of the perpetuation of its one-party rule.

However, the ultimate question remains: Can social harmony be imposed top-down by State coercion and relentless suppression of dissent in a legal system devoid of judicial independence? Such a question is indeed futile as there has never been any pretension in the party leaders’ pronouncements that the fundamental concern represents anything other than the ultimate aim of perpetuating the one-party rule of the CCP which looks upon itself to be the only political organization in modern Chinese history that has been proven to be able to advance the livelihood of the Chinese people and make China a great and proud nation – a mentality described by China’s well-known writer Han Han 韩寒 recently in his weblog after the Wenzhou derailment as follows: “They feel that, from a larger perspective, ‘We’ve organized the Olympics, we’ve abolished the agricultural tax, yet you’re not applauding but instead always making a great fuss about trivialities – What are you up to? Originally we could be tighter in politics than North Korea, poorer in economy than Sudan, more ruthless in governing than the Khmer Rouge, because we have a much larger army than they do, but we aren’t. Yet you do not show your gratitude, but want us to apologize ...”¹²⁷

9. Middle Class, Trade Unionism and Dissent

Recent years have witnessed an increasing interest in the sociopolitical attitude of the country's rapidly growing middle class and the changing behaviour of the workers amidst the demise of the State monopsony of labour, the rapid development of marketization, the inflow of foreign investments and the growth of China into the "factory of the world".

9.1. Rise of the Middle Class and Extra-Party Activism

He bade me observe it, and I should always find, that the calamities of life were shared among the upper and lower part of mankind; but that the middle station had the fewest disasters.

– Daniel Defoe (1719), *Robinson Crusoe*, Ch. I

The existence of a middle class in the conventional sense of the term is still a debatable issue in China. For instance, according to Li (2008)¹²⁸, it may not be appropriate to identify the Chinese "middle class" before China enters the stage of late industrialization or post-industrialization, as the majority of the Chinese white-collar service-sector professionals are part of the upper classes of the cadres and the reborn bourgeoisie. The speed with which this presently illusive class is going to emerge unequivocally in the changing class pyramid depends of course on the dynamics of social mobility in the long process of modern Chinese industrialization. The impacts of China's economic reforms in the post-Mao period especially since the critical juncture of 1989 (a catalyst that led to Deng Xiaoping's reaffirmation of the path of reform in his *nanxun* in 1992) on social mobility have been tremendous, and their significance is outstanding especially in view of the barriers that existed just before the reforms began, viz. the *hukou* 户口/*huji* 户籍 system, administrative documentation system and political status (ideological) barrier.

Nevertheless, amidst the prevalent confusion over the definition and the characterization of China's urban middle class, some researchers have been trying to estimate its size. While Zhou Xiaohong claimed that 11.9 per cent of the urban residents of Beijing, Shanghai, Nanjing, Guangzhou and Wuhan belonged to the middle class as defined by occupation, educational background and income (Zhou (ed.), 2005: 45), Li Chunling estimated the middle classes of China to be 15.9 per cent by occupational definition, 24.6 per cent by the income definition, 35.0 per cent by consumption-level definition, and 46.8 per cent by respondent's identification (Li, 2005: 512). However, in an earlier paper Li identified just 4.1 per cent of total population in China who fulfilled the four definitions though the number increased to 8.7 per cent if the focus was just on the urban district (Li, 2004: 62).¹²⁹ On the other hand, according to data from the China General Social Survey (CGSS)

carried out by the Renmin University and Hong Kong University of Science and Technology in 2006, China's middle class constituted about 22 per cent of the total population (see Yang, 2010: 438).

While Western journalists and social scientists tend to see the emergence of the Chinese urban middle class as conducive to political reforms and democratization, exemplified by American columnist Nicholas Kristof's comment that "Western investment in China would bring a desire for 'bourgeois' democratic freedom in China" (cited in Mann, 2007: 49), Chinese sociologists have focused more on the necessity to enlarge the urban middle class to attain sociopolitical stability – as in "buffering" social conflicts caused by the bipolarization of the poor and the rich (Zhang, 2004: 271).¹³⁰ According to Zhang Wanli, this "buffering function" is the first of the three functions of the Chinese middle class, the other two being the role model of the acquisition of social status in a just and fair manner and the "behavioural role model of the socialist market economy and modern social value" (Zhang, 2004: 271-272). Given the fact that unlike its Western counterpart, the Chinese middle class, besides the white-collar workers and well-educated professionals, also includes the reemerging bourgeoisie – the 2.6 per cent (2006 figure) of China's population comprising mostly owners of small- or medium-sized enterprises – according to Yang (2010), as long as "the majority of the middle class are able to maintain their current lifestyle despite the social policy reform, the force of democratization is unlikely to become strong" (Yang, 2010: 437), and with the majority of them hoping "to benefit from the economic growth and maintain their current lifestyle; they are therefore more prepared to be subservient to an authoritarian state for economic security and sociopolitical stability" (*ibid.*: 452, citing the findings of Li, 2009).

In spite of the fact that extra-Party activism remains disjointed today, Benton (2010: 323) pointed out two positive developments for the democracy movement, namely, the germination in the political sphere of a systematic alternative to the politics of the Chinese Communist Party and the growing trend towards an independent labour movement. Despite what has been said above regarding the middle class in contemporary China, it has to be admitted that the country's middle class is indeed a highly heterogeneous group. Yang (2010) noted the difference in sociopolitical outlook between the old middle class (mainly referring to the self-employed, small merchants and manufacturers whose emergence can be attributed to the early market liberalization in the 1980s) and the new middle class (emerged in the 1990s, mainly salaried professionals and technical and administrative employees who work in large corporations).¹³¹

In contrast to the democratic consciousness and sense of social justice of the new middle class and "marginal middle class" (the latter referring to the sales and service workers and the middle/lower-level clerical workers),

the old middle class tends to care more about its own financial situation and “hold relatively conservative political views and are more likely to support state authoritarianism and have the least consciousness of social inequality and justice” (*ibid.*: 452). The rapid transition from the command economy to free market with extensive economic decentralization has engendered an interdependent patron-client relationship between local government officials and the private entrepreneurs who have in turn also adopted a series of adaptive strategies and close ties with local government officials, which essentially prevent them from being a force for change, and since many of them rely heavily on government patronage for their success in profit-making, it is not a surprise that they are among CCP’s most important bases of support (*ibid.*: 452-454)¹³².

Nevertheless, the new middle class, who has emerged and expanded rapidly since the 1990s and soon overshadowed the old middle class in terms of status and prestige, is shown by the CGSS 2006 to exhibit the most democratic consciousness while the marginal middle class is shown to be comparatively more vulnerable and hence more sympathetic towards the lower class and exhibit a strong sense of social justice and democracy (*ibid.*: 437, 452-453, Table 9). Their existence and their sociopolitical outlook have definitely contributed to the birth of a coherent and organized political opposition culminating in the Charter 08 which called for liberal democracy, political federalism and an end to one-party rule, twenty years after the June Fourth Beijing-Tiananmen tragedy, three decades after Democracy Wall, and nine decades after the May Fourth Movement. Feng Chongyi 冯崇义, who called the Charter “the most important collective expression of Chinese liberal thought to emerge since the founding of the People’s Republic in 1949”, pointed out that the imprisonment of Liu Xiaobo “has not succeeded in forcing one single signatory to withdraw, nor has it prevented more than ten thousand Chinese at home and abroad from adding their names to the document” although he conceded that it might have led “many more who share the values and aspirations of Charter 08 to remain silent” (Feng, 2010)¹³³.

9.2. Working Class and Trade Unionism

The workers have nothing to lose but their chains. They have a world to gain.

– Karl Marx and Friedrich Engels (1872), *The Communist Manifesto*

Regarding the trade union movement, when electrician Wei Jingsheng put up his manifesto “The Fifth Modernization” (i.e. democracy, in addition to the pursuit of the “Four Modernizations” of China’s agricultural, industrial, national defense and science sectors declared by Deng Xiaoping) on the

“Democracy Wall” on the morning of 5th December 1978 at a busy city intersection not far from the Tiananmen Square – an action that landed him a 15-year jail term and continuous subsequent persecution – no independent trade union existed in the country and Wei did not brought about one like *Solidarność* which emerged after his Polish electrician counterpart Lech Wałęsa scaled the fence of Gdańsk’s Lenin Shipyard in 1980. When Han Dongfang 韩东方 convened the Autonomous Workers’ Federation in Beijing during the student-led demonstrations of 1989, independent trade unions had also not yet emerged.

Then during the first half of 2010 while the nation and indeed the world were shocked, transfixed by and perplexed with the spate of suicides and attempted suicides¹³⁴ at the Foxconn conglomerate’s factory in Shenzhen, Guangdong Province, that resulted in the death or injury of more than a dozen workers within the short span of about 4 months from the first suicide on 23rd January 2010 to the end of May (which continued with the fatal thirteenth and fourteenth “jumps” at its factories in Foshan 佛山, Guangdong, and Kunshan 昆山, Jiangsu, respectively on 20th July and 4th August¹³⁵, and a 17th “jump” back in Shenzhen on 19th July 2011 bringing the total number of casualties to fifteen¹³⁶), workers in some other enterprises in the country, such as Honda’s plant in Foshan, were seen organizing strikes seeking higher wages and better working conditions – a phenomenon unseen before in this state of the dictatorship of the proletariat ostensibly heeding Marx and Engels’s call of “Workers of the world, unite!”¹³⁷ These striking Honda workers were observed to be “well organized, strategic and assertive, demanding sizeable wage increases, proposing a pay scale and a career ladder, electing their own representatives, re-electing office-bearers to their union branch and demonstrating solidarity and a determination to win”¹³⁸. Indeed, as Benton observed:

[...] collective bargaining by elected shop stewards is now a feature of industrial relations in some factories. More and more workers, emboldened by legislation designed to strengthen their contractual rights, are calling for greater rights, and a few are calling for trade unions separate from the state-controlled National Federation of Trade Unions.

(Benton, 2010: 323)

Indeed increasingly the All China Federation of Trade Unions (ACFTU) – the only legal trade union in China, which in 2008 had a total of 212 million members and a union density (percentage of employees belonging to unions) of 73.7 per cent, making it the world’s largest union with more members than those of the rest of the world’s trade unions put together – has been criticized by Chinese and foreign labour activists and scholars for its inability to protect Chinese workers’ rights (Qi, 2010: 421-422). Unlike trade unions in the West

which represent autonomous labour organizations reflecting workers' interests, a Chinese trade union is in fact just one of the State apparatuses serving governmental goals through mediating labour relations in the country (see the relationship between ACFTU and the Party-State in Qi, 2010: 424, Figure 2), and together with the China Communist Youth League and the All-China Women's Federation, the ACFTU is defined by the CCP as an important social pillar for its regime stability:

[...] as one of the government agencies, the ACFTU and its local branches are able to protect labour rights only to the extent that the government allows. For most local governments, labour relation is of a much lower priority than developing local GDP. If they have to develop local economy at the expense of labour rights, they usually would not hesitate to do so. Therefore, the major role of the ACFTU and its local branches is to help the governments achieve economic goals through maintaining stable labour relations. The grassroots trade unions at the workplace level are supposedly under the jurisdiction of the ACFTU's local branches. Like ACFTU and its local branches, which are subordinated to the government at the same level, workplace unions are actually controlled by the workplace management. As a result, they also lack motivation and power to proactively protect workers' interests in their respective workplaces.

