

Chapter 1

China and Democracy: Not a Contradiction in Terms

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This chapter attempts to address the issue of whether China will become democratic in the context of state–society relations. While the Party-state has maintained and reproduced its domination over social forces, it also has to justify its domination. The relationship of the Party-state and social forces is thus a dual process of domination and legitimization, and the purpose of legitimization is effective domination. I refer to this dual process as “hegemonization,” in Gramscian terms. I will show that the dual process of domination and legitimization means that China and democracy are not a contradiction in terms. This chapter will describe this dual process of hegemonization.

It first discusses “state–society relations” in the context of the civil society literature. While the concept of civil society has been widely used in the West to discuss Chinese politics, it is not used in a reflective way. Attempts have been made to modify this concept when it is applied to China, but these modifications are still within the framework developed from non-Chinese experiences. Overall, the boundary between the Party-state and the social forces in China is not as clearly demarcated as that in the West. The role of social forces in China’s political process often depends on their “distance” from the Party-state. The Party-state can employ various means to maintain its domination over different social forces. While the Party-state tends to

use coercion when it is challenged by social forces, it also has to use other means. The process of hegemonization is also the process of legitimization. Compared to coercion, other means such as bargaining and reciprocity are often more effective forms of domination. Identifiable mechanisms include the dependency of civil society on the Party-state, incorporating social forces into the existing regime, and playing to social forces on the part of the Party-state regime. This chapter first describes changing aspects of the relationship between the Party-state and society and then interprets the meaning of these changes.

Following a discussion on the due process of domination and legitimization, the chapter presents three cases to examine the process of hegemonization on the part of the CCP over different social forces. Finally, implications will be drawn for the CCP–society relationship at both the practical and theoretical levels.

Relations Between China's Party-State and Society: A Contradiction?

When Eastern European dissident voices became louder at the end of the 1980s and the one-party systems of Hungary, Poland, and Eastern Germany collapsed in the early 1990s, the Western academic community delightfully (re)discovered the concept of “civil society.”¹ Scholars in the West firmly believe that the peaceful overthrow of the authoritarian one-party systems in Eastern and Central Europe was the result of the protest and tacit resistance of a large range of associations and informal organizations such as Solidarnosc in Poland or the Monday Demonstrations in Leipzig. The idea of a social sphere in which people would organize their collective lives in the private realm, out of the reach of the (totalitarian) control of the state matched well with the Western left-liberal concepts of the Third Sector as a socially organized response to state and market failure. The enthusiasm about

¹John Keane (ed.). *Civil society and the state: New European perspectives* (London, Verso; Michalski, 1988).

the political changes in Eastern and Central Europe revived liberal–democratic ideas about citizens’ participation and political action “from below.”

What happened in Eastern Europe also had an important impact on the studies of China’s state–society relations. Many scholars have searched for various elements at the societal level, elements that are believed to provide great dynamics for a bottom-up political change in China. In recent years, the reports on the increasing prevalence of protests taking place across China seem to have highlighted this trend. According to official statistics released by the Chinese government, the number of “mass incidents” (*quntixing shijian*) increased from 8,700 in 1993 to 74,000 in 2004, with the number of incidents increasing every single year by a minimum of 9%. The figure increased further to 87,000 in 2005, a 6.6% increase from the previous year. The frequent occurrence of social protests has often led journalists and scholars to speculate that the legitimacy of the ruling CCP is gone and the Chinese society is falling apart. Jeffrey Wasserstrom thus contends that the effect of such reports [of social protests] has been to “portray the PRC as a country in danger of coming apart at the seams, ruled by a leadership group whose members are growing increasingly anxious about both the extent of unrest and the domestic media’s coverage of acts of contention.”² Merle Goldman, who has examined in detail the development of democratic elements in China, interprets these figures in the following way:

These figures indicate that China’s authoritarian political system is unable to handle the dynamic changes that are underway in China today. Its leaders may continue to muddle through with the existing authoritarian party-state or they could turn to democratic procedures that might be better able to handle the rising discontent of China’s farmers, who have been left behind by the dynamic growth of

²Jeffery Wasserstrom. “Beijing’s New Legitimacy Crisis,” *Far Eastern Economic Review* 168 (2004): 25–30.

China's cities, and Chinese urban workers who have lost their jobs, health care and pensions as state-owned industries are privatized.³

Scholars have certainly noted increasing tensions between the Party-state and the society. According to Richard Baum, there is a growing disconnect in China between a vibrant, dynamic economy and society on the one hand, and a rigid, anachronistic system of governance and political control on the other. The Party is seen by many groups and individuals as largely irrelevant in their daily lives — an annoyance to be avoided where possible and endured when necessary.⁴ Minxin Pei listed rising tension between state and society and mass disenchantment with the CCP as one of the most important manifestations of what he called “decentralized predation” or “predatory autocracy.”⁵ Furthermore, if one compares the CCP today with the CCP several decades ago, it is not difficult to find that the CCP, as an institution, has been in a state of progressive decline in terms of its control over various aspects of the intellectual, social, economic, and political life of the nation. According to Shambaugh,

the CCP's traditional instruments of control — propaganda, coercion, and organization — have all atrophied and eroded considerably over time. ... Globalization and China's multifaceted interactions with the outside world have further undermined the party's control over society. The CCP today also faces pressing challenges of increasing social stratification and inequality, widespread corruption, pervasive unemployment, rising crime, and rural unrest.⁶

³Merle Goldman, “The Phrase ‘Democracy and China’ Is Not a Contradiction,” in Mark Mohr (ed.). *China and Democracy: A Contradiction in Terms? Asian Program*, Special Report, Woodrow Wilson International Center for Scholars (Washington, DC, 2006), p. 5.

⁴Richard Baum. “China's Road to Soft Authoritarian Reform,” *U.S.–China Relations and China's Integration with the World*, Aspen Institute, 19, no. 1 (2004), pp. 15–20.

⁵Minxin Pei. *China's trapped transition: The limits of developmental autocracy* (Cambridge, MA: Harvard University Press, 2007).

⁶David Shambaugh. *China's communist party* (Los Angeles: University of California Press, 2008).

Scholarly works like these, plus frequent journalistic accounts,⁷ often lead people to believe in the imminent collapse of the communist party and even China as a nation-state. The logic is simple. The communist party will fall because it cannot meet social demands. Political parties, including communist ones, are like plants, and they need to adapt to changing environments in order to survive and develop. The CCP is apparently not such an organism. As David Shambaugh noted,

Leninist systems are not well equipped to respond to the changing demands and needs of society — precisely because they are intrinsically top-down “mobilization” regimes rather than possess the feedback mechanisms to hear and respond to aggregated social needs and demands.⁸

China’s political development, however, does not follow the former Soviet Union and Eastern Europe communist states where democratization took place. Many scholars have observed that Chinese civil society only enjoys very limited autonomy from the state, and many civil organizations are hybrid organizations in which state and society are interwoven and thus do not meet the minimal definition of civil society, whose component organizations exist outside and independent of the state.⁹ However, in Eastern Europe, civil

⁷For example, Gordon Chang. *The coming collapse of China* (New York: Random House, 2001).

⁸Shambaugh. *China’s Communist Party*, p. 7.

⁹This literature is growing fast, for examples, see Vivienne Shue, “State Power and Social Organization in China,” in J. S. Migdal, A. Kohli and V. Shue (eds.). *State power and social forces: Domination and transformation in the third world* (Cambridge: Cambridge University Press, 1994), pp. 65–88; Christopher Earle Nevitt. “Private Business Associations in China: Evidence of Civil Society or Local State Power,” *China Journal*, 36 (1996): 25–43; Jude Howell. “An Unholy Trinity? Civil Society, Economic Liberalization and Democratization in post-Mao China,” *Government and Opposition*, 33 no. 1 (1998): pp. 56–80; Jonathan Unger and Anita Chan. “Corporatism in China: A Developmental State in an East Asian Context,” in B. L. McCormick and J. Unger (eds.). *China after socialism: In the footsteps of eastern Europe or east Asia* (Armonk,

society organizations are often perceived as agents of democratization, civil organizations in China often act as the state's instrument of control over social forces rather than as mechanisms for expressing and pursuing the interests of the latter.¹⁰ Indeed, apart from some underground organizations and loosely networked dissent groups, Chinese civil organizations, as Jude Howell pointed out, "do not serve as forums for critical public discussion of political affairs," since they usually "have neither an explicit nor an implicit democratic program."¹¹

Indeed, the Party-state has been so far successful in maintaining its domination over society. According to a study on governance by the World Bank, using subjective perception-based data taken over the period from 1996 to 2006, China ranks seventh out of the world's twenty most populous countries in terms of political stability.¹² Research on the nature of the recent protests indicates that, though the grievances are real and serious, they do not yet pose a fundamental challenge to the rule of the CCP. Whereas demonstrations in the 1980s such as the pro-democracy movement in 1989 were nationally focused and took issue with the central government, protests in China today seem to be the result of more localized and specific concerns. Dorothy Solinger believed that these concerns relate to "unpaid wages and pensions; sudden and massive job terminations;

New York: M. E. Sharpe, 1996), pp. 95–129; Gordon White, "Prospects for Civil Society: A Case Study of Xiaoshan City," in D. S. G. Goodman and B. Hooper (eds.), *China's quiet revolution: New interactions between state and society* (Melbourne: Longman Cheshire, 1994), pp. 194–218; and Susan Whiting, "The Politics of NGO Development in China," *Voluntas*, 2(1991): 2.

