

China's Democratic Potential

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Democratization

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The People's Republic of China is one of the few East Asian autocracies that resisted democracy's third wave. The neoliberal reforms that began in China during the late 1970's convinced many political scientists that China was democratizing. Yet despite the implementation of capitalism in China, rapid economic development has not been accompanied by any significant liberalization of China's political system (Pei 65). Political participation in China has stayed limited and political rights remain restricted (Liu, Chen 42). The exception of China has caused many scholars to question previous notions posed by modernization theorists regarding the relationship between economic development and democracy.

Despite speculation, China's economic development has not thwarted democracy. Put simply, the rapid pace at which China's economy grew during the end of the 20th century has only delayed democratic development (Yao 2). Recent evidence that slow, subtle, incremental changes are taking place within China's political environment give merit to those who have suggested all along that China has adopted some characteristics conducive to democracy. The development of democracy will take place in China over the next few decades if the institutionalization of representative civic and legal organizations progresses and if the Chinese Communist Party (CCP) continues to ostracize residents of the countryside (Pei 69).

Differences in the effects that economic development has had on democratic development in Western and Eastern states can be attributed to the process of economic development itself (Pei 66). The constitutional framework and political institutions in place prior to democratization in Western nations provided an ideal

foundation for democratic development. The division of power amongst different branches of government constructed a balance of power within the State that secured property rights and allowed laws to be effectively enforced (Pei 2). Economic development in the West also took place slowly, granting political and civic institutions time to adapt to the changes taking place in the economy (Liu, Chen 43). This was not the case in China as economic modernization occurred far more rapidly. Chinese political leaders faced the challenge of modernizing both the economy and the political environment simultaneously (44). Recognizing that they could not successfully remodel both at the same time, Chinese officials opted to use a model of development in which citizens sacrificed