(*ibid.*: 422-423)

Referring to the worker suicides at Foxconn and the migrant worker strikes at the Honda automotive company, Anita Chan 陳佩華 noted that "at Foxconn, the union did not even come forward to make a statement. And at Honda, the union blatantly sided with the local government, which in turn was on the side of the employer"¹³⁹. In fact, Chan observed that the migrant workers were having a stereotypical image that the official trade unions are "useless" (*ibid.*).

In the process of maintaining a tight grip on political power in ensuring the CCP's perpetuation of its Party-State monopoly while delivering on the economic front and bringing prosperity and wellbeing to the long-suffering people of this giant country, the neo-authoritarian developmentalism followed since June Fourth could be leading the country on a path threaded before by various East Asian countries like Taiwan (Republic of China) and Singapore – a model sometimes termed "State corporatism". When the enraged and desperate Beijing citizens yelled "fascists" at the rampaging PLA armoured vehicles on that murderous night of 3rd-4th June 1989, when Chai Ling in hiding screamed "fascists" in her taped condemnation of the massacre shortly following that night of terror, when that lone individual¹⁴⁰ stood in front of and blocked a column of tanks signifying terrifying State power in that poignant image reminiscent of Pablo Picasso's *Guernica*¹⁴¹, when melancholy and despair descended upon and the tune of *Xueran de Fengcai*

血染的风采¹⁴² surrounded the hunger strikers in the Tiananmen Square, there was little telling of the course to come to pass in China's subsequent political evolution. "Fascism" could eventually prove to be an overstatement – other than that night's slaughter and subsequent arrests and executions, nothing that came in this one-party state in the aftermath of June Fourth remotely approached Franco's repression against the defeated Republicans and their supporters in the dictator's "no-party" state¹⁴³ immediately following the end of the civil war, though the term could still be in a certain way fitting if it is defined as the requirement for the faith in and unquestioning loyalty to the one-party State (or in the case of Franco's Spain, in particular to the *Caudillo*). The post-June Fourth State corporatism, or referred to by some observers as "Leninist corporatism"¹⁴⁴, could provide a closer resemblance to Franco's *Nuevo Estado* (New State), and the "harmonious society" vision declared in recent years does recall Franco's vision of social cohesion and harmonious relationship between employers and workers via corporatism that would promote a close collaboration between them under the direction of the State and his corporatist policies to regulate the economy by controlling the conditions of work, wages, prices, production and exchange.

On the other hand, illegal independent trade unions which have emerged sporadically in China since the 1980s were swiftly persecuted by the government which is obviously wary of the possible birth of a Chinese version of *Solidarność*. Being uncompromisingly against independent trade unions, the CCP regime has in fact not been seen to be soft towards strikers in State-owned enterprises but holds a double standard towards strikers in foreign-owned plants on whom it is not only less likely to crack down but whose industrial actions it may even try to use "to blow new life into the official unions, bring the activists under control, get a handle on foreign firms, and play up to nationalist sentiments" (Benton, 2010: 323).

Such double standard, nevertheless, could carry inherent risks because like Tarschys' law in public choice theories, demonstration effects might work if workers in foreign-owned factories were to have their way since "wages, rights, and conditions in Chinese-owned factories are usually even worse than in foreign-owned ones" (*ibid.*). Furthermore, nationalist sentiments have always been known to be a double-edged sword. The nationalistic *fenqing* 愤青 ("angry youths"), who form the backbone of what Yang and Lim (2010) called the third wave of Chinese nationalism, for instance are observed to be not only unhappy with the Western countries, but also with the domestic situation in China. The *fenqing*, being born out of the marginalized New Left after the mid-1990s due the Zhu Rongji 朱榕基 administration's radical reform policies of corporatization and privatization, besides being unhappy with the perceived unfair treatment of China by the West – a feeling manifested in the 2009 bestselling book *Zhongguo Bu Gaoxing* 中国不高兴

[unhappy China], are also unhappy with the perceived pro-Western orientation in the Chinese government's policymaking and China's rapid integration with the international economic order and its neo-liberal economic policy that causes over-marketization and commercialization that they are blaming for the country's increasing income disparities and social ills (*ibid.*: 477). "[W]hen the goals of the state and society are identical, the power of nationalism tends to be strong. But when their goals are different, the power of nationalism will be constrained", commented Yang and Lim, for nationalism does not always complement the interest of the government: "The government and social forces might perceive and define China's national interest differently. If the government does not control or guide various nationalistic forces with care, the greatest impact will be dealt on China's domestic policies rather than on the external front." (*ibid.*: 479) Top on the list of domestic challenges is of course none other than reform-era China's attention-grabbing retreat from equality, as discussed earlier in this paper.

10. Conclusion

And as imagination bodies forth / The forms of things unknown, the poet's
pen / Turns them to shapes, and gives to airy nothing / A local habitation
and a name.

– William Shakespeare, *A Midsummer Night's Dream*, Act V, Scene I

We have it in our power to begin the world over again.

– Thomas Paine (1776), *Common Sense*, Appendix to the Third Edition

This paper began by purveying various key issues underlying China's social transition, such as poverty, inequality and social stratification, ethnoregional disparities and contradictions, rise of the middle class, development of trade unionism, and the relations between structure and agency within the overall political milieu in contemporary China where social change is moving apace amidst astounding economic transformation. Ironically, as pointed out in the paper, some factors which at first look seem to be system-threatening may instead work for the ruling regime's advantage. According to Perry (2002), for instance, social protests in today's China constitute one of the major components of social stability, as the protests serve as checks against the leaders' abuse of power and as mechanisms ensuring the accountability of the government, thereby "undergirding rather than undermining the political system" in China's authoritarian polity where multi-party competitive elections do not exist to provide an effective check on the misbehaviour of State authorities.¹⁴⁵ In addition, Tong and Lei (2010: 499-500) considered large-scale mass incidents driven by economic grievances, which were due to "the misconduct of local officials or the process of socioeconomic

transformation when there was a lack of experience in handling these problems or the lack of proper regulations”, as not regime-threatening because by asking the government to *zuozhu* (enforce justice), the protests had in fact endorsed the legitimacy of the regime, and as long as the regime had plenty of financial resources to satisfy the protesters’ demands – hence the significance of GDPism as a cornerstone of regime maintenance – it further consolidates its legitimacy. On the other hand, in the case of inequality, Friedman (2009) argued that the beneficiaries of economic growth were able to find their own individual solutions to their problems and resigned themselves to an authoritarian government as a defense against the threat from potentially vengeful losers in the market economy, thereby rendering social polarization inconducive to democratic sentiment among them.¹⁴⁶

Green (2008) showed the process of social change typically involving a combination of four different components: context (the environment within which changes take place, thus crucial in determining the nature and direction of change), institutions (the organizations and rules, both formal and informal, that establish the “rules of the game” governing the behaviour of agents – including culture, family structure, civil service, private sector, governmental system, patron-client network, etc.), agents (organizations and individuals actively involved in promoting or blocking change, e.g. ruling party, social movements, political and business élite, military and police, inspirational leaders, social entrepreneurs) and events (one-off events triggering wider change and being key catalysts for social and political changes, e.g. wars, pandemics like AIDS, SARS, A(H1N1), civil conflicts such as “mass incidents”, ethnic or ethnoregional riots, demonstrations and crackdowns, natural disasters, economic crises).¹⁴⁷ As mentioned earlier, Archer’s double morphogenesis sees both structure and human agency as cojoint products of interaction. Upon the praxis between operating structures and purposely acting human agents, agency is constantly shaped by structure which in turn is being reshaped in the process. Hence, finally, it needs to be noted that amidst the dynamic interplay of such an array of critical socioeconomic factors that underlie the surging currents of social change, be they the overt or subliminal emergent changes that tend to act to subvert the stability of well laid-out projectable changes envisaged by the ruling regime (Yeoh, 2010a) or an illusive transformative change biding its time prior to a critical point of bifurcation as pointed out by the chaos theory (*ibid.*; Prigogine and Stengers, 1984), the role of the individual as a catalyst for change cannot be underestimated, even if the long-term impact of the individual’s action is not immediately explicit and the lone crusade involved does not receive adequate sympathy of the wider public. Such is the tragedy of the commons (*à la* Hardin, 1968) resulted from incomplete feedback loops, among others.

On the other hand, the duality of structure and agency pointed out by the structuration theory implies that there exists a symbiotic relationship between structures that shape agencies' motives into practices and agencies whose routine practices in turn create structures. None can exist without the other. For instance, the brutal crushing of the democracy movement of 1989 "were of such magnitude that they continue to reverberate in people's imagination and the collective memory – and in the sleep of party leaders and officials, as a nightmare", commented Benton (2010: 322), "The experience of facing down the government created a generation no longer prepared to act as an off-stage army for party factions, an attitude passed on to the protestors' children. Although most of the 1989 generation have stopped being active, some continue to work for political and social change. The Chinese democracy movement in exile has survived in the current harsh environment and there have been many attempts to organize a political opposition in China, for example, the establishment of the China Democracy Party in 1998." After all, individuals, who together form social movements, are at the very foundations of all socioeconomic and sociopolitical changes.

Notes

- * Dr Emile Kok-Kheng Yeoh 楊國慶 is Director and Associate Professor of the Institute of China Studies, University of Malaya, Malaysia. Emile graduated with a PhD from the University of Bradford, West Yorkshire, England (1998), and his research interests include institutional economics, China studies, decentralization and fiscal federalism, and socioracial diversity and the role of the State in economic development. His works have been published in journals and occasional paper series such as *The Copenhagen Journal of Asian Studies*, *GeoJournal: An International Journal on Human Geography and Environmental Sciences*, *International Journal of China Studies*, *Malaysian Journal of Economic Studies* and the *Copenhagen Discussion Paper* series, and his recent books, as both editor and contributor, include *Ethnic Interaction and Segregation on Campus and at the Workplace* (2004), *Economic Kaleidoscope* (2005), *China and Malaysia in a Globalizing World* (2006), *Emerging Trading Nation in an Integrating World* (2007), *Facets of a Transforming China* (2008), *China in the World* (2008), *CJAS Special Issue (26(2)): Transforming China* (2008), *Regional Political Economy of China Ascendant* (2009), *China-ASEAN Relation* (2009), *Towards Pax Sinica?* (2009), *IJCS Special Issue (1(1)): Changing China* (2010), *East Asian Regional Integration* (2010) and *IJCS Special Issue (1(2)): Social Change in the Age of Reform* (2010). <Email: emileyeo@correo.nyu.edu, emileyeo@gmail.com>
1. <<http://www.china.org.cn/english/congress/227029.htm>>
 2. The Millennium Development Goals (MDGs) totaled 18. They are (1) Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day; (2) Halve, between 1990 and 2015, the proportion of people who

suffer from hunger; (3) By 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling; (4) Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015; (5) Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate; (6) Reduce the maternal mortality ratio by three-quarters between 1990 and 2015; (7) Have halted by 2015, and begun to reverse, the spread of HIV/AIDS; (8) Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases; (9) Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources; (10) Halve, by 2015, the proportion of people without sustainable access to safe drinking water; (11) Have achieved, by 2020, a significant improvement in the lives of at least 100 million slum dwellers; (12) Develop further an open, rule-based, predictable, non-discriminatory trading and financial system; (13) Address the special needs of the least developed countries (... enhanced program of debt relief for and cancellation of official bilateral debt ...); (14) Address the special needs of landlocked countries and small island developing states ...; (15) Deal comprehensively with the debt problems of developing countries through national and international measures; (16) In cooperation with developing countries, develop and implement strategies for decent and productive work for youth; (17) In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries; and (18) In cooperation with the private sector, make available the benefits of new technologies, especially information and communications (summarized by Woo *et al.*, 2004).