¹⁰Ray Yep, "The Limitations of Corporatism for Understanding Reforming China: An Empirical Analysis in a Rural County," *Journal of Contemporary China*, 9 no.25 (2000): 547–566; and Gordon White, Jude Howell and Xiaoyuan Shang. *In search of civil society: Social change in contemporary China* (Oxford: Oxford University Press, 1996).

¹¹Jude Howell, "An Unholy Trinity?" *Government and Opposition*, 33 no.1 (2007): 71–72.

¹²Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi. "Governance Matters VI: Governance Indicators for 1996–2006," *World Bank Policy Research Working Paper* 4280 (July 2007), available online at: <http://ssrn.com/abstract=999979> (accessed on 20/02/07).

and management corruption held responsible for the bankruptcy of industrial enterprises — where discharged workers were secure enjoying privileges and benefits since the 1950s.”¹³ Vivienne Shue also noted that the protestors are typically “[s]uffering state-sector workers and peasants [who] have been prone to frame their protests in localized and limited ways, taking as their protest targets not the architects of central reform policy but local ‘bad’ officials, ‘incompetent’ firm managers, and ‘heartless’ employers.”¹⁴

In maintaining its domination over social forces, the CCP certainly has not given up using force in stopping popular demonstrations expressing discontent with its practices and suppressing political organizations threatening its authority. However, force alone cannot explain the Party’s hold on power. Scholars have thus attempted to answer the question of why the CCP is different from other former communist parties. Some scholars tend to focus on the level of legitimacy that the CCP has acquired since the reform and its open-door policy. There are various survey studies on the legitimacy of the CCP. A nationwide survey conducted by Andrew Nathan and Tianjian Shi, in cooperation with the Social Survey Research Centre of the People’s University of China in 1990, suggested that the government enjoyed a level of support that indicated its authority was secure, at least in the short term.¹⁵ Nathan noted that “[t]here is much evidence from both quantitative and qualitative studies to suggest that expressions, including widely reported worker and peasant demonstrations, are usually directed at lower-level authorities, while the regime as a whole continues to enjoy high levels of acceptance.”¹⁶ Their finding was supported by another nationwide survey conducted by Shi in 1993,

¹³Dorothy J. Solinger. “Worker Protests in China: Plentiful but Pre-empted” *Project Syndicate* (2005), available online at: <http://www.project-syndicate.org/commentary/solinger1> (accessed on June 9, 2008).

¹⁴Vivienne Shue. “Legitimacy Crisis in China?” in Peter Hays Gries and Stanley Rosen (eds.). *State and society in 21st-century China: Crisis, contention and legitimation* (London: RoutledgeCurzon, 2004), 29.

¹⁵Andrew J. Nathan. “Authoritarian Resilience” *Journal of Democracy* 14 (2003): 6–17.

¹⁶*Ibid.*

in which 94.1% of respondents agreed or strongly agreed with the statement that “we should trust and obey the government, for in the last analysis, it serves our interests.”¹⁷ A longitudinal survey across the period from 1995 to 1999 also produced similar findings and left Jie Chen to conclude that “the respondents in these three samples offered strong support for the political regime as a whole or considered the current regime legitimate.”¹⁸ A similar conclusion was reached by Wenfang Tang following his survey of six Chinese cities in 1999. For Tang, the results indicated that “Chinese urban residents showed not only relatively strong support for the current political system and a rising sense of nationalism, but also an unwillingness to challenge the authorities, at least not through institutional channels such as the workplace.”¹⁹ More recently, responses given to the World Values Survey indicate that the central government still continues to enjoy widespread support.²⁰ In response to the question, “How much confidence do you have in the national government?” 95.2% of respondents claimed that they had either “quite a lot of confidence” or “a great deal of confidence.” Indeed, of the 80 countries surveyed, such levels of support for the national government were only higher in Vietnam and Hungary.²¹

In explaining political trust in China, Zhengxu Wang found that “Chinese citizens hold high trust in the abstract government, but are much less satisfied with the agencies that carry out the real functions

¹⁷ *Ibid.*, p. 13.

¹⁸ Jie Chen. *Popular political support in urban China* (Stanford: Stanford University Press, 2004).

¹⁹ Wenfang Tang. “Political and Social Trends in the Post-Deng Urban China: Crisis or Stability?” *The China Quarterly* 168 (2001).

²⁰ Zhengxu Wang. “Political Trust in China: Forms and Causes,” in Lynn White (ed.). *Legitimacy: Ambiguities of political success or failure in east and southeast Asia* (London and Singapore: World Scientific Press, 2005).

²¹ Although different in emphasis, Whyte’s comparative survey research on levels of political satisfaction in Beijing and Warsaw found that levels of dissatisfaction were surprisingly even. Indeed, Whyte states that, “[o]n balance, these Beijing survey data seem to provide more support for the stability than for the chaos scenario.” See Whyte (2002: 9).

of the state.”²² For Wang, this distinction can be explained in terms of national leaders constituting an “imagined state,” in that citizens’ perceptions are, in the absence of direct interaction, formed through education and the media discourse, whereas the local government agencies represent the “real state,” with citizens’ perceptions being based on actual experience.²³ Similarly, Jie Chen concluded that “people in China seem to separate more or less their interest and assessment of local affairs from their diffuse feelings about the political system as a whole.”²⁴

Many others have attempted to look at changes in state–society relations. The CCP has not only recovered from the dissatisfaction expressed by segments of the population in the 1989 demonstrations but also has undertaken a series of reforms that have enabled it to manage to avoid the “third wave” of democratization that led to the collapse of many remaining communist regimes in the world while directing state–society relations to empower itself. Consequently, as Nathan points out, “[u]nder conditions that elsewhere have led to democratic transition, China has made a transition instead from totalitarianism to a classic authoritarian regime, and one that appears increasingly stable.”²⁵ Richard Baum also observed the rise of what he called consultative Leninism, and argued that “consultative Leninism — bolstered by robust economic growth — has arguably extended the lifespan of China’s authoritarian regime.” Nevertheless, Baum cautioned that over the longer term, “China’s unreconstructed Leninists may already be living on borrowed time.”²⁶

Institutional changes between the Party-state and society have led scholars to coin China’s model as corporatism that highlights the dominant role of the Party-state over social forces. Scholars have used

²²Zhengxu Wang. “Political Trust in China,” p. 122.

²³*Ibid.*, pp. 121–123.

²⁴Jie Chen. *Popular political support in urban China*, p. 113.

²⁵Andrew Nathan. “Authoritarian Resilience,” p. 16.

²⁶Richard Baum. “The Limits of Consultative Leninism,” Mark Mohr (ed.). *China and democracy: A contradiction in terms?* Asia Program, Special Report, No. 131 (June 2006), Woodrow Wilson International Center for Scholars, pp. 13–20.

different labels to refer to the Chinese variant in order to differentiate it from corporatism in other places, such as “state–socialist corporatism,”²⁷ “socialist corporatism,”²⁸ “corporatism Chinese style,”²⁹ “local corporatism,” “departmental corporatism” and so on.³⁰ According to Baum and Shevchenko, “the principal attraction of corporatist models is their ability simultaneously to acknowledge the pluralizing socio-economic changes induced by market reforms and the continued dominance of the Leninist party-state.”³¹

Within this overall framework, some scholars have focused on the CCP’s capability to adapt itself to new socio-economic environments. Bruce Dickson previously argued that the CCP was in a phase of what Samuel Huntington called “adaption.” But Dickson also believed that unlike the KMT in Taiwan, the CCP would not follow the path to democratization.³² In his more recent work, Dickson contends that the initiative of the CCP to recruit private-sector entrepreneurs is consistent with the evolution of other East Asian ruling parties. This initiative is an effort to “adapt” itself in order to save itself. Dickson believes that this initiative is a pragmatic, adaptive measure. The CCP’s strategy of “co-optation” is working.

However, Dickson has doubts on whether the CCP can accommodate genuine civil society and the organized aggregation of social

²⁷Vivienne Shue. “State Power and Social Organization in China,” in J. S. Migdal, A. Kohli and V. Shue (eds.), *State power and social forces: Domination and transformation in the third world* (New York: Cambridge University Press, 1994).

²⁸M. Pearson. *China’s new business elite: The political consequences of economic reform* (Berkeley, California: University of California Press, 1997).

²⁹Jonathan Unger and Anita Chan. “Corporatism in China: A Developmental State in an East Asian Context,” in B. L. McCormick and J. Unger (eds.), *China after socialism: In the footsteps of eastern Europe or east Asia* (Armonk, New York: M. E. Sharpe, 1996).

³⁰Gordon White, Jude Howell, and Xiaoyuan Shang. *In search of civil society: Social change in contemporary China* (Oxford: Oxford University Press, 1996).