3. Bert Hoffman, "Access to Opportunity Eases Income Inequality", *The Star* (Malaysian daily), 21st January 2006.
4. Or more officially, the "Communist Party of China" (CPC).
5. Yan (2010: 179), based on data from *China Statistical Yearbook 2008*.
6. In general, though not totally without ambiguity, "private entrepreneurs" or "private enterprise owners" (*siying qiyezhǔ* 私营企业主 / *minyǐng qiyejiā* 民营企业企业家) here refer mainly to owners of domestic individually owned, family-based or shareholding firms with eight or more employees though joint ventures and wholly foreign-owned firms are not by definition excluded, while individual entrepreneurs who employ fewer than eight employees are referred to as "self-employed" / *getihu* 个体户. For more details on the ten major social strata, see Li and Chen (2004: 13), Figure 1-3, and Yeoh (2010a: 270), Figure 18.
7. Referring to the 22 *sheng* 省 (i.e. provinces), 5 *zìzhìqū* 自治区 (i.e. "autonomous regions" – each a first-level administrative subdivision having its own local government, and a minority entity that has a higher population of a particular minority ethnic group – of Guangxi of the Zhuang, Nei Monggol/Inner Mongolia of the Mongols, Ningxia of the Hui, Xizang/Tibet of the Tibetans and Xinjiang of the Uyghurs) and 4 *zhíxiáshì* 直辖市 (municipalities with province status, directly under the central government – Beijing, Tianjin, Shanghai and Chongqing).
8. The largest denomination of China's renminbi 人民币 ("people's currency", Rmb) is yuan 元 / 圆 (Latinized symbol ¥ or ¥), a term with cognates in the

- Japanese yen or en 円 (from 圓; Latinized symbol ¥) and Korean wŏn 원 / 圓 (Latinized symbol ₩). A yuan is equivalent to about US\$0.146.
9. The ethnic fractionalization index (EFI, see Yeoh, 2003: 28) used to show provincial ethnic diversity is constructed through the computational procedure of Rae and Taylor's index of fragmentation (F), defined as the probability that a randomly selected pair of individuals in a society will belong to different groups (Rae and Taylor, 1970: 22-3). The index varies from 0 to 1. The value is zero for a completely homogeneous country (the probability of belonging to different groups is nil). The value 1 occurs in the hypothetical society where each individual belongs to a different group. The fragmentation index is identical to Rae's measure of party system fractionalization (Rae, 1967: 55-8) and Greenberg's measure of linguistic diversity (Greenberg, 1956).
 10. The official population figures for Tibet which was used to compute EFI in Figure 11 differ much from certain unofficial ones. The official figures have been disputed by the Tibetan government-in-exile who claims that "accelerating Han population transfer into Tibet ... has reduced the Tibetan people to a minority in their own land ... [and today] there are over 7.5 million non-Tibetan settlers in Tibet including Chinese and Hui Muslims, compared to six million Tibetans" (Cook and Murray, 2001: 141). However, such allegations of population transfer is rebutted by the Beijing government, who argues that "the only Han Chinese living in Tibet are specialists who have gone there voluntarily to help in the region's development ... [and they] make up less than five per cent of the population and many of the people are there for only a few years before returning home" (*ibid.*).
 11. As the applicant of poverty relief fund and the last user of the funds, the county (*xian*) is the most important and basic unit in the work of poverty alleviation (Chai *et al.*, 2004: 16).
 12. Friedrich Nietzsche, *Jenseits von Gut und Böse: Vorspiel einer Philosophie der Zukunft* (1886), translated by R.J. Hollingdale as *Beyond Good and Evil: Prelude to a Philosophy of the Future* (1973), reprinted with revisions and an introduction by Michael Tanner (1990), London: Penguin Books.
 13. 1 *mu* 亩 = 0.0667 hectares.
 14. 东方日报 (*Oriental Daily News/ODN*, Malaysian daily), 26th July 2011.
 15. *Ibid.*
 16. *ODN*, 31st May 2011.
 17. Due to the abnormal size of China's population and in particular the size of China's citizens of the Han ethnicity, a distortion or misrepresentation emerges in the application of the term "multiethnic" to China as the country's large populations of minorities – about 110 million in total, including the 16 million Zhuang, 10 million Manchu, 9 million Hui, 8 million Uyghurs, 5 million Mongols and 5 million Tibetans – are practically dwarfed almost to invisibility by the sheer size of the Han population (about 92 per cent of the total population of China). In fact, based on the "critical mass" theory (advanced, among others, by Semyonov and Tyree [1981]), societies are considered multiethnic only if minorities constitute more than ten per cent of their population.
 18. *ODN*, 29th May 2011.

19. *ODN*, 29th May 2011.
20. *Ibid.*
21. Or the “Inner Mongolian People’s Revolutionary Party” (“Dotoyadu Mongyol-un Arad-un Qubisqal-un Nam” in Mongolian) which was founded in 1925, allied to the CCP. The party was dissolved in 1946.
22. Such harsh landscape has been the object of lamentation since ancient days, as the Tang 唐 dynasty poet Li Bai 李白 grieved in his immortal poem *Shu Dao Nan* 蜀道难 [Hard Roads in Sichuan]: “Yiyu! Xi! / Wei hu gao zai! / Shu dao zhi nan nan yu shang qingtian ... Huanghe zhi fei shang bude guo / Yuanrou yu du chou panyuan ... Qi xian ye ruo chi / Jie er yuandao zhi ren hu wei hu lai zai? ...” [Oh / but it is high and very dangerous! / Such traveling on the roads of Sichuan is harder than scaling the blue sky ... Such height would be hard going even for a yellow crane / So pity the poor monkeys who have only paws to use ... With all this danger upon danger / Why are you people from far away still coming here? ...]
23. *ODN*, 4th March 2008.
24. Opening words of Thomas Paine’s *The American Crisis*, pamphlet I, 23rd December 1776 (first appeared in the *Pennsylvania Journal*, 19th December 1776).
25. Cited by Tong and Lei (2010: 488), the 2008 figure being from an estimate reported by Andrew Jacobs, “Dragons, Dancing Ones, Set-off a Riot in China”, *New York Times*, 10th February 2009, and an estimate of 90,000 such incidents annually for 2007, 2008, and 2009 being quoted from a Chinese insider by John Garnaut, “China Insider Sees Revolution Brewing”, *Sidney Morning Herald*, 2nd March 2010.
26. The term “xiagang” refers to redundant workers mainly at State enterprises, without directly describing them as “unemployed”. Still officially attached to their work units or enterprises, the *xiagang* workers continue to receive basic minimum subsidies for their living and medical expenses, and are encouraged to change job, probably through State-run job and re-employment centres, or go into small businesses. In line with State enterprise reforms, the number of *xiagang* workers has been on the rise: 4 million in 1995, 8 million in 1996, 12 million in 1997, 16 million in 1998, 20 million in 1999, though dropping to 11 million in 2001. (Zhou, 2006: 289)
27. See Chen (2004: 32), cited in Tong and Lei (2010: 488-489).
28. *ODN*, 13th June 2011, 18th June 2011.
29. *ODN*, 12th June 2011, 18th June 2011.
30. *ODN*, 14th June 2011.
31. In contrast with “free-floating aggression”, the more general concept of “scapegoating” is reserved for the transfer of hostility towards any object (Turner and Killian, 1957:19).
32. Or paraphrasing *Yazhou Zhoukan*, “the hundred days of People Power that made one proud to be a Chinese” (“Preface”, *Yazhou Zhoukan*, 1989: 4).
33. Unlike the Prague Spring of 1968 – which lent its name to the analogous Beijing counterpart a decade later and here again to foreign observers to describe the hundred-day Tiananmen demonstrations in 1989 – that was cut short by invading

foreign troops, the crushing of the 1989 “Beijing Spring” was entirely a domestic affair, described by the Western journalists as the Rape of Peking (Beijing) in an insinuated analogy with the infamous Rape of Nanking (Nanjing 南京) by the Japanese troops in World War II.

34. “The Rape of Peking” (editorial), *Asiaweek*, 16th June 1989.
35. *ODN*, 19th August 2011.
36. See, for instance, Örkesh Dölet’s 8th July 2009 *The Guardian* article “A Declaration of Oppression” <<http://wuerkaixi.com/>>.
37. 世界維吾爾代表大會.
38. “China’s Despair and China’s Hope”, originally appeared in *The New York Review of Books* on 2nd February 1989, translated by Perry Link.
39. See, e.g. Bo (2010). In an interesting attempt at refutation of Minxin Pei’s (2006) claim of CCP’s illegitimacy, Bo set out to repudiate point by point Pei’s arguments which were based upon a series of international indexes which the former listed in details: “China is one of the most authoritarian political systems in the world according to the Polity IV Project, is almost completely ‘unfree’ according to the Freedom House; and is one of the most corrupt countries according to Transparency International. China was ranked in the bottom third of the eighty countries surveyed in terms of ‘quality of governance ranking’ according to one group of the World Bank and was considered a weak state according to another group of the World Bank. China found itself next to the legion of failed states and most repressive countries in terms of ‘voice and accountability’ and also in the company of weak states such as Nicaragua, Cambodia, Papua New Guinea, Egypt, and Mali in terms of ‘regulatory quality’. China was no better than Namibia, Croatia, Kuwait, and Mexico in terms of ‘government effectiveness’, was comparable to Belarus, Mexico, Tunisia, and Cuba in terms of ‘political stability’, and was in the company of Mexico, Madagascar, and Lebanon in terms of ‘rule of law’.” (Bo, 2010: 102-103, citing Pei, 2006: 5-6)
40. *ODN*, 20th July 2009.
41. After a storm of protest from Chinese intellectuals and academics against the arrest, Ilham Tohti was finally released on 23rd August 2009 (*ODN*, 11th September 2009).
42. *ODN*, 10th July 2009, 15th July 2009, 17th July 2009.
43. *ODN*, 24th April 2011.
44. Such suggestions for China, which vary in arrangement details, include a prominent confederation proposal of a *Chunghua Lienpang Kunghekuo* 中華聯邦共和國 (“Federal Republic of China”), a “Third Republic” – the first republic being the *Chunghua Minkuo* 中華民國 (Republic of China) and the second, *Zhonghua Renmin Gongheguo* 中华人民共和国 (People’s Republic of China) – proposed by Yan Jiaqi 嚴家其 (1992) encompassing the “loose republics” of Taiwan, Hong Kong, Macau, Tibet, Inner Mongolia and Xinjiang (in an arrangement like that of the European Union) and “close republics” consisting of the rest of present-day China (in an arrangement akin to the US’s). Yan obviously had in mind some sort of coexistence of federal and confederal systems within a single country.