³¹Richard Baum and Alexei Shevchenko. “The ‘State of the State’,” in M. Goldman and R. MacFarquhar (eds.), *The paradox of China’s post Mao reforms* (Cambridge, MA: Harvard University Press, 1999), p. 348.

³²Bruce Dickson. *Democratization in China and Taiwan: The adaptability of Leninist parties* (Oxford: Clarendon, 1997).

interests since Leninist parties are by nature intolerant and incapable of ceding such power to autonomous social groups. He observes:

The CCP is pursuing a variety of political reforms that are intended to enhance the capacity of the state to govern effectively, if not democratization. It has used a mix of measures to shore up popular support, resolve local protests, and incorporate the beneficiaries of economic reform into the political system. In turn, it also forcefully represses efforts to challenge its authority and monopoly on political power and organization ... There is a widespread belief that democracy is not appropriate for China, at least not at its current level of economic and cultural development. This is, of course, the CCP's contention, and it is not challenged by most Chinese. It is challenged by many intellectuals and dissidents, but their calls for quick and immediate democratization are not only opposed by the regime but also by most of society ... Lacking an alternative political system that is both preferable and viable, the status quo seems secure for the near future ... Calls for better governance are likely to resonate with the public more than calls for democratization.³³

In her study on China's private entrepreneurs, Kellee Tsai also shares Dickson's conclusion that private entrepreneurs and the emergent middle class are not going to demand regime change. Her study explores a variety of "adaptive informal institutions" that have permitted the CCP to rebuild and sustain its rule.³⁴

The utility of the corporatist paradigm, however, is questionable in explaining the relationship between the Party-state and society in China. Even scholars in the corporatist paradigm have found the limitations of this model in explaining civil society in China. White, Howell and Shang, who applied the corporatist model to China,

³³Dickson. "Populist Authoritarianism: China's Domestic Political Scene" paper presented at the Third American-European Dialogue on China, Washington, May 23, 2005.

³⁴Kellee Tsai. *Capitalism without democracy: The private sector in contemporary China* (Ithaca, N.Y.: Cornell University Press, 2007).

pointed out that the associations they came across in their research exhibit a diversity of relationships with the state, with some organizations being more autonomous and voluntary than others, so they are best described as forming an organizational continuum stretching from a state-dominated extreme to a civil society extreme.³⁵ Shue also wrote about a “state-corporatist continuum” of civil associations in China.³⁶ Pearson, based on her three case studies of business associations, observed that “socialist corporatism does not exist uniformly in all business sectors,” with some associations enjoying more autonomy than others, although she still thinks that “there are sufficiently similar characteristics to consider them all part of a new socialist corporatist strategy.”³⁷

According to Yep, corporatism is essentially a system of interest representation that involves political exchange between the state and organized social interests. For corporatism to work, there must be effective mechanisms for aggregating and communicating social interests. In addition, the specific social group that enters into corporatist exchange with the state also needs to have a strong internal cohesion. On both counts Yep found that business associations in China fall short of the corporatist definition. They are too dominated by the state to be able to play effective interest aggregation and communication roles. Also, instead of promoting horizontal integration within the business sector, these organizations actually hinder such integration, as business managers are disaggregated into different associations according to types of ownership (e.g. privately-owned, collectively-owned, etc.) and the scale of their enterprises. In this sense, Yep argued that “there may be forms of corporatism emerging in China, but not in essence.”³⁸

Howell has previously applied the corporatist model to the analysis of civil society in China. But later she revised her perspective and

³⁵Gordon White, Jude Howell and Xiaoyuan Shang. *In search of civil society*.

³⁶Vivienne Shue. “State Power and Social Organizations in China.”

³⁷Margaret Pearson. *China's new business elite: The political consequences of economic reform* (Berkeley, CA: University of California Press, 1997).

³⁸Ray Yep. “The Limitations of Corporatism for Understanding Reforming China” *Journal of Contemporary China* 9(2000): 548.

pointed to the problem in applying the model to China. According to her:

In the Chinese case ... there is little evidence of involvement of the new social organizations in central government policy. This suggests first that in the post-Tiananmen period the balance of power between social organizations and the state is in favour of the latter; secondly, that control and coercion constitute the leitmotiv of the state, but by no means the only factor, in its relationship with these new social organizations; and thirdly, that the power of these new organizations is not yet sufficient to be drawn into the policy arena. Thus it would be more accurate to describe the relationship between the Party-state and the new intermediary sphere as one of *incorporation* rather than corporatism *per se*.³⁹

For K. Foster, the corporatist model tends to obscure state dominance over social organizations. Based on his investigation of business associations in the coastal city of Yantai, he concluded that these entities are in essence appendages of government or Party organizations.⁴⁰ The closeness and, in many cases, overlapping, of the business associations and their sponsoring government agencies in terms of personnel, office space, daily operations, and functions suggest that it makes more sense to view these associations as part of the government's organizational complex than as non-governmental organizations (NGOs).

The corporatist model has also been criticized from a rather liberal perspective. For example, Tony Saich, while disagreeing with the civil society model, faulted the corporatist model for over-estimating the capacity of the state to enforce its will upon civil organizations and underestimating the ability of civil organizations to circumvent or deflect state intrusion. According to Saich's observations, civil organizations in China are able to negotiate their own niches with the state,

³⁹Jude Howell, "An Unholy Trinity?" p. 63.

⁴⁰Kenneth W. Foster. "Embedded within State Agencies: Business Associations in Yantai" *China Journal* 47 (2002): 41-65.

and they often “subordinate” themselves to the state of their own volition, as this allows them to have more impact on policy-making and to pursue their members’ interests and organizational goals more effectively than if they have remained completely autonomous.⁴¹ Similarly, Dickson argued that private entrepreneurs or capitalists are willing to be incorporated into the Party-state regime, not because of coercion on the part of the Party-state, but because they can benefit from the regime by showing their loyalty to it.⁴²

Whether it is corporatist model, civil society, a continuum from corporatism to civil society, or a particular mix of the two, it all boils down to a state-versus-society framework — what Perry has termed the “state–society paradigm.”⁴³ This state–society dichotomy has formed the basis for most existing studies of Chinese civil organizations, even though many scholars acknowledge that the boundaries between the state and society are often blurred. Under the influence of the state-versus-society framework, scholars become preoccupied with discussing the degree of autonomy from the state enjoyed by civil organizations. Perry thus suggested that a deeper understanding of Chinese politics require that researchers move beyond the state–society dichotomy by disaggregating the crude and unwieldy categories of “state” and “society.”⁴⁴

The continuing dominant role of the CCP in Chinese society requires the scholarly community to rethink China’s state–society relations. While China has differentiated itself from the Soviet Union and Eastern European communism, it does not conform to either the civil society or the corporatist paradigms. In the past three decades, China has achieved unprecedented, rapid socio-economic transformation. But rather than loosening its grip, the CCP has reproduced its

⁴¹Tony Saich. “Negotiating the State: The Development of Social Organizations in China” *The China Quarterly* 161 (2000): 124–141, and *Governance and Politics of China* (New York: Palgrave, 2001).

⁴²Bruce Dickson. *Democratization in China and Taiwan*.

⁴³Elizabeth Perry. “Trends in the Study of Chinese Politics: State–Society Relations” *The China Quarterly* 139 (1994): 704–713.

⁴⁴*Ibid.*

domination over society. In responding to rapid socio-economic changes, the CCP has attempted to bring to perfection its machinery for governing an increasingly complex Chinese society. While maintaining its Leninist structure, the CCP has been able to adapt to changing socio-economic conditions by introducing modern state institutions and even incorporating democratic elements into the organizational emperorship. China's political development so far has informed us that despite dramatic socio-economic changes, China will not necessarily move towards pluralism and democracy, as understood by many scholars in the West; neither will it collapse, as predicted by some others.

The neo-Gramscian approach, namely "hegemonization," attempts to show how the CCP can sustain itself by accommodating democratic elements and how hegemonization takes place between the CCP and social forces. The development of civil society in China can be regarded as an extension of the domination of the CCP into social forces. Nevertheless, such an extension is not contradictory to the development of democracy. While civil society contributes to democratic development in China, Chinese democracy can hardly fit the liberal-democratic model. If one understands state-society relations from the perspective of Bourdieu, one will see that social forces are not as helpless as in the Gramscian model; nor is it as powerful as in the liberal-democratic model. While the development of civil society can be regarded as efforts on the part of the CCP to reproduce its domination over social forces; by doing so, the CCP itself is also transformed.

Hegemonization: Domination and Legitimization

"Hegemonization" connotes three basic meanings in the Chinese context. First, the CCP wants to maintain its domination over social forces. Second, it maintains its domination by accommodating social forces and soliciting their loyalty. And third, hegemonization is an effective tool of legitimization. In this context, the development of civil society in China is a dual process of domination and legitimization. How does the CCP engage in this dual process simultaneously?