45. Following Professor Zhou Tianyong from the Central Party School, China's authoritarian one-party political system will and should remain unchanged until at least 2037 (Zhou, Wang and Wang (eds), 2007: 2, 6, 45-46).
46. For federal sustainability, see Yeoh (2010b: 616-618).
47. O'Donnell and Schmitter (1986: 9) opined that a transition from authoritarian rule could produce a democracy, but it could also terminate with a liberalized authoritarian regime (*dictablanda*) or a restrictive, illiberal democracy (*democradura*) (see Diamond, 2002: 24).
48. Bo Yibo, the former Chinese vice-premier, was in fact expressing the reformers' feeling towards the lessons of the multiple cycles of administrative decentralization and recentralization in China: "A [more] important and fundamental lesson of the [1958] attempt to improve the economic management system is: We only saw the vices of overcentralization of power, and sought to remedy the situation by decentralizing powers to the lower levels. When we felt too much power had been decentralized, we recentralized them. We did not then recognize the inadequacies of putting sole emphasis on central planning (and in particular a system dominated by mandatory planning) and totally neglecting and denying the role of the market [...] As a result over a long period of time (after the 1958 decentralization) we were trapped within the planned economy model. Adjustments and improvements could only work around the cycles of decentralization and recentralization. Moreover the recipients of more powers are invariably the local governments, rather than enterprises." (Bo Yibo 薄一波, *Ruogan Zhongda Juece yu Shijian de Huigu* 若干重大决策与事件的回顾 [Looking back at some important decisions and events], 1993, p. 804, cited in Li, 2003: 1.)
49. Such as the bloody Han-Hui ethnic conflicts in 2004 and 2007.
50. *ODN*, 23rd March 2009.
51. Thomas Paine's "To My Fellow-Citizens of the United States of American", signed 27th January 1794, that began *The Age of Reason, Part First*.
52. *ODN*, 4th August 2011.
53. *ODN*, 10th September 2011.
54. *ODN*, 11th August 2011.
55. *ODN*, 21st August 2011.
56. *ODN*, 27th June 2011.
57. *Ibid.*
58. *ODN*, 18th August 2011, 19th August 2011.
59. *ODN*, 14th March 2009.
60. *ODN*, 25th June 2009.
61. *Ibid.*
62. *Zhongguo Renmin Jiefang Jun* 中国人民解放军.
63. *ODN*, 17th March 2009, 22nd March 2009.
64. *ODN*, 19th July 2009.
65. The military junta that rules Burma has officially changed the name of the country in the English language to "Myanmar". Nevertheless, the change has not been endorsed by the National League for Democracy (NLD) that won a landslide victory (80 per cent of parliamentary seats) in the 1990 People's Assembly elections, yet prevented from governing the country to date by

SLORC, or the State Law and Order Restoration Council. SLORC was formed when the Burmese armed forces seized power following the 8888 (8th August 1988) massacre of pro-democracy demonstrators. SLORC was reconstituted, essentially renamed, as the State Peace and Development Council (SPDC) on 15th November 1997. On 7th November 2010, the junta held Burma's first elections in two decades which it blatantly controlled, restricted and manipulated to retain military domination.

66. "Hong Kong Reporter Being Held By China", *Washington Post* Foreign Service, 30th May 2005. <<http://www.washingtonpost.com/wp-dyn/content/article/2005/05/29/AR2005052900986.html>>
67. *ODN*, 14th February 2009.
68. Incidentally, both Malaysia and Singapore were recognized as without press freedom, ranked 143rd and 150th respectively, in a year that witnessed world population enjoying press freedom dropping to the nadir of the decade, with only one-sixth of the total world population of 6.7 billion enjoying the basic human right of press freedom (*ODN*, 4th May 2011).
69. *ODN*, 4th May 2011.
70. *ODN*, 9th August 2009.
71. *ODN*, 20th July 2011.
72. *ODN*, 27th June 2011.
73. *ODN*, 4th May 2011.
74. Dubbed "*liiba* 滤霸" [filtering bully], this software was originally scheduled for compulsory installation by 1st July 2009 on all personal computers entering the Chinese market. The attempt was later temporarily postponed following domestic and international outcry, and finally declared on 13th August to be abandoned except for those computers for public access in schools, cybercafés and other public places. (*ODN*, 10th June 2009, 15th August 2009)
75. *ODN*, 2nd July 2009.
76. *ODN*, 24th June 2011.
77. *ODN*, 3rd September 2009.
78. *ODN*, 2nd May 2011.
79. *ODN*, 18th June 2011.
80. *ODN*, 5th September 2011.
81. *ODN*, 2nd May 2011, 6th May 2011.
82. The devastating earthquake that hit the Sichuan Province's Wenchuan 汶川 County, Ngawa 阿坝 *Zizhizhou* 自治州 ("autonomous prefecture") of the Tibetan/Zang 藏 and Qiang 羌 nationalities, and surrounding areas on 12th May 2008 which killed at least 68,000 people and left long-lingering socioeconomic and even political fallout, especially those involving the "tofu-dregs schoolhouses" (*doufuzha xiaoshe* 豆腐渣校舍) scandal, on the country.
83. *ODN*, 23rd June 2011, 24th June 2011, 13th August 2011.
84. Born Francisco Paulino Hermenegildo Teóduo Franco Bahamonde in 1892 in the northwestern Iberian coastal town of El Ferrol.
85. "*Atado, y bien atado* [Tied-up, well tied-up]," ruminated Generalísimo Francisco Franco (*El Caudillo*), prior to his death on 20th November 1975 (cited in Gunther, 1980: 285).

86. See Buckley (1967).
87. “The Rape of Peking” (editorial), *Asiaweek*, 16th June 1989.
88. The structure of political party systems and more specifically their level of internal centralization have been argued to be the determinants of the fiscal structure of the State, i.e. the *degree* of decentralization, in the studies on decentralization as a means for democratizing political regimes and enhancing the efficiency of public policy, its implications for service delivery and democracy, and the political determinants of the process of devolving resources and policy responsibilities to subnational governments (Montero, 2001: 43). In her paper on the case of Latin America, Escobar-Lemmon (2001: 28) noted that at least there “the process of decentralization has come about in parallel to the process of democratization” and the “rationale is that strong subnational power centers will check the national government, consequently preventing the re-emergence of a strong, authoritarian leader nationally.” Thus, according to Escobar-Lemmon, “decentralization becomes a way to avoid political crises and/or democratic breakdown. Given that political decentralization could increase opportunities for democratic participation, there is reason to believe that there is a systematic relationship between decentralization and democratization.” Elaborating on his second fundamental characteristic of a federal system – democratic pluralism both between and within the territorial components – Duchacek (1988: 16-17) drew attention to federalism being a territorial twin of the open democratic society: “Federalism is not compatible with authoritarian socialist and fascist one-party systems and military juntas. If a single party delegates some minor parts of its central power to the territorial components in which single-party rule also prevails, the result is a unitary and centralist system or, at best, an association or league of territorial dictatorships [...] a spatially sectorized unitary system or a confederation of [...] single-party territorial components [...] a territorial dimension of Lenin’s “democratic centralism” – inter-territorial and inter-factional consociationalism of a special kind, but not a federal democracy.”
89. The twice-purged pragmatist and reformist Deng Xiaoping is today one of the most enigmatic figures in the history of China who would both be remembered as the pragmatist saviour of modern China who dealt the *coup de grâce* to Mao’s failed autarkic collectivist utopia in 1978 and the butcher of Beijing who unleashed his deadly wrath upon the “ungrateful” students and other denizens of the ancient capital in 1989.
90. “Beijing” or “Beijing-Tiananmen” is a more appropriate appellation for the massacre than just “Tiananmen”, as most civilian casualties occurred not in the Tiananmen Square but on Beijing streets leading to the square, especially Chang’an Avenue 长安街, when the People’s Liberation Army clashed with Beijing residents and workers trying to protect the student demonstrators in Tiananmen Square during that fateful night of 3rd-4th June 1989.
91. In a way analogous to the French Revolution being hijacked by Maximilien Robespierre’s Reign of Terror. Chen Tu-hsiu’s socialism was but one of the twin manifestations of the May Fourth spirit, the other being liberalism represented by Hu Shih 胡適.

92. While still rudimentary, the rehabilitation and other *de facto* de-Mao programmes, or even the liquidation of the research office of the central Secretariat, and the closing down of left-wing magazines such as *Red Flag*, led the way to further internal structural reform of the CCP in coming days (MacFarquhar, 2009: xxi).
93. Began airing on 16th June 1988, *He Shang*, a six-part television documentary produced by the China Central Television (CCTV), is characterized by its condemnation of China's isolation and admiration of and longing for the openness of Western civilization and modern democracy (Zhao, 2009b: 72, editors' notes # 81). After the June Fourth massacre, CCP denounced the documentary, blamed it for helping to inspire the demonstrations, and according to Zhao Ziyang, attacked him with the claim that he had supported its production, distribution and suppressed criticism against it (Zhao, 2009a: 267-268).
94. The 1989 Tiananmen demonstrations being the first uprising in a the whole series of similar events that led to the demise of authoritarian rule in Eastern Europe countries and Mongolia, the fact that most of these countries were Soviet satellite states with Communist Party rule virtually planted by the USSR rather the result of in the main part homegrown – though foreign-inspired – mass revolutionary movement, and that their 1989-1990 protest movements came after the shocking Beijing massacre all apparently played their roles in the diverse State responses between China and these states, perhaps with the exception of Romania which took a popularly supported palace and army coop to overthrow the hated Communist dictator Nicolae Ceauşescu.
95. Translated from Bao Tong's introduction in Zhao (2009c), pp. 33-34.
96. Spontaneous as the 1989 Tiananmen protests, the "demonstrations that erupted on 4th May 1919 developed into a loose nationalist political movement that was one of the antecedents of the Communist Party's own official foundation in 1921" (Hutton, 2006: 7).
97. Notably too, this was just hardly a year after the anniversary of the posting by Wei Jingsheng, the earlier vanguard of China's democracy movement and an electrician like the Polish labour union activist Lech Walesa who was later elected president of Poland after the fall of the Communist Party dictatorship, of his manifesto "The Fifth Modernization" on the "Democracy Wall" on the morning of 5th December 1978. The State responded by sentencing him to 15 years in prison.
98. *ODN*, 5th May 2011.
99. "Society in every state is a blessing, but government even in its best state is but a necessary evil; in its worst state an intolerable one [... man] finds it necessary to surrender up a part of his property to furnish means for the protection of the rest; and this he is induced to do by the same prudence which in every other case advises him out of two evils to choose the least", said Thomas Paine in the beginning paragraphs of *Common Sense* (1776).
100. According to a report published on China's National Bureau of Statistics website on 14th January 2009, the confirmed 2007 GDP of China at current prices amounted to 25.7306 trillion yuan, an increase of 13 per cent from the previous year (*ODN*, 16th January 2009). While observed to be still short of a third of

US's GDP, analysts had predicted China's GDP to overtake Japan's in three to four years, just as it overtook the United Kingdom and France in 2005 and Germany in 2008. Nevertheless, according to an announcement by Yi Gang 易纲, the director of the State Administration of Foreign Exchange and the deputy governor of China's central bank, the People's Bank of China, on 30th July 2010, China had already superseded Japan to become the world's second largest economy in 2010. However, in terms of GDP per capita, Japan's (US\$37800) was more than 10 times that of China (US\$3600) in year 2009, and Japan's GDP per capita ranking, while having dropped from world's number 2 in 1993 to number 23 by 2008, was still far ahead of China's which ranked beyond 100 (ODN, 9th August 2010).