Legitimization can be simply understood as “the process whereby legitimacy is acquired.”⁴⁵ Legitimacy constitutes a crucial basis of politics in any political system and under any regime type, be it democratic or authoritarian. Max Weber has been widely credited with developing the concept of legitimacy to analyze the modern political system. For Weber, the centrality of legitimacy to the political system can be explained by “the generally observable need of any power, or even of any advantage of life, to justify itself.”⁴⁶ Weber’s conception of legitimacy was derived from his conception of power as being relational, i.e. the actors did not possess power *per se* but their power stemmed from others’ belief in that actor’s rightfulness to exercise power.⁴⁷ Legitimacy rested upon this notion of belief, so that “the basis of every system of authority, and correspondingly of every kind of willingness to obey, is a belief, a belief by virtue of which persons exercising authority are lent prestige.”⁴⁸ Moreover, the effect of this belief in the legitimacy of the ruler(s) is to convert the exercise of power into that of authority. For Jürgen Habermas, such authority is demonstrated when a political decision can be made “independently of the concrete use of force and of the manifest threat of sanctions and can be regularly implemented even against the interests of those affected.”⁴⁹ Authority means that obedience is derived from the legitimacy of those who issue orders rather than from the actual orders themselves.⁵⁰

Legitimization becomes important here. According to Muthiah Alagappa, legitimization is “an interactive and ... dynamic process among the government, the elite groups, and the politically significant

⁴⁵Leslie Holmes. *The end of communist power: Anti-Corruption campaigns and legitimation crisis* (Cambridge: Polity Press, 1993).

⁴⁶Max Weber. *Economy and society: An outline of interpretative sociology*, edited by Guenther Roth and Claus Wittich (Berkeley: University of California Press, 1978).

⁴⁷Max Weber. *The theory of social and economic organization*, edited by Talcott Parsons (New York: The Free Press, 1964).

⁴⁸*Ibid.*, p. 382.

⁴⁹Jürgen Habermas. *Legitimation crisis*, translated by Thomas McCarthy (Cambridge: Polity Press, 1988).

⁵⁰Weber. *The theory of social and economic organization*, pp. 324–325.

public: those in power seek to legitimate their control and exercise their power; the subjects seek to define their subordination in acceptable terms.”⁵¹ Weber identifies three modes of legitimization from which regimes derive their authority: legal–rational, charismatic, and traditional. Weber views these modes as “ideal types.” The legal–rational legitimization is derived from a “belief in the ‘legality’ of patterns of normative rules and the right of those elevated to authority under such rules to issue commands.”⁵² This “belief” rests on the establishment by a regime of clear rules and procedures whose implementation is transparent and accountable. The charismatic mode of legitimization could be contrasted with that of the legal–rational mode, in that while the latter was concerned with institutional power, the former focused on the legitimating effect of personal power. For Weber, the notion of charisma “applied to a certain quality of an individual personality by virtue of which he is set apart from ordinary men and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities.”⁵³ The third mode of legitimization was that of tradition and this was viewed as mixing elements of the first two modes. According to Weber, this mode of legitimization could be understood as “an established belief in the sanctity of immemorial traditions and the legitimacy of those exercising authority under them.”⁵⁴

Weber’s concept of legitimization is limited in explaining why a regime maintains its authority on account of the fact that no space is given for addressing the question of why people believe in the identified modes of legitimization. Weber’s conceptualization seems to suggest that regimes that act in accordance with norms and rules that it has established, either directly, through tradition or by a charismatic leader, will continue to be legitimate. As such, this conceptualization is overly structuralist and, though the inclusion of the *Lebenswelt*

⁵¹Muthiah Alagappa (ed.). *Political legitimacy in southeast Asia: The quest for moral authority* (Stanford: Stanford University Press, 1995).

⁵²Weber. *The theory of social and economic organization*, p. 328.

⁵³*Ibid.*, p. 358.

⁵⁴*Ibid.*, p. 328.

concepts of belief, meaning, and intention suggest a role of agency, Weber effectively reduces it to that of material circumstances. Moreover, while this approach can describe a politically stable situation, it is unable to account for political changes.

Hegemonization as an effective mode of legitimization places its emphasis not on the structure but on the interaction between the Party-state and social forces. By doing so, I attempt to highlight the following points. First, the interaction between the Party-state and social forces is not a zero-sum game. Although hegemonization implies the process of the Party-state dominating social forces, this does not mean that social forces are completely powerless since otherwise the Party-state will not be able to acquire legitimacy. Second, social forces are active actors in this process, just as the Party-state does. Politics is relational, so is power. Legitimization means that the Party-state solicits loyalty from social actors through non-coercive means, and social forces somehow voluntarily accept the domination of Party-state. Both processes of domination and legitimization are struggles between the Party-state and social forces. In their interactions with each other, both the Party-state and social forces struggle for *symbolic power* (in Bourdieu's term). Third, hegemonization is thus a dynamic process of mutual transformation of the Party-state and social forces. To acquire legitimacy through hegemonization does not mean that the Party-state can simply impose its will onto social forces; neither does it imply that social forces accept the Party-state's domination without resistance or negotiations with the state. It is an interactive process between the two actors, and their continuous interactions lead to mutual transformation.

Figure 1.1 elaborates the dual process of domination and legitimization, a process through which the CCP establishes and maintains a hegemonic political order. The left column represents the dual process of domination and legitimization of the CCP over social forces. "A" represents the CCP, and A1, A2, A3 ... represent social forces such as mass organizations (e.g. the Chinese Communist Youth League, the All China Federation of Trade Unions, and the Women's Federation) and other social forces (e.g. chambers of commerce and various forms of NGO). By accommodating social forces into the boundary

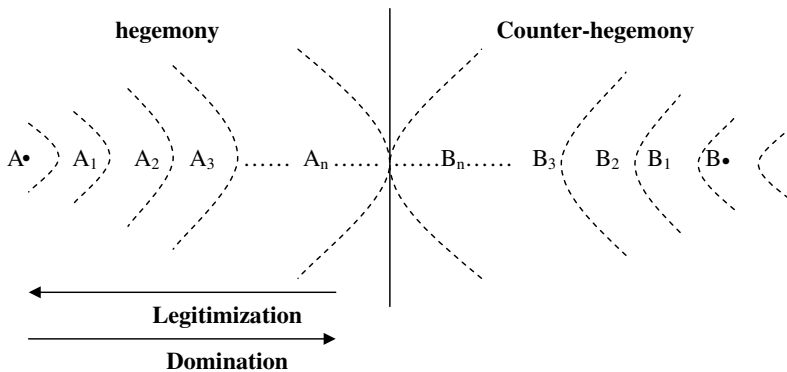


Figure 1.1. Hegemonization: domination and legitimization.

of the hegemony, the state solicits loyalty from social forces; and by accepting state domination, social forces become part of the political process.

Moreover, the CCP is a part of society, which is the sphere in which it organizes consent and hegemony. According to Gramsci, if one organization is to become hegemonic, it has to combine the interests of other organizations and social forces with its own interests so as to create a national-popular collective will.⁵⁵ Similarly, the CCP cannot achieve national leadership and become a hegemonic organization if it confines itself only to its own organizational interests or the interests of the social forces on which it has built its hegemonic position. Instead, to sustain and reproduce its hegemonic position across different historical periods, the CCP has to transcend these interests by taking into account the aims and interests of other social forces, linking these with its own interests so as to become their “universal” representative. By doing so, the CCP realizes a dual process of domination and legitimization in its relations with social forces.

Society, however, is also a sphere in which subordinate social forces may organize their opposition, struggle for symbolic power

⁵⁵Roger Simon. *Gramsci's political thought: An introduction* (London: Lawrence & Wishart, 1991).

(in Bourdieu's words), and construct an alternative hegemony — a counter-hegemony. The right column of Fig. 1.1 points to a possible counter-hegemony. When the CCP is challenged or perceives that it is challenged by different actors within a possible counter-hegemony (e.g. B, B₁, B₂, B₃,...), it tends to use coercive measures against these actors. It is at this juncture that the CCP departs from all political organizations in the liberal–democratic model where political pluralism is the norm. In the case of the CCP, it does not allow a counter-hegemony to develop. To achieve that goal through coercive measures is not always effective and indeed often counterproductive due to changing socio-economic environments. Therefore, while not surrendering the option to use coercive measures at any point in time, the CCP actively engages social forces and transforms social forces by accommodating them. In the process, the CCP realizes self-transformation.

The CCP and Society in the Maoist Era

To understand the process of hegemonization of the CCP over social forces, it is important to situate it in the context of China's development. First, the rise of social forces is a consequence of China's development. The fact that the CCP has directed China's development means that an integral part of this development is to maintain its domination over social forces. Second, this fact also means that the CCP is not a reactive actor, but a pro-active one in responding to changing social forces, and thus reproduces its domination over society. Third, the process of reproduction is also a process of constant interplay between the CCP and society, and the CCP is undergoing change while transforming society.

In the pre-reform era, China's political system was characterized by totalitarianism. According to Carl Friedrich, totalitarian regimes are characterized by a totalist ideology, a single party committed to this ideology, a fully developed secret police, and the monopoly of mass communications, operational weapons, and all organizations.⁵⁶

⁵⁶Carl J. Friedrich. "The Evolving Theory and Practice of Totalitarian Regimes," in Carl J. Friedrich, Michael Curtis, and Benjamin R. Barber (eds.). *Totalitarianism in perspective: Three views* (New York: Praeger, 1969).