101. ODN, 1st July 2011.
102. *Ibid.*
103. *Ibid.*
104. ODN, 11th June 2011.
105. *Weiquan* refers to the quest for protecting and defending the civil rights of the citizenry by non-State actors. *Shangfang*, a centuries-old tradition in China, refers to the action of people with grievances who take the last resort of going to Beijing, the capital, to attempt to get their complaints heard against local injustice.
106. *Ibid.*
107. From Fang Lizhi's letter accepting the Peace Prize jointly sponsored by the newspapers *Politiken* of Denmark and *Dagens Nyheter* of Sweden. Fang received the award in absentia in September 1989.
108. Cited in Bertrand Russell (1934), "The Fate of Thomas Paine", in Bertrand Russel (1957), *Why I Am Not a Christian and Other Essays on Religion and Related Subjects*, London: George Allen & Unwin, published in Unwin Paperbacks 1975, re-issued 1979, p. 97.
109. Cited in Tilly (1985: 171).
110. Citing Lewis and Xue (2003: 933); Ma (2007); Xu (1999: 1, 168).
111. Thomas Paine, *The Age of Reason, Part First* (1794).
112. See Steven Poole's *Unspeak™* (2006) which begins with a description of Confucius' "Rectification of Names".
113. For instance, see Yu (2010) and Lin Chuo-shui 林濁水, "Liu Xiaopo he Wen Chiapao te Minchu Lu 劉曉波和溫家寶的民主路" <<http://gb.udn.com/gb/blog.udn.com/baogon/4499978>>. Lin is a former legislator of Taiwan's Democratic Progressive Party (DPP) (民主進步黨 (民進黨)).
114. Referring to Deng's well-known gradualist dictum "Cross the river by groping the stones" (*Mo zhe shitou guo he* 摸着石头过河).
115. See, e.g. the interview of the exiled dissident Yan Jiaqi 严家其, Zhao's advisor when he was premier, in 2005 <<http://www.epochtimes.com/gb/5/1/30/n798431.htm>>
116. Bertrand Russell (1934), "The Fate of Thomas Paine", in Bertrand Russel (1957), *Why I Am Not a Christian and Other Essays on Religion and Related Subjects*, London: George Allen & Unwin, published in Unwin Paperbacks 1975, re-issued 1979, pp. 97. While the epitaph remained unpublished, a long,

bitter letter written by Paine to Washington was published in 1796, ending in these words: “And as to you, Sir, treacherous in private friendship (for so you have been to me, and that in the day of danger) and a hypocrite in public life, the world will be puzzled to decide whether you are an apostate or an imposter; whether you have abandoned good principles, or whether you ever had any.” (*ibid.*)

117. *Mencius*, edited and translated with an introduction by D.C. Lau, London: Penguin Books, 2005 (Penguin Classics first published 1970).
118. See, e.g., Qi (2010: 420).
119. *ODN*, 27th July 2011 and 1st August 2011.
120. *ODN*, 30th July 2011.
121. “鐵道部已病入膏肓 溫家寶被迫“以病明志”, 蘋果日報 (*Apple Daily*, Hong Kong), 1st August 2011.
122. The June 1989 tragedy can be observed to be the catalyst of the subsequent authoritarian corporatist evolution and reaffirmation of the path of economic reform (after Deng's *nanxun*) and economic success as realization of the root causes of the tragedy had served to spur the CCP into attempting to reinvent itself as a strong, benevolent and enlightened ruler (i.e. a *dictablanda*), or as Thomas Hobbes referred to in his 1651 treatise, “the generation of that great Leviathan”. “The only way to erect such a common power, as may be able to defend them from the invasion of foreigners, and the injuries of one another [...] is, to confer all their power and strength upon one man, or upon one assembly of men, that may reduce all their wills, by plurality of voices, unto one will [...] This is the generation of that great Leviathan [...]”, said Thomas Hobbes in *Leviathan* (1651).
123. On the current crime trend in China, see also Yeoh (2010a: 246-249).
124. *Yazhou Zhoukan* 亞洲週刊, Vol. 22, Issue 27, 13th July 2008, p. 26. The rumours about Li's missing organs, while being perceived as part of the suspected cover-up by the authorities, could be seen as an extension of the long-running allegation of illegal organ harvest from executed prisoners by the State apparatus and the grisly rumours of such harvest from imprisoned Falungong 法輪功 followers.
125. Often ridiculed by the Chinese netizens with its homonym *hexie* 河蟹 (river crab).
126. *Yazhou Zhoukan* 亞洲週刊, Vol. 22, Issue 27, 13th July 2008, p. 4; see also Liu (2009).
127. *ODN*, 28th July 2011.
128. Citing Gilbert (2003: 17).
129. Cited in Sonoda (2010: 352).
130. Cited in Sonoda (2010: 352).
131. China's detailed class structure is represented in Yang (2010: 436, Table 1) as follows (2006 figures): leading cadres and government officials (2.3% of total population), managerial personnel (1.3%), private entrepreneurs (2.6%, in general referring to individually owned, family based or shareholding firms with eight or more employees, plus joint ventures and wholly foreign-owned firms, but the focus is on Chinese domestic, private entrepreneurs), professionals (6.3%), clerical workers (7.0%), self-employed (9.5%, *getihu* – in general referring to

- individual entrepreneurs who employ fewer than eight employees), sales and service workers (10.1%), manual workers (14.7%), agricultural labour (50.4%), semi-employed/unemployed (5.9%).
132. Citing Dickson (2007).
 133. Cited in Benton (2010: 324).
 134. Despite rumoured allegation that some cases could be murders linked to the factory security office (大纪元时报 (*The Epoch Times* (Malaysia)), Issue 93, June 2010).
 135. *ODN*, 21st July 2010 and 6th August 2010.
 136. *ODN*, 20th July 2011.
 137. Or “WORKING MEN OF ALL COUNTRIES, UNITE!”, this rallying cry forms the final sentence of *The Communist Manifesto* by Karl Marx and Friedrich Engels, German edition, 1872 (translated by Samuel Moore, 1888, Penguin Books, London, 1967, 1985, p. 121).
 138. Anita Chan, “Labor Unrest and Role of Unions”, *China Daily*, 18th June 2010 (cited in Benton, 2010: 327).
 139. Anita Chan, “Labor Unrest and Role of Unions”, *China Daily*, 18th June 2010 (cited in Hannan, 2010: 406).
 140. Later identified as a young man named Wang Weilin 王维林, whose fate remains unknown to date.
 141. Pablo Diego José Francisco de Paula Juan Nepomuceno María de los Remedios Cipriano de la Santísima Trinidad Ruiz y Picasso (25th October 1881 – 8th April 1973). *Guernica* (1937), arguably Picasso’s most famous work, is his portrayal of the German bombing of Guernica during the Spanish Civil War.
 142. Usually translated as “Blood-stained Glory” but literally “blood-stained elegance”, a song written in 1987 originally to commemorate those who died during the Sino-Vietnamese War, the melancholic tune came to be a hymn to the determined but forlorn struggle of the hunger strikers during the Tiananmen Square protests of 1989.
 143. Describing Franquist Spain, Gunther (1980: 2) stated, “The ultimate source of political authority was the Caudillo, himself. Officially a single-party authoritarian state, it can best be regarded as a no-party regime.”
 144. See, e.g., Hutton (2006: 8, 98, 144-148).
 145. Cited in Tong and Lei (2010: 499).
 146. Cited in Benton (2010: 321).
 147. For the application Green’s model to the China context, see Yeoh (2010a: 271), Figure 19.

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Policy Comments and Research Notes



Governance of Small Businesses in China: An Institutional Perspective

*Yongqiang Li**, *Anona Armstrong*** and *Andrew Clarke****
Victoria University

Abstract

Governance reforms leave small businesses as a backwater. The purpose of this study was to analyze the governance of small businesses in China from an institutional perspective. Institutional theory suggests that corporations can be thought of as institutions in which their governance structures are moulded by the internal and external mechanisms found in their internal and external environments. These can be formal or informal, e.g. laws or social networks. The paper argues that there is a mismatch between the institutional governance mechanisms introduced in China and the governance of small businesses. It defines small business in China, identifies regulatory and financial reforms, and uses research supported by theories on business financing to explain how small business financial choices affects their governance. The paper concludes with a discussion of future research directions.

Keywords: *governance, small business, China, institution*

JEL classification: *K22, L51, L53, M21*

1. Introduction

Governance of publicly held corporations has become the focus of public debate in the past decade, accelerated by the corporate governance scandals in the 2008 US sub-prime mortgage. Books, articles and papers researching developing countries mainly concentrate on board structure, executive compensation, disclosure, the internal and external audit process, sanctions on director misconduct as well as the establishment of new standards and rules of integration for auditors, analysts and rating agencies (McCahery and Vermeulen, 2008). As a market-driven economy, China is no exception to these reforms.

Numerous governance reforms leave small businesses, in the form of family business, sole traders, partnerships, franchises and joint ventures (most of which are not listed on the stock market), as a backwater. Yet, small businesses play a crucial role in every economy around the world. Thus, it is not adequate to attend to the small business needs of quality governance by simply applying the same rules developed for their larger counterparts.

1.1. Research Question

The OECD report (2006) documented that the “one size fits all” model of best practice governance fails to address the diversified needs of small businesses. Hence, that lack of understanding of the governance mechanisms of small businesses flags a gap in the current literature. This research contributes to the literature by reviewing such governance mechanisms.