In this system, there was little space for the existence of civil activities. After the CCP took power in 1949, the Party-state adopted measures to reshape the sphere of intermediary organizations in light of reordering class relations, restructuring of the economy, and legitimizing power. All organizations regarded or even suspected to be “counter-revolutionary” by the Party-state were banned. On the other hand, in order to mobilize millions of people to implement public policies and to achieve the Party’s and even Mao Zedong’s personal political purposes, enormous mass civilian bodies, or “administered mass organizations,” were created by the Party-state. Party cadres and governmental officials used such organizations to organize youths, workers, women, and other social groups into bodies resembling a “conscription society.”⁵⁷ In terms of interpersonal relations, China was characterized by social atomization: the obliteration of social ties that are not directly conducive to the fulfillment of the Party’s aims. The state recognizes no legitimate distinction between private and public spheres. Allegiances not subordinated to the Party are regarded as subversive to its aims. Consequently, as William Kornhauser pointed out, an “atomized society” is formed, “a situation in which an aggregate of individuals are related to one another only by way of their relation to a common authority in a variety of independent groups.”⁵⁸ The reason is simple. A totalitarian regime requires “atomized masses” not only to keep power by preventing alternative loyalties independent of the regime but also to ensure that there are no obstacles to inhibit the total mobilization of the population.⁵⁹ In such a situation, “alienation,” “anomie,” and “loneliness” are normal characteristics of the structure of social relations.⁶⁰

⁵⁷Gregory J. Kasza. *The conscription society: Administered mass organizations* (New Haven: Yale University Press, 1995).

⁵⁸William Kornhauser. *The politics of mass society* (Glencoe, Ill: The Free Press, 1959).

⁵⁹*Ibid.*, p. 62.

⁶⁰Andrew G. Walder. *Communist neo-traditionalism: Work and authority in Chinese industry* (Berkeley, CA: University of California Press, 1986).

Decentralization: Intergovernmental and Between the State and Society

The rise of social forces is a consequence of decentralization in the post-Mao era. Decentralization has been widely used as a reform strategy by political leaders in communist and post-communist states to resolve economic and political problems resulting from over-centralization in the old planning economy. There are different ways of decentralization with rather different outcomes for society. I outline two main types of decentralization and four major dimensions of decentralization in Table 1.1. This typology is not intended to simplify the complicated process of reforms in China, but to show how social forces have grown out of China's reform. The Chinese leadership focused on inter-governmental decentralization in the first stage

Table 1.1. Two stages of decentralization in China.

Decentralization	Stage One Intergovernmental	Stage Two State–Society (enterprise)
<i>Economic</i>	<p><i>Central–Local</i></p> <p>Outcomes:</p> <ul style="list-style-type: none"> • Local or regional property rights • Jurisdictional competition • Limited marketization • Local intervention • Local protectionism, etc. 	<p><i>State–Enterprises</i></p> <p>Outcomes:</p> <ul style="list-style-type: none"> • Private property rights • Privatization • Marketization • Competition among individual enterprises • Less or no government intervention, etc.
<i>Political</i>	<p><i>Central–Local</i></p> <p>Outcomes:</p> <ul style="list-style-type: none"> • Local democracy • Perforated sovereignty and <i>de facto</i> federalism • Limited individual rights, etc. • Governmental “NGOs” 	<p><i>State–Society</i></p> <p>Outcomes:</p> <ul style="list-style-type: none"> • Democratization • Popular sovereignty and individual rights • Political participation • NGOs and civil society, etc.

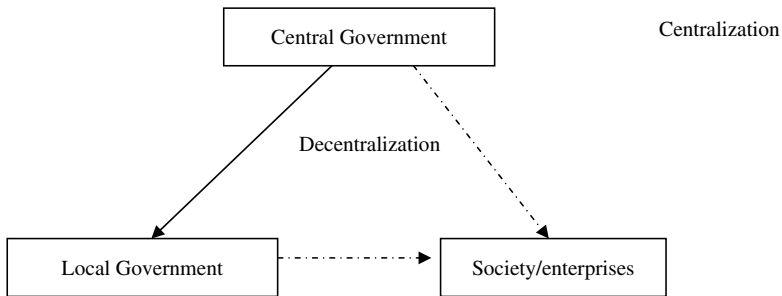


Figure 1.2. Stage one: intergovernmental decentralization.

of the reform between 1978 and the mid-1990s. Then since the late 1990s, China has made transition from inter-governmental decentralization to state–society decentralization.

Inter-governmental decentralization has not only changed inter-governmental relations (e.g. central–local relations) but also generated dynamism for changes in state–society (enterprises) relations in later stages. Figure 1.2 shows the flow of power among the central government, local governments, and society as result of inter-governmental decentralization. With inter-governmental economic decentralization, economic decision-making authority is shifted to local governments. Instead of privatization, property rights are decentralized to local governments rather than to individual enterprises or entrepreneurs. Local governments became *de facto* owners of state enterprises. Even though the central government gradually withdrew from the economic affairs of individual enterprises, local governments became highly interventionistic. Inter-governmental decentralization created an institutional setting and legitimacy for local governments to intervene in economic activities within their jurisdictions. Intergovernmental decentralization does not necessarily deny marketization. As a matter of fact, marketization was encouraged due to intense competition among different jurisdictions and enterprises with different forms of ownership. Local protectionism existed at early stages of economic reforms, but with the growth of market mechanisms, it was greatly constrained.

Inter-governmental decentralization helped to strengthen local governments and make them more efficient in promoting socio-economic changes and responding to these changes. With an increase in local responsibilities, central–local relations became interdependent. Local governments developed and strengthened their own power bases. They had the authority not only to deal with local affairs but also to influence decision-making at higher levels. Democracy in terms of state–society relations may emerge, but vary in different regions. The degree of political participation depends on local factors such as the level of economic development, local political culture, the attitude of the local leadership toward democracy, and the measures of political reforms introduced locally.⁶¹

Inter-governmental decentralization was very successful in achieving high economic performance, but it also incurs costs and can create contradictions within the administrative hierarchy. Although the authoritarian structure has remained, the cost of maintaining this structure became increasingly high. Even though rapid inter-governmental decentralization did not lead to the breakup of China as it did with the Soviet Union, localism or regionalism often became uncontrollable and posed increasingly serious challenges to central power.⁶²

Around the mid-1990s, the Chinese leadership embarked on the second stage of the reform, namely, state–society decentralization. Inter-governmental decentralization empowered local governments that often acted as barriers to state–society decentralization. In order to implement state–society decentralization, the central government had to re-centralize power first. Re-centralization did not mean that the leadership was going to reverse the reform process and go back to the old system. What the

⁶¹A good example is the development of the grass-roots election system in the countryside. For discussions on the uneven progress of the system, see Tianjian Shi, “Village Committee Elections in China: Institutional Tactics for Democracy” *World Politics* 51 no. 3 (1999): 385–412; and Anne F. Thurston. *Muddling toward democracy: Political change in grassroots China*, Washington, DC, United States Institute of Peace, 1998.

⁶²For a discussion on negative consequences of inter-governmental decentralization, see Yongnian Zheng. *De facto federalism in China: Reforms and dynamics of central-local relations* (Singapore and London: World Scientific Publishing, 2007).

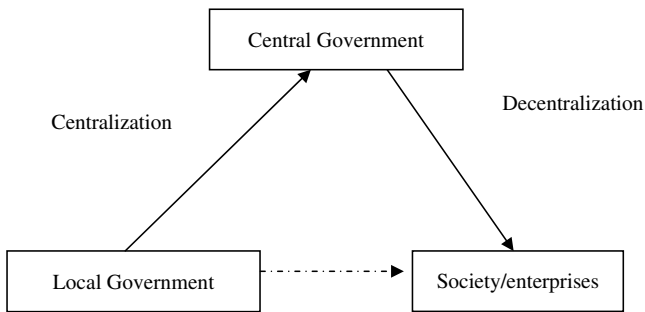


Figure 1.3. Stage two: state-society decentralization.

leadership did was to selectively recentralize certain aspects of power to the central government, powers that were vital to central power. The flow of power in the second stage is shown in Fig. 1.3.

In the economic realm, selective centralization was concentrated on two major reforms — taxation reform and central banking system reform, aiming at reducing the powers of local governments. In the political realm, re-centralization took place immediately after the crackdown on the pro-democracy movement in 1989 and the collapse of the Soviet Union in the early 1990s. The central government re-strengthened the old nomenklatura system, a traditional method that the communist regime used to exercise its power over local party cadres and government officials.⁶³

Meanwhile, the central government implemented reform programs, selectively shifting power from the state to society. On the economic front, early efforts were made under the Zhu Rongji administration. Measures of corporatization and privatization were aimed at decentralizing power from the state to enterprises. On the political front, limited democratization is reflected in the continuous development of rural democracy, and limited liberalization in the admission of capitalists into the CCP. On the social front, state-to-society decentralization has led to the rise of NGOs since the mid-1990s.

⁶³Yongnian Zheng. *Globalization and state transformation in China* (Cambridge, England: Cambridge University Press, 2004), Chapter 6.

One major goal of China's reform was to separate the government from the enterprises, i.e. corporatization, aiming at delegating government power to the marketplace. Corporatization largely refers to the reforms of state-owned enterprises (SOEs), products of the old planned economy. SOEs used to function primarily as socio-economic entities rather than as production units. The objective of many large SOEs was not limited to maximizing profits since their operations included the provision of social and welfare services normally considered "public goods," such as education, medical services, housing, child-care services, and pensions. Indeed, many large SOEs existed much like "mini-welfare states," and not surprisingly, they operated under "soft budget constraints," with the government always ready to subsidize their losses.

During the period of 1993–1997, the SOE reform efforts were directed towards the establishment of a "modern enterprise system." SOEs were encouraged to become profitable modern firms by restructuring their internal operations and incentive structures, or to form new enterprise groups (*qiye jituan*) through mergers and acquisitions or other forms of integration. Meanwhile, the experimentation of the shareholding system was also stepped up. Above all, the Company Law was enacted in July 1994 to provide a modern legal framework for the corporatization drive.

In 1995, the SOE reform was crystallized further into a more explicit strategy of *Zhuada fangxiao* or "nurturing the big into giant conglomerates while letting go the small SOEs to the forces of market mechanism." The leadership believed that while they could "let go" a vast amount of small and mainly local-level SOEs via various forms of restructuring, including reorganization, mergers and takeover, leasing and management contract, conversion into shareholding companies, or even outright closure, they had to retain large and key SOEs belonging to the central government. These key SOEs were of strategic importance as they constituted the backbone of China's industrial economy in terms of total capital and employment.

Measures for privatization were even more radical than those for corporatization. In 1998, the central government introduced a new concept, the shareholding system, to speed up privatization. It was

technically the Chinese form of “privatization in disguise.”⁶⁴ The shareholding scheme was able to address the crucial state ownership issue more effectively. Without owning a stake in the enterprise, its workers and management did not have an inherent incentive to perform well. For the numerous small SOEs, the government was much more willing to “let go,” virtually allowing them to do whatever that could best revitalize them. Since private ownership was no longer such an ideological minefield, more SOEs could be converted into shareholding companies. It also became easier for firms to declare bankruptcy or to be sold out, even to foreign partners. These small SOEs were given more options and greater flexibility to choose their reform paths. Many of them began to engage in potentially competitive activities that did not need the presence of the state.

Both intergovernmental decentralization and state–society decentralization have had a major impact on state–society relations. The focus of inter-governmental decentralization was power shifts not between the state and society, but between the center and the provinces. The leadership did not want to decentralize political power to society; instead, it believed that political participation should be constrained and that mass mobilization would not help the transition to an efficient government. In contrast, state–society decentralization occurred either from the central state to society or from local states to local society. With state–society decentralization, the political spaces for free expression and collective action for individuals and social groups were extended and limited political participation from below took place.

Certainly, the purpose of decentralization, be it intergovernmental or between the state and society, is not to weaken but consolidate state power. When decentralization led to drastic socio-economic changes, the state has to transform itself and redefine its relations with social forces in order to maintain its hegemonic position and domination over social forces. The interactive process between the state

⁶⁴Guy S. Liu, Pei Sun, and Wing Thyee Woo. “The Political Economy of Chinese Style Privatization: Motives and Constraints” *World Development* 34 no.12 (2006): 2016–2033.

and society is mutually transformative. The following three cases show how the state reproduces its domination and hegemonic position through its active engagement with different social forces.

Three Cases

Expansion of semi-competitive elections and local democracy

Local democracy refers to rural village elections for village committees since the late 1980s and township elections for the heads of townships since the 1990s. The rural election system was initially introduced in the late 1980s. In the late 1970s, China initiated the rural reform that was characterized by radical decentralization and was based on the household responsibility system. Rapid spread of this system soon led to the collapse of the old system of governance, i.e. the production brigade system, and eventually the collapse of the commune system. The Party-state leadership decided to restructure the governance system at the basic level. In 1987, the National People's Congress (NPC) passed the "Village Committee Organic Law of the PRC (experimental)." According to the law, "village committees should be established in China's rural areas in order to safeguard farmers' opportunities and rights of political participation. The control over village cadres by farmers and the level of villagers' self-government will be improved through direct election of the directors, deputy directors and members of the villagers' committees, thus upgrading the quality of farmers' political participation."⁶⁵ Since the mid-1990s, the election system has progressed significantly. According to the Ministry of Civil Affairs, which has been in charge of implementing the election system, by early 1997, more than 80% of China's 930,000 villages had conducted at least one round of relatively democratic elections. By 2001, this system had spread to the whole country.

⁶⁵Cited in Jiang Wandu. "Grossroots Democracy Taking Root" *Beijing Review* 39 no. 11 (1996): 11.

This top-down reform did not mean in any sense that the CCP was to give up its rule in countryside; instead, it was aimed at strengthening the rule of the Party in rural areas by accommodating democratic elements.⁶⁶ So, while the village committee was elected by villagers, the CCP committee continued to exist. The rapid spread of rural democracy, however, soon created contradictions between the elected body and the Party branch in the same village. While the elected village committee could draw its legitimacy from villagers, the Party branch often faced challenges in dealing with the former. To solve this contradiction, many provinces have developed a system of “two-ballots” in which the Party secretary in a village is subject to a popular vote, meaning that in these places both committees are elected.⁶⁷ The parallel system of the Party branch and the village committee continues, but their relations with each other have been transformed.

The CCP has also begun to implement direct elections at the township level — the basic level of administration in China — on an experimental basis. In the mid-1990s, China experienced its first cases of township elections for key township officials. Since then, the new election practices have spread to many townships in many counties of a number of provinces. The positions open to the elections have been extended from township vice heads to township heads, and sometimes even township Party secretaries. The number of cases increased from a dozen in the mid-1990s, to several hundreds in the late 1990s, and to several thousands by the early 2000s. Compared to village elections, township elections are more constrained by various factors, thus the scholarly community has coined it “semi-competitive elections.”⁶⁸

⁶⁶Lianjiang Li and Kevin O’Brien. “Accommodating ‘Democracy’ in a One-Party State: Introducing Village Elections in China” *The China Quarterly* 162 (2000) 465–89; and Li and O’Brien. “The struggle for Village Elections,” in Merle Goldman and Roderick MacFarquhar (eds.). *The paradox of China’s post-Mao reforms* (Cambridge, MA: Harvard University Press, 1999) 129–44.

⁶⁷Lianjiang Li. “The Two-Ballot System in Shanxi Province: Subjecting Village Party Secretaries to a Popular Vote” *The China Journal* 42 (1999): 103–18.

⁶⁸For example, Hairong Lai. *The causes and effects of the development of semi-competitive elections at the township level in China since the 1990s*, PhD thesis, Department of Political Science, Central European University, Budapest, January 2008.

Township elections are policy products, not legal ones. As a matter of fact, township elections have not been codified in Chinese laws, and remain controversial even though they are now widespread.⁶⁹ The political support from the leadership, both at the central and local levels is the key factor that has facilitated the implementation of this system.⁷⁰

Beside village and township elections, China today is experimenting different kinds of democratic measures such as the election of urban community committees, allowance of independent candidates running for local people's congresses, the emergence of what China called "rights-democracy," and social movements.⁷¹ Furthermore, bottom-up social democracy (or people's democracy) has been identified by the 17th National Congress of the CCP in 2007 as one of the key areas for China's political reform in terms of democratization.⁷²

While the scholarly community is doubtful whether China's one-party system can accommodate democracy, the CCP has introduced democratic elements to reform the old system of governance in rural and urban areas. "Democratization" has served as a means of legitimization for the CCP at the local levels. The process of democratization has been well choreographed since the CCP leadership needs

⁶⁹See Lisheng Dong. "Grassroots Governance and Democracy in China's Countryside," in Zhengxu Wang and Colin Durkop (eds.). *East Asian democracy and political changes in China: A new goose flying?* (Singapore: The Konrad Adenauer Stiftung, 2008): 155–168.

⁷⁰Lianjiang Li. "The Politics of Introducing Direct Township Elections in China" *The China Quarterly* 171 (2002): 704–23.

⁷¹The "rights-democracy" refers to citizens from the marginalized or disadvantaged social groups asserting or defending their rights by a variety of means, including through formal institutions such as competing in local elections and asserting the right to recall a delegate to local people's congress who they deemed incompetent, corrupt, or unwilling to represent voters' interests. For a discussion of all these forms of democracy, see Li Fan. "Is Democratic Development in China Sustainable" in Wang and Durkop (eds.). *East Asian democracy and political changes in China* (Singapore: The Konrad Adenauer Stiftung): 135–51.

⁷²For an analysis of the 17th National Congress of the CCP, see Zhengxu Wang and Yongnian Zheng. "Key Policy Outcomes of the 17th National Congress of the Chinese Communist Party" *Briefing Series*, Issue 31, November 2007, The China Policy Institute, University of Nottingham, United Kingdom.

to make sure that every step of “democratization” will not undermine its domination. While it is uncertain whether China will be able to develop a democracy, as understood in the West, the CCP has surely managed to hegemonize local residents by accommodating “democracy.”