As to the Chinese institutional evolutions, prior to 1978, the private enterprise was prohibited in China. However, over the past three decades, China has initiated extensive market-oriented reform. Obviously, the party-state retains its significant role in the economic system, while gradually compromising its tradition of central planning. Among the reforms were encouragement to specific industries, privatization of state-owned enterprises and the encouragement of small business enterprises.

The Chinese leadership prioritized several industries as its “*jingji mingmai* 经济命脉” (economic lifeline), which enjoy privileges in soliciting government funding, and since 1992, the State Council has established a number of regulatory agencies to regulate major industries in infrastructure and financial service sectors. Positive institutional factors, influenced by a “top-down” approach, stimulated the development of enterprises. Privatization of state-owned enterprises started in the early 1990s.

In the small business sector, the Township and Village Enterprises (TVEs) initiative was a “bottom-up” approach, developed independently and complementing the action in the mainstream institutions without the supervision of the “hard rules” (Li, 2010).

Despite the attention given to the small business sector, in early 2010, Chen Naixing, an economist and director of the Chinese Academy of Social Sciences, told *The Australian* that, during the climax of the global financial crisis from October 2008 to March 2009, 20 per cent of small businesses had crashed and another 20 per cent went “to the brink of bankruptcy”.¹

If small business enterprises are to be encouraged, the investigation of the institutional forces of governance in the Chinese context is of theoretical and practical significance. The research question of this study is:

What are the governance mechanisms of small businesses in China from the institutional economics perspective?

The rest of the paper proceeds as follows: Section two provides the background of small businesses, including definition, characteristics and status quo, followed by a discussion of governance in Chinese small businesses from an institutional economics perspective in Section three. Section four uses small business finance as an example to illustrate how the institutional factors affect governance of financing in small businesses; Section five concludes with future research directions.

2. Small Businesses in China

This section introduces the small business definition in the Chinese context, followed by a discussion of small business characteristics and potential challenges hampering its development.

2.1. Small Business Definition

The definition of small businesses varies from country to country. A summary of the definitions used by different countries is provided by Li and Rowley (2008). In most of the cases, small businesses are defined by the number of employees they have, of which 100 is always used as the cutting-off point.

In China, the definition of a small business or small business enterprise (SME) is based on three indicators: number of employees, sales volume and total assets. The criteria of total assets only apply to the Industry and Construction sectors. To qualify as a small business, the enterprise needs to meet only one of the criteria listed in Table 1.

Table 1 Definition of SMEs in China

Industry	Criteria		
	Employee (Million RMB)	Sales volume (Million RMB)	Total assets
Industry	2,000	300	400
Construction	3,000	300	400
Wholesaling	200	300	N/A
Retailing	500	150	
Transportation	3,000	300	
Postal service	1,000	300	

Source: State Economic and Trade Commission, State Development Planning Commission, Ministry of Finance, and State Statistical Bureau, "Small and Medium-sized Enterprise Promotion Law of the People's Republic of China", 19th February 2003.

As in most other countries, the Chinese authorities selected the terms used to define small businesses for the convenience of administration (Li, Armstrong *et al.*, 2011). Given that small businesses are endowed with preferential treatments, in particular, tax benefits, the Chinese government is considering to re-adjust the small business definition later this year.² The government's official news release also mentioned that the revision of the definition was intended to benefit the micro and small size businesses by easing difficulties in accessing finance.

The blurriness of the small business definition may also be due to the mystery of policy objectives. In developed economies, the distinction between small and large enterprises is mainly targeted at exempting disclosure burdens for small businesses. Though the Chinese government is planning to render direct benefit to small businesses by narrowing down the group, one has to admit that small businesses are still a large proportion of the national economy, and the expected impact might be discounted if the leadership fails to consider restricting other related regulations.

2.2. What Is a Small Business in China?

Small businesses are the engine room of the Chinese economy. According to a *China Daily* report, there are 10.3 million registered companies, 99 per cent of which are small businesses. The small businesses in China employ 80 per cent of the people in urban areas and contribute to 60 per cent of the national GDP. Small businesses contribute 55 per cent of the national tax revenue. Their business accounts for 60 per cent of the total volume of imports and exports and are providing 75 per cent of employment in cities and towns overall. Up to 65 per cent of the national invention patents are created by small businesses and 80 per cent of the research and development of new products are provided by small businesses (Wang, 2010).

A standard small business normally has the following characteristics (Francis and Armstrong, 2006; Li, 2011):

- They have a relatively small share of their marketplace. They often operate in only one location servicing local customers but may have operation in a niche market or be part of a franchise.
- They are usually owned by one person, or a small number of individuals, often linked by family ties. Because of this, although many are registered as companies, ownership is often restricted and takes the corporate form of sole proprietorships or partnerships. These latter forms leave the small corporation without the protection of limited liability.
- They are privately, often family owned. In the USA family businesses represent 35 per cent of all businesses, in Europe over 50 per cent and in Asia over two-thirds of businesses.

- They are managed by owners, often owner/managers who make all the critical management decisions and undertake many of the management functions such as financial management, personnel, marketing and production that might be distributed in a larger corporation.
- Succession in ownership and management is often a problem.
- They may have resources constraints. Access to financial and other resources is often a major constraint.
- Because an owner/manager undertakes most management roles without the support of internal specialists, the small business is often dependent on other professionals such their accountant or lawyer for advice.
- Small business is closely associated with entrepreneurship and innovation.
- They are independent, in the sense that they are not part of a larger enterprise. In fact, some are deliberately kept small because their owners value the lifestyle associated with “less hassles, less politics, more flexibility and better work-life balance”.
- They are not cooperative with one another in order to voice for themselves in the political arena.
- The majority of small businesses are not willing to innovate and are reluctant to change.
- The high technology related industries grow fastest owing to the preferential policy.

3. Governance of Small Businesses: A New Institutional Economics Perspective

3.1. Definition of Governance

Governance refers to the ways in which organizations are directed and controlled (Francis and Armstrong, 2004). Traditional theories of governance, agency theory and stakeholder theory, explain the relationships between shareholders and managers and between an enterprise and a range of stakeholders. More recently institutional theory (Williamson, 1975) emerged from transactional theories in economics to suggest that corporations can be thought of as institutions in which their governance structures are moulded by the internal and external mechanisms found in their internal and external environments (Nam and Nam, 2004; Bebchuk, Cohen *et al.*, 2009).

The internal mechanisms refer to the corporate governance standards within corporations such as board policies, structures, risk management, financial and IT controls, remuneration, etc. (Armstrong, 2004). Examples of internal policies related to finance, investment and accounting include for example, managerial incentive plans, capital structure, and policies related to

risk and return, asset management and dividend growth policies or financing policy such as whether to seek finance by issuing stocks or debt instruments. Debt or leverage is also a corporate governance mechanism.

External mechanisms are those factors in the external environment, such as regulation, and the business environment. Regulatory governance mechanisms related to financial management strategies are accounting regulation and securities law, corporate law, laws specifying diversification requirements related to ownership by institutional investors and financial intermediaries, capital and financial market characteristics, and industry practices. Factors in the business environment include the influence of capital market size and liquidity, banking and financial institutions, and product market competition (Allen and Gale, 2000; Bushman and Smith, 2001; Heinrich, 2002; Douma and Schreuder, 2008). The role of banks and financial institutions as outside monitoring institutions makes these institutions among the corporate governance external mechanisms.

Institutions can be either formal or informal. Formal institutions are those established and structured by formal rules such as government and banks. Informal institutions are recognized as networks of relationship which may be governed by formal rules such as between investors and managers or by social norms such as those between an enterprise or its stakeholders. In particular, kinship networks (discussed below) are a major factor in the Chinese business environment.

Bell defined governance using the new institutional economics perspective as “the use of institutions, structures of authority and even collaboration to allocate resources and coordinate or control activity in society or the economy” (Bell, 2002). Research drawing on institutional theory into the governance of large corporations at the macro-level by both Bell (2002) and Williamson (1975, 1985, 1996, 2005 and 2007) identified three business governance options, hierarchical, market, or hybrid that influence different types of decision making. Following research at firm level, Williamson (1995) and Ostrom (1990) drew on economics theories based on behavioural assumptions of bounded rationality, opportunism and uncertainty to explain decisions about the governance mechanisms that influenced financial decisions.

The research of informal institutions extended governance mechanisms to personal networks, clienteles, corruption, clans and mafias, civil society, traditional culture and a variety of legislative, judicial and bureaucratic norms (Helmke and Levitsky, 2004).

3.2. Definition of Institution

By regarding the economic process as a game, Gagliardi reviewed prior theoretical and empirical research on institutions (Gagliardi, 2008) and

identified three main definitions of institutions: (1) institutions are rules of game (North, 1990; Ostrom, 1990); (2) institutions are the players of the game (Nelson, 1994); and (3) institutions are the equilibrium between the rules and players (Schotter, 1981).

Informal institutions, known as social norms, can be classified into four types by their interaction with the formal institutions, including complementary, substitutive, accommodating and competing informal institutions (Helmke and Levitsky, 2004).

Fan, Wei *et al.* (2011) proposed a framework to understand institutions in China from three levels, including country institutions, markets and firms. Apparently, small businesses are institution-takers, be it formal or informal.

3.3. Legal Requirements

The legal reforms can be classified into two unbalanced parts, one, the corporate law reforms, and the other one the small business-related policy reforms. It is disappointing that not much evaluation has been done on any of the policy reform initiatives.

3.3.1. Corporate law reforms

In general, corporate law reforms since 1978 can be divided into three categories: (1) clarifying the relationship with foreign investors, i.e. Equity and Joint Venture Law in 1979, Regulations for the Implementation of the Law on Joint Ventures using Chinese and Foreign Investment in 1983, and The Law on Enterprises Operated Exclusively with Foreign Capital in 1986; (2) standardizing the establishment and operations of domestic companies, i.e. China's Security Law in 1999 and Revised Company Law in 2005; (3) re-regulation of both foreign and domestic enterprises, i.e. The Enterprise Income Tax Law in 2008 (see details in Chen and Song, 2007; Lo and Qian, 2009).

Small businesses did benefit a lot from such deregulation in the form of preferential export policies and tax favours. However, recent de-regulation put the same red-tape and compliance burdens on small businesses as their larger counterparts, which is beyond their capacity (Lo and Qian, 2009).

3.3.2. Small business-oriented regulatory reforms

In fact, the national government did not list SMEs development on its agenda until TVEs were recognized as a vehicle to increase rural income as well as absorbing rural labour surplus without extra government investment. Then, in the mid-1980s, the policy toward SMEs shifted from tolerance to encouragement. During 1979-2009, seven major deregulation initiatives

were identified, including the National “863 Plan” in 1986, National Torch Program in 1988, National SMEs Galaxy Training Project in 1990, SMEs Innovation Fund in 1999, SMEs Promotion Law in 2003, Several Opinions on Encouraging, Supporting and Guiding the Development of Self-employed and Private Economy and Other Non-public Sectors of the Economy in 2005, and Several Opinions on Further Promoting the Development of SMEs in 2009 (09 Opinion) (see details in Yao, 2003; Lei, 2008; Innofund, 2009).

All the SME-related reforms before 2008 had a focus on high-tech using financial support and political favours easily precluded TVEs from such benefits. Meanwhile, these regulatory reforms failed to analyze the problems and challenges that TVEs or SMEs are facing, while prescribing changes without providing solid evidence to support the initiatives. The *09 Opinion* is targeted at encouraging the SMEs to improve their technological innovation capacities, enhance the product quality, and promote development in energy conservation and clean production. Whether such initiatives will have a positive impact on TVEs is worthwhile to investigate in the future.

3.4. Formal Contracts and Relational Contracts

The key issue in China’s economic reform is how to convert the earlier system of hierarchical state-driven enterprises into a system of market-driven property ranking of rights (Cheung, 1998). In the expected market-driven economy, contracts play a central role when a market is functioning well.

In the pre-reform planned economy, private business contracts were of no use. As the reform became more extensive and the market began to play a more important role in the economy, both the formal and relational contracts came into use and became prevalent. In the past three decades, the law for contract enforcement in China experienced four major reforms: Economic Contract Law in 1981, Foreign Economic Contract Law in 1985, Technology Contract Law in 1987 and Contract Law in 1999.

Hu and Qiu (2010) empirically examined the determination of contractual options of 1500 Chinese firms using World Bank survey (Hu and Qiu, 2010). The survey was administered in five major cities and ten industries during 1998-2000. Their research found that some 80 per cent of firms had formal contracts with their clients or suppliers and the rest of 20 per cent relied on relational contracts.

3.5. Social Networks and Other Informal Institutions

Due to culture and traditions, social networks have served as an important governance tool utilized by small businesses in China (Peng, 2004; 2010). The creation and enforcement of informal rules, in the form of social

networks, have been identified as a focus of economic exchange and personal interactions. Peng (2004) focused on the economic payoff from kinship networks in the context of China's rural industrialization and argued that kin solidarity and kin trust played an important role in protecting the property rights of private entrepreneurs and reducing transaction costs during the early stages of market reform, when formal property rights laws were ineffective and market institutions underdeveloped. Data from 366 villages show that the strength of kinship networks has large positive effects on the count and workforce size of private rural enterprises and insignificant effects on collective enterprises.

Puffer, McCarthy *et al.* (2010) also found that the Chinese economy can be characterized by underdeveloped formal institutions, which often result in an unstable environment and creating a void usually filled by informal ones. Entrepreneurs thus face more uncertainty and risk than those in more developed economies. They examined the relationship of institutions and entrepreneurship in Russia and China in the context of institutional theory by analyzing private property as a formal institution, as well as trust and “*guanxi* 关系” as informal institutions and concluded that full convergence toward entrepreneurs' reliance on formal institutions may not readily occur in countries like Russia and China due to the embeddedness of informal institutions. Instead, such countries and their entrepreneurs may develop unique balances between informal and formal institutions that better fit their circumstances. Implications for the theory and practice of entrepreneurship in such environments are also offered.

3.6. Government Assistance to Small Businesses in China

An often used instrument designed to assist the small business development is to provide provisions of financing. In 2009, the central government earmarked 10.89 billion yuan (\$1.77 billion) to support the development of small businesses. A tax break was also offered for small low-profit enterprises with an annual taxable income of less than 30,000 yuan. They only needed to pay tax on 50 per cent of their income at the rate of 20 per cent.³

Given that the enforcement of contract protection is fairly weak, networking and other informal institutions have been used more often than the hierarchical approach (Cull and Xu, 2005).

3.7. Over-regulation of Small Businesses: A Mismatch between Governance and Institutions

The small business sector is experiencing unnecessary compliance costs from regulation. Literature suggests that the regulation of firms is directed to, and

best suits the needs of, the largest companies (those that are public, listed and well-resourced) (Clarke, 2007). This bias in regulatory frameworks is particularly evident when it comes to self-regulation, a version of responsive regulation that is conducive to the market and aimed at a particular group, in this case listed public companies as exemplified by the Best/Good Practice Recommendations provided to listed companies.

These self-regulatory practices favour large, wealthy firms that enjoy plentiful in-house expertise and elaborate compliance systems; while small corporations with fewer resources are left with the costly and onerous task of complying with compulsory regulation. The regulation of small businesses fails to adequately respond to the needs of small businesses and is preventing small corporations from performing at their best (Clarke, 2007). McCahery and Vermeulen (2008) also argued that, though small businesses are facing the same compliance requirements as per the corporations' law, they are not benefiting from the spill-over effect of the aforementioned reforms. Responsible and fair governments assume the role of developing well-balanced institutions to suit the diversified need of all businesses.

4. Small Business Financing: An Example

Given that small business faces an alarming credit crisis⁴, small business financing is selected as an example to illustrate how institutional factors influence the governance of small business financing.

4.1. Theories on Business Financing

A review of the competing theories explaining the behaviour of firm financing governance from the institutional perspective can be found in Li (2011). Modigliani and Miller (1958) began the modern theory of capital structure, pointing to the directions that the "modern theory of capital structure must take by showing under what conditions capital structure is irrelevant". Only in perfect capital markets does the aforementioned "irrelevance" holds. By definition, perfect capital markets means: (1) no frictions; (2) perfect competition in product and securities markets; (3) information efficiency; and (4) the agents are perfectly rational and search to optimize their utility (Briozzo and Vigier, 2007).

In reality, the assumptions for perfect capital markets are largely violated by corporate and personal taxes, transaction costs and information asymmetries, making the capital structure and furthermore financing strategies relevant. Three themes of literature address the violations of Modigliani and Miller's perfect capital market assumptions pertinent to small business financing, namely trade off, credit rationing, and pecking order.

The trade off theory predicted a targeted optimal structure in order to balance costs and benefits or risk and returns (Prasad *et al.*, 1997). The trade off theory is focused on demand. Copeland *et al.* (2004) identified the balanced optimal structure as equilibrium effects trading off permanent influences whose effect is industry-wide, i.e. taxes, bankruptcy costs, and agency problems. For small businesses, given that owners and managers have a large stake in the businesses, they will asymptotically prefer debt rather than equity in financing. The drawback of the trade off theory is that the associated costs and benefits are difficult to quantify as the tax system is complex.

Stiglitz and Weiss (1981) demonstrated that, due to information asymmetry, the banks ration credit, instead of increasing the interest rate, if there is excess demand in order to avoid riskier borrowers. As small businesses have restricted access to capital markets, due to the high fixed costs or legal form limitations, the effect of credit rationing is expected to be strong, thus pursuing more expensive financing forms, equity being an alternative.

The pecking order theory, proposed by Hamilton and Fox (1998) and Hutchinson *et al.* (1998), provided a hierarchy in the financing choices, first internal funding, then debt, last external equity. Chittenden *et al.* (1996) stated that issuing external equity may be particularly costly for SME, because of the relatively fixed costs of initial public offerings, the small firm effect on the cost of equity, and the potential loss of control by the original owner managers. Zoppa and McMahon (2002) describe a small and medium enterprise (SME) pecking order, where the first choice is internal equity, then short-term debt, then long-term debt, possibly loans from owners, family and friends, last comes the new equity. Though the pecking order provides rationale for small firm financing decision making, Fama and French (2002) pointed out that the pecking order provides no incentive for firms to issue debt if they still have internal funds to finance their investment.

4.2. Formal and Informal Financing of Small Businesses in China

Despite the weaknesses in its banking sector and that only a small number of businesses utilize formal bank finance, Ayyagari, Demirguc-Kunt *et al.* (2010) empirically found that formal financial system is associated with faster firm growth while informal financial system is not. However, Tsai found opposite evidence that formal financing options are not as efficient as the informal financing (Tsai, 2004; 2006).

The fast growth of Chinese private sector firms is taken as evidence that informal finance can facilitate firm growth better than formal banks in developing countries. Ayyagari, Demirguc-Kunt *et al.* (2010) examined firm financing patterns and growth using a database of 2,400 Chinese firms. While a relatively small percentage of firms utilize bank loans, bank financing is

associated with faster growth whereas informal financing is not. Controlling for selection, they find that firms with bank financing grow faster than similar firms without bank financing and that their results are not driven by bank corruption or the selection of firms that have accessed the formal financial system. Their findings question whether reputation and relationship-based financing are responsible for the performance of the fastest-growing firms in developing countries.

Tsai (2004) observed that banking authorities in China attempted to limit most forms of informal finance by regulating them, banning them, and allowing certain types of microfinance institutions which aims to increase the availability of credit to low-income entrepreneurs and eliminate their reliance on usurious financing. Nonetheless, the intended clients of microfinance continue to draw on informal finance in rural China. This article argues that the persistence of informal finance may be traced to four complementary reasons – the limited supply of formal credit, limits in state capacity to implement its policies, the political and economic segmentation of local markets, and the institutional weaknesses of many microfinance programmes.

Though no consensus has been reached with regards to whether formal financing or informal financing plays a more important role in funding small businesses, the aforementioned evidence shows that small businesses in China are adopting the hierarchical governance mechanism as their funding form, which leads to the tentative conclusion that pecking order theory well explains the small business financing option. Since the pecking order type of governance mechanism is associated with high risk of default, uncertainty and economic cost compared with other alternatives, future reforms should target at establishing institutions to transform small business financing to other means with lower costs.

5. Future Directions

While the regulators are obviously endeavouring to promote small business enterprises, inappropriate reforms, over-regulation and lack of understanding of financial decision making in the small business sector will continue to inhibit their effectiveness.

Following the case study tradition in New Institutional Economics, future research will focus on developing cases for the institutional analysis of specific questions in the Chinese context. Future research also expects to transform from a case-based approach to empirical tests on how institutional factors such as financial decisions influence various economic outcomes at the firm level. It might also be necessary to explore whether transaction cost theories can be adopted to analyze the governance mechanism of small

businesses in China in that medium-sized businesses have similar properties as their large counterparts in terms of the asset specificity, frequency and uncertainty. In addition, the establishment of new institutional reforms to equip the transformation of small business financing from pecking order to lower cost mechanisms also merits further investigation.