Admission of capitalists into the Party

Accommodating capitalists will most likely be regarded as a milestone in the history of the CCP. Historically, all communist parties were hostile to capitalism and capitalists. The CCP Constitution stated that the goal of the Party was to eliminate capitalism and the capitalist class. Despite the de-emphasis of the role of ideology in the post-Mao era, the issue of whether capitalists or private entrepreneurs should be allowed into the Party was controversial for a long period of time. The private sector began to play an important role in the 1980s, first in the economic area, and then in the political realm, as shown in the pro-democracy movement in 1989 during which many private entrepreneurs not only contributed financial resources to the movement but also played a leadership role.⁷³ In the aftermath of the 1989 crackdown, the Central Committee of the CCP issued a regulation on 28 August 1989, entitled “A Notice on Strengthening Party Building” (document no. 9, 1989). The regulation stated, “Our party is the vanguard of the working class. Since it is an exploitative relationship between private entrepreneurs and workers, private entrepreneurs cannot be recruited into the Party.”⁷⁴ Jiang Zemin, then General Secretary of the CCP, was one of the major political forces behind this regulation.⁷⁵

⁷³This is especially true in the case of Wan Runnan, the former head of the Stone Group. See, Merle Goldman. *Sowing the seeds of democracy in China: Political reform in the Deng Xiaoping era* (Cambridge, MA: Harvard University Press, 1994).

⁷⁴The Office of the Documentary Research of the Central Committee of the CCP, (ed.). *Xinshiqi dang de jianshe wenjian xuanbian* (Selected Documents of Party Building in the New Era) (Beijing: Renmin chubanshe, 1991), p. 456.

⁷⁵*Ibid.*, p. 442.

The private sector, however, continued to provide much dynamics for the Chinese economy after the 1989 pro-democracy movement. As discussed earlier, Deng Xiaoping's southern tour in 1992 triggered off a new wave of radical economic decentralization which in turn promoted rapid expansion of the private sector. The privatization program under Zhu Rongji after the mid-1990s provided a further boost for the development of the private sector. Understandably, private entrepreneurs soon became a formidable force in the country's economic life. At the same time, liberals within the CCP began to propose that the Party should allow private entrepreneurs to join the Party and thus expand the Party's social bases. Such liberal arguments invited strong reactions from the leftists. Despite the controversies and the sensitivity of the issue, the leadership decided to go one step further to formally allow private entrepreneurs to join the Party.⁷⁶ In early 2000, the Party leadership under Jiang Zemin put forth a new concept of *san ge dai biao* (literally meaning "three represents"). According to this concept, the CCP represents the "most advanced mode of productive force, the most advanced culture, and the interests of the majority of the population."⁷⁷ The "three represents" theory was regarded as the CCP's affirmation of the non-state sector in the economy. More importantly, it also shows that the CCP began to consider how the interests of newly rising classes and social groups can be represented politically.

The CCP has an aversion to bottom-up initiatives; it is more comfortable with the top-down approach through which it is able to keep developments in check. For many years, the CCP has been accountable for continuing tight political control, and crackdowns on budding social movements. Yet there are also moves taken by the CCP to broaden its social base by pro-actively engaging

⁷⁶Zheng. *Globalization and state transformation in China*, Chapter 4.

⁷⁷The Xinhua News Agency. "Jiang Zemin tongzhi zai quanguo dangxiao gongzuo huiyi shan de jianghua" (June 9, 2000) ("Comrade Jiang Zemin's Talk in National Party Schools Working Conference"), *Renmin ribao*, July 17, 2000.

different social groups, particularly new social forces that have emerged in China's changing socio-economic environment. Effective governance requires the CCP to solicit political loyalty from these groups.

In order to solicit loyalty from the rising entrepreneur class, the CCP leadership is pragmatic enough to accommodate it. The decision to recruit private entrepreneurs into the Party implies that the CCP is adjusting itself to China's changing political reality. Capitalist economic development has rapidly changed China's social structure. When the traditional ruling classes such as workers and peasants decline, the role of the entrepreneur class becomes increasingly important. Embracing the new social classes certainly has enabled the Party to expand its social bases. The decision also reflects the fact that the Party is finding a new way to rule the country. When class struggle was used by Mao Zedong to govern the country, political mobilization became important and inevitable. In order to mobilize social forces, the Party leadership then had to rely on the so-called ruling classes — workers and peasants. But now that the Party is the only ruling party it has to represent as many social interests as possible. To a great degree, whether the Party can maintain its domination over an increasingly diversified society depends on whether it can stand above all social forces and coordinate these different and often conflicting interests. Needless to say, this is also a process of hegemonization. To maintain its domination over capitalists while acquiring its legitimacy, the CCP has to represent the interests of this newly rising social force and “allocate” certain space for them within the regime.

This is clearly manifested by the profound changes that have occurred in the CCP's membership (Fig. 1.4). During Mao Zedong's era, the CCP was a genuine revolutionary party with its members overwhelmingly comprising workers and peasants. For example, in 1956, 83% of Party members came from these two groups. The figure still remained high in 1981, at 64%. When Deng Xiaoping came to power, he initiated the so-called technocratic movement, replacing workers and peasants in the Party with technocrats. Worker and peasant Party members were reduced from 64%

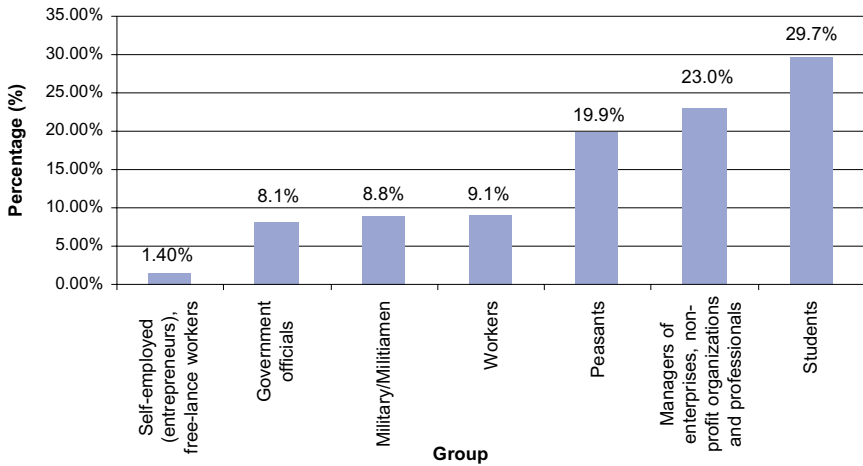


Figure 1.4. Professional composition of CCP members (2006).

in 1981 to 48% in 1994.⁷⁸ The figure continued to decline to 29% in 2005.⁷⁹

These changes are also reflected at the legal front. The Second Session of the Ninth National People's Congress (NPC) in 1999 passed a constitutional amendment, which, for the first time since the establishment of the People's Republic, provides constitutional protection for the private economy.⁸⁰ In 2008, the Eleventh NPC passed the Property Law to guarantee private property rights. The Property Law marked an important step in China's transition to a capitalist economy. The travails faced in securing passage of the new law underscored the difficulties the leaders of China face as they attempt to put in place a

⁷⁸Ignatius Wibowo. "Party Recruitment and the Future of the Chinese Communist Party" Unpublished manuscript, East Asian Institute, National University of Singapore, 2001.

⁷⁹Xinhua News Agency, "Professions of CCP Members, 2005," www.xinhuanet.com, accessed on February 12, 2007.

⁸⁰Keyuan Zou and Yongnian Zheng. "China's Third Constitutional Amendment: A Leap Forward Towards Rule of Law in China," in A. J. de Roo and R. W. Jagtenberg (eds.). *Yearbook law & legal practice in east Asia*, volume 4 (The Hague: Kluwer Law International, 2000): 29–41.

coherent legal and financial system for the country. It took 13 years and eight readings (only three are technically — and in most cases, practically — required) for the property bill to become a law. This law was originally scheduled to be passed in 2006, but was dropped after Party conservatives (die-hard Maoists who felt that the old socialist ideals were being expunged in an unseemly stampede to make money) started a signature campaign against it, protesting that it would undermine the country's socialist system. The Property Law elaborated on the creation, transfer, and ownership of property in China.

The growth of NGOs

The development of NGOs has been a major part of state-to-society decentralization.⁸¹ This is especially true since the early 2000s after the leadership began to place an emphasis on social reforms. Reforms have not only led to a relaxation of state control over society, but have also seen the state actively creating and sponsoring NGOs in order to transfer certain state functions to them. Chinese NGOs have increased steadily in numbers over the years. The statistics of the Ministry of Civil Affairs (MCA), which is in charge of NGO registration, shows that before 1978 there were only about 100 national social organizations in China. By the end of 2003 this number had reached 1,736. Meanwhile the number of local-level social organizations grew from 6,000 to 142,121. The number of private non-enterprise organizations (PNEOs), which did not exist before the reforms, reached 124,491. By the end of 2005, there were 168,000 social organizations, 146,000 PNEOs, and 999 foundations. However, scholars found that a large number of associations are left uncounted. By adding different types of non-registered NGOs, Wang Shaoguang believed that the total number of civil organizations had reached 8.8 million by 2003.⁸² Despite

⁸¹Qiusha Ma. *Non-governmental organizations in contemporary China: Paving the way to civil society?* (London and New York: Routledge, 2006).