Notes

- * Yongqiang Li 黎永强 is doing a PhD on the governance and regulation of small businesses in Australia at Victoria Law School, Victoria University, Melbourne, Australia. Mr Li is also a lecturer on Econometrics, Organization Behaviour, Applied Economics Research Project, Accounting for Decision Making and Business Forecasting. He has obtained a master's degree of Public Policy and Management from Carnegie Mellon University and a bachelor's degree of Applied Physics from National University of Defence and Technology. His research interests include policy analysis, strategic planning and evaluation, mechanism design and small business. <Email: yongqiang.li@vu.edu.au>
- ** Dr Anona Armstrong is Professor of Governance at Victoria Law School, Victoria University, Melbourne, Australia. Professor Armstrong was invested with the Member of the Order of Australia in 2008 for her services to the community and education. She has extensive teaching, consulting and research experience in management and evaluation particularly in the context of Corporate Governance. She received two Australian Research Council Grants and supervised PhD students and taught masters and DBA students in this area. She is an author of numerous publications, the latest being *Leadership in Asia Pacific*. She is Chair of the Editorial Board of the *Journal of Business Systems Governance and Ethics* and chairs the Research Committee in the Victoria Law School. Her expertise interests include governance, evaluation, corporate social responsibility, leadership and ethics. <Email: anona.armstrong@vu.edu.au>
- *** Dr Andrew Clarke is Professor at Victoria Law School, Victoria University, Melbourne, Australia. Andrew is Head of School of Law. Andrew has extensive teaching and presentation experience. He has taught in the areas of corporate law, corporate governance, negligence law and commercial law. He has also presented extensively at seminars in these areas and in legal risk management. Andrew's research is in the areas of corporate governance, comparative corporate governance and corporate law. His interests include legal risk management (and its intersection with negligence law), business law and management. Andrew has experience of research supervision to doctoral level, in the areas of corporate governance, comparative corporate governance and corporate law. Andrew heads up an ARC Australian Research Council Linkage grant with Federal Treasury being the lead industry partner. Andrew has published two books in the UK on corporate governance and business entities and a further three in Australia. Until recently, Andrew was Acting Director, National Institute of Governance and Co-Director, National Centre for Corporate Law and Policy Research, School of Law, at the University of Canberra. Andrew has broad administrative and managerial

experience having served as Deputy Head of the School of Law, UNE from 2004 to 2006. Andrew is also a board member of the National Childcare Accreditation Council, a Federal Government body with a multi-million annual budget charged with overseeing the accreditation of childcare providers across Australia. He has also served as a member of the New England Advisory Health Board. <Email: andrew.clarke@vu.edu.au>

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Book Review



Media and Dissent in China: A Review

Johan Lagerkvist, *After the Internet, Before Democracy: Competing Norms in Chinese Media and Society*, Bern, Switzerland: Peter Lang, 2010, 325 pp.

reviewed by

Joseph Tse-Hei Lee*
Pace University

Today's world is totally transformed by global electronic networks. None of the authoritarian states is capable of imposing absolute control without challenge and compromise. This is best seen in the "Jasmine Revolutions" that have spread eastward from Tunisia to Egypt, Yemen, Bahrain and Syria, then doubled back to Libya. Initiated by countless courageous citizens through electronic media, these revolutionary upheavals mark the beginning of a new era in the early twenty-first century. Young people around the Arab world have stood up themselves and organized spontaneous popular uprisings against the decade-long authoritarian regimes that obstructed their upward mobility and deprived them of civil, political, and subsistence rights. After the quick victory of the Tunisian revolution, the Egyptians succeeded in using social media to break down the state's surveillance machine and topple President Hosni Mubarak, who ruled the country from 1981 to 2011. The new media interacted with the oral and printed forms of news transmission and created an extensive chain of political news diffusion through which the Egyptians interpreted the evolving turbulent events and organized massive protests based on the information they believed to be reliable. History shows that the authoritarian regimes rule by fear also rule in fear. Even though the Mubarak regime arrested Wael Ghonim, the charismatic Google executive, for creating a Facebook group to start the demonstrations and demonized the protesters as instigated by hostile foreign forces, such oppressive measures only reflected the growing paranoia of the government. Once the Egyptians acquired their own source of information outside the official media, this became a bad omen for the regime. When the state completely lost control of the escalating situation, the public were ready to step in and take over in the name of liberty.

This outburst of democratic uprisings in North Africa and the Middle East calls for the need to re-conceptualize the complicated relations between media technologies and popular activism. As Henry Giroux points out, "politics is the performative register of moral action"; it prevents justice and compassion from

being extinguished among us.¹ Since rhetorical performance and online politics are constitutive of one another in state-society interactions, it is important to explore the electronic and theatrical modes of political mobilization in the early twenty-first century. Against this backdrop, the recent Internet development in China shows that Beijing has great difficulty striking a balance between control and flexibility over online activities. This irreconcilable contradiction is deeply embedded in the Chinese government's media policies, which promote a more open market economy while tightening formal and informal censorships over news media and freedom of speech online.² How can Chinese activists make claims and rally popular support through the use of social media? What kinds of electronic mechanisms are available for Chinese political actors to engage the emotions of the targeted audiences and mobilize them for dramatic actions? How does the politics of electronic activism equalize the state-society relations and transform the one-party state? Johan Lagerkvist addressed these questions by exploring the increased role of social media technologies in Chinese society, the one-party state's policies of Internet regulation and control, the new cultural norms in social media, and the competition between citizen journalism and online government propaganda. Lagerkvist critically analyzes the Chinese government's Internet policies and draws on field study observations to throw light on the diverse patterns of online mobilization, the emergence of netizens, and the new mechanisms that have transformed the state-society interactions online and offline.

Throughout the analysis, Lagerkvist emphasizes the empowerment of tech-savvy Chinese youths and the release of "a revolutionary impulse" towards China's transition to democracy. While challenging the binary opposition between Internet freedom and Internet control, he has gone beyond the conventional focus on the state's manipulation of Internet users to highlight the paradoxical feature of China's Internet landscape: the growing online freedom parallels the intensification of government Internet control through formal and informal censorships (p. 17). One unintended consequence of this development is "the normative change among individual employees and officials of the bureaucratic state" (p. 285). Rapid changes in sociocultural norms have the potential to promote online and offline activism among different social sectors and interested groups. These changing norms are beyond the ability of the one party-state to control and co-opt, and this will validate the attitudinal and behavioural openness in society. When a critical body of citizenry and large numbers of reform-minded intellectuals and government bureaucrats refuse to accept the existing authoritarian system and organize collective actions publicly, this will mark the beginning of China's democratization.

The book has eight chapters. The introductory chapter re-conceptualizes China's Internet development as an ongoing battle between media consumers and freedom-seeking netizens in an emerging civil society, and a competition

between ordinary Internet users and public security officials (p. 14). These tensions and conflicts have characterized China's Internet landscape. Chapter one discusses the limits to the state's Internet regulations. As the old Chinese saying goes, "Whenever there is a policy from above, there is always a counter-strategy from below." The Chinese netizens are not passive bystanders who obey the state's Internet regulations. Instead, they devise many strategies to bypass the state-installed Green Dam filtering software and to access more controversial information online. Equally important to the politics of Internet communication is the frenetic change in online culture. Chapter two points out that the rapid expansion of blog-sphere coincides with the rise of individualism in contemporary China. People from all walks of life employ blogging to network with strangers and to challenge the longstanding social and cultural norms. Some activists, intellectuals and news commentators even use blogging to express their opinions and grievances and to organize grassroots activities. Some citizen journalists have emerged in this Internet age to challenge the state-controlled media, a topic of discussion in chapter three. But these investigative journalists are aware of the risk of making direct political criticisms. They tend to focus on social and economic issues and exercise certain level of self-censorship in order to avoid attracting unnecessary attention from the state.

Chapter four draws attention to the new political rhetoric of building a "harmonious society" (*héxié shèhuì* 和諧社會). Despite the state's efforts to promote a new vision of overall societal balance and harmony, the netizens are suspicious about the ethical disconnect between this rhetoric and the reality of authoritarian power, and they purposefully mispronounce the word "harmony" as "river crab" (*héxiè* 河蟹) in Mandarin Chinese. Even though the state seeks to tighten its control over the Internet contents, the commercialization of social media has created new online space for the netizens to bypass government censorship. The erosion of the old ideological propaganda and the emergence of an Internet counterculture are addressed in chapters five and six, respectively. In this brave new world, the government's only response is to pursue a policy of "ideo-tainment", that is to combine entertainment materials with subtle ideological and nationalistic messages. This type of soft propaganda is designed to manipulate the public and to depoliticize the online space. In particular, the state has manipulated the online audiences on issues of national security. Since the 1990s, popular nationalism has emerged independently of the state. The government authorities have frequently monitored the online discussion of controversial subjects like the Sino-Japanese and Sino-American rivalries, and have tried to co-opt the rising patriotic sentiments in support of the regime.

The contentions between market forces and political concerns are best seen in the latest dispute over Google in China.³ In chapter seven, Lagerkvist

highlights the irreconcilable differences between the state's obsession with political control and the Google executives' concerns for privacy and autonomy. Whether Google and other Internet companies can continue to operate in China are completely at the discretion of the authorities. The concluding chapter ends with an optimistic note by identifying new behavioural norms among netizens, especially those low-level government bureaucrats who have critiqued the hierarchical, top-down, authoritarian system and appreciated the new era of civility and genuine discussion online.

The findings and insights of Lagerkvist's study are up-to-date and convincing. Lagerkvist has succeeded in mapping the latest trends of China's Internet development. In particular, he shows that a new generation of Chinese netizens has employed innovative strategies to challenge the state's Internet censorship and mobilize people online for social and political changes. Lagerkvist's argument about Internet empowerment would have been strengthened if he had addressed the gender, ethnic and religious dimensions of China's online activism. Many feminist groups, ethnic minorities (e.g. Tibetan Buddhists, Uyghur Muslims and Manchurians) and religious movements (e.g. pro-Vatican Catholics, Protestant house churches and Falungong practitioners) have relied on the Internet to propagate their ideas, strengthen their national and transnational networks, and organize their struggles online and offline.⁴ In addition, a growing number of young cyber-warriors have crusaded against the so-called Great Firewall of state web censorship and coordinated with prominent dissidents abroad to call for democratic reform of the one-party system.⁵ On February 20, 2011, political dissidents and human rights fighters organized simultaneous protests in thirteen cities across China modeled on those in North Africa and the Middle East.⁶ On February 27, the protests spread to over twenty cities.⁷ The recent arrest of Ai Weiwei, a prominent artist known for his criticism of the Chinese authoritarian state, and the official crackdown on journalists, community activists, workers and churches reveal the proliferation of dissident movements throughout the society.⁸ These dissidents have publicly denounced the government's Internet control and pursued what Robert P. Weller calls a new and "alternate civility", which will foster dramatic political change and defend the civil society against complete incorporation by a powerful state.⁹ Unless Chinese officials recognize and come to grips with these endogenous forces of change, they will never be able to keep the dissidents in check.

In short, Johan Lagerkvist should be congratulated on producing this comprehensive and useful analysis of China's Internet landscape. This timely book addresses the wide range of critical issues pertaining to the democratic implications of Internet development in China, and deserves to be widely read by anyone concerned about changes in Chinese politics, society, and culture today.

Notes

- * Dr Joseph Tse-Hei Lee 李樹熙 (MA and PhD, University of London) is Professor of History at Pace University in New York, USA. He is the author of *The Bible and the Gun: Christianity in South China, 1860-1900* (New York and London: Routledge, 2003; Chinese edition: 《圣经与枪炮: 基督教与潮州社会 (1860-1900)》, 北京: 社会科学文献出版社, 2010) and the co-editor of *Marginalization in China: Recasting Minority Politics* (New York: Palgrave-Macmillan, 2009). <Email: jlee@pace.edu>
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