⁸²Cited in Zengke He. "Institutional Barriers to the Development of Civil Society in China," in Zheng Yongnian and Joseph Fewsmith (eds.), *China's opening society: The non-state sector and governance* (London and New York: Routledge, 2008).

its rapid development, NGOs in China are still underdeveloped. For example, the number of civil organizations per 10,000 people in China is 1.45, but the same measure in France is 110.45, 51.79 in the United States, 12.66 in Brazil, 10.21 in India, and 2.44 in Egypt.⁸³

In the West, an NGO is autonomous and independent from the government. In China, however, the autonomy of NGOs depends on their relations and thus their political “distance” from the government. Government regulations stipulate that any social organization must be approved and registered by civil affairs departments at the county level or above, while foundations (e.g. charity organizations) must be approved at the provincial or central government level. Civil organizations that do not register with civil affairs departments are illegal. Government regulations require every social organization to find a “professional management unit” (*yewu zhuguan danwei*) to act as its sponsoring agency. Only after obtaining the approval of its sponsor can an NGO apply for registration with civil affairs departments. The sponsor must be a state organ above the county level or an organization authorized by such an organ. It must also be “relevant” to the activities proposed by the NGO, i.e. it must have responsibilities in the same field in which the NGO operates. Regulations also disallow NGOs with similar missions to coexist in the same geographic area.

As a result of these strict rules, many grassroots NGOs have been unable to register, either because they fail to find government agencies that are willing to act as their professional management units, or because other NGOs with similar missions have already been registered in the sites where they intend to base their operations. In order to exist legally, some NGOs have registered with industry and commerce bureaus as businesses instead, even though they engage in public-benefit activities and are not for profit. There are also unregistered, hence illegal organizations that nevertheless carry out activities openly and that have been left alone by the government instead of being banned according to the regulations.

⁸³ *Ibid.*, p. 163.

Nevertheless, the registration requirement does not apply to eight big national social organizations that are often referred to more specifically as “people’s organizations” (*renmin tuanti*) or “mass organizations” (*qunzhong tuanti*), such as All-China Federation of Trade Unions, the All-China Women’s Federation, and the Communist Youth League. These social organizations were created by the Party-state and perform administrative functions on its behalf. Indeed, they are independent organizations, and are not under the supervision of the Civil Affairs Ministry. Their heads are appointed by the top leadership of the CCP. Government regulations also exempt from registration requirement for “organizations formed within administrative agencies, social organizations, enterprises, or service units which are approved by these organizations and which only carry out activities internally.”⁸⁴ University student unions fall into this category since they do not need to be approved and registered by civil affairs departments as long as they have been approved by their universities. Some grassroots organizations have not been required to register with civil affairs departments such as property owners’ committees (*yezhu weiyuanhui*) that are formed by owners of apartments in the same housing compound and urban community-based organizations, e.g. leisure activity groups formed by residents in the same neighborhood.

Moreover, the development of NGOs in different functionalities has been uneven. In the economic sphere, the government has attempted to reduce its direct management role by establishing intermediary organizations such as trade associations and chambers of commerce to perform sectoral coordination and regulatory functions. In the social welfare sphere, the government wants to foster NGOs onto which it can offload some of the burden of service provision. In the social development sphere, the government wants NGOs to mobilize societal resources to supplement its own spending.⁸⁵ These

⁸⁴The State Council. “Shehui Tuanti Dengji Guanli Tiaoli” (Regulations on the Registration and Management of Social Organizations), Beijing: the State Council, 1998.

⁸⁵Jude Howell. “NGO-State Relations in Post-Mao China,” in David Hulme and Michael Edwards (eds.). *NGOs, states and donors: Too close for comfort?* (London: Macmillan Press Ltd, 1997) pp. 202–15; and Linda Wong. *Marginalization and social welfare in China* (London and New York: Routledge, 1998).

NGOs will have to perform their role according to the Party line — they will be “helping hands” rather than independent organizations.

The political influences of China's NGOs also vary widely across different areas as well as between different NGOs. In some areas such as poverty reduction, charity, and environmental issues, NGOs are being encouraged to play a greater role. But in other areas such as religious issues, ethnicity, and human rights, the influence of NGOs is much weaker. Also, some NGOs are more powerful than others. Most commercial organizations are extremely powerful in influencing the government's policy-making process. It is not difficult to find business people sitting in the People's Congress and the Chinese People's Political Consultative Conference at different levels of the government. But workers and farmers are not allowed to organize themselves, and thus do not have any effective mechanisms to articulate and aggregate their interests. In fact, the decline of workers and peasants in the total membership of the Party implies their weakness in China's political system.

When powerful social groups can organize themselves, they become even more powerful. There is no effective means for weak social groups such as workers and farmers to promote their own causes. This is partly because China is at an early stage of economic development and development continues to be given higher priority than political participation. Workers and farmers might be able to play a more important role in further economic progress. Take trade unions as an example. The government's attitude towards workers' rights is changing. Today, even the stodgy, government-dominated All-China Federation of Trade Union (ACFTU) has recognized the need to take a more activist approach to workers' rights. China is now facing a rising tide of labor disputes, which could destabilize Chinese society and thus undermine the political legitimacy of the CCP. Therefore, there is a need for employers to better understand and honor their obligations under China's labor laws. In an apparent reflection of this new attitude, at the 2003 annual ACFTU congress, the federation made a direct appeal to multinational retail corporation Wal-Mart Stores, Inc to allow its workers to establish trade unions.

Just as the nature of NGOs varies, so does hegemonization mean to these groups. For newly rising industrial and commercial groups, hegemonization means that these groups enter the existing system and share power with the CCP while accepting the domination of the CCP. For the eight national mass organizations, they continue to behave on behalf of the Party-state while reaching out to other social forces, meaning that like the Party-state itself, they also become increasingly accommodative. For the majority of NGOs, hegemonization often means that they are accepted by the Party-state and sometimes empowered by the latter in representing the interests of the weaker social groups. Despite the different nature of the various NGOs, they all have to operate within the boundary set up by the Party-state. In other words, they all have to accept the domination of the Party-state. This, however, does not mean that the Party-state does not need to change itself. To acquire its legitimacy over these social groups, it has to give these social groups some leeway in their own fields on the one hand and to allow them to voice their concerns and represent their interests in the policy areas which will affect them on the other.

Conclusion

This chapter has attempted to reconcile the two main approaches in the literature of state–society relations in social sciences, namely the liberal approach and the corporatist approach. Following a neo-Gramscian perspective, it assumes that civil society is the space where the state and social forces interact and transform one another. In the case of China, the interaction between the Party-state and social forces is a dual process of domination and legitimization. The Party-state struggles for its continuous domination over society, especially *vis-à-vis* newly rising social forces. Effective domination, however, is also a process of legitimization. Without legitimacy, the Party-state will have to rely on coercion that is increasingly costly and unsustainable. There are many ways of legitimization. In this case, legitimization is realized through accommodating social forces into the boundary of the regime. Democratic measures are not excluded during the process. This chapter thus tries to

answer the question: How and why does China maintain a one-party domination while accommodating democracy? Putting it in another way: How and why Chinese democratization departs radically from many other democratizing countries where democratization often leads to political pluralism or a multi-party system?

The development of civil society has been an important feature of Chinese politics since the reform and open door policy. Yet, when civil society comes to China, it is transformed. Civil society so far neither has promoted political pluralism nor is it contradictory to democracy in China. In other words, the development of civil society has facilitated great political changes and even democratic development, but political changes do not necessarily lead to a liberal democracy as seen in the West.

This chapter has some implications on the current study of civil society in China where scholars place their emphasis on either the Party-state or social forces. The mutual transformative nature of state–society relations is often underestimated. To overemphasize the civil society as the only domain in which the Party-state dominates social forces will lead to misunderstanding of real-world power struggles between the Party-state and social forces. The results of the engagement and disengagement of the Party-state with social forces are tangible and even momentous, but outcomes rarely reflect the ultimate aims of either. Their interactions cumulatively reshape the Party-state and social forces. The Party-state might be able to impose its own version of domination onto social forces, but not always. It might do so to some social forces, not others. More often than not, the Party-state has to adjust itself in order to accommodate social forces. On the other hand, social forces might find that they need to adjust itself in their interactions with the Party-state. In all cases, the Party-state and social forces are transforming each other and it is in such interactions that the process of hegemonization takes place.

The mutual transformative relationship between the Party-state and social forces opens up different possibilities for political development in China. The dual process of domination and legitimization enables the CCP to adapt to a changing socio-economic environment

that is in favor of democratization while reproducing its domination over social forces. In this way, the hegemonic structure of power relations between the Party-state and society remains while the Party-state regime becomes increasingly accommodating to democratic elements. Therefore, the regime is neither a totalitarian/authoritarian one in its traditional sense nor a democratic one as it is understood in the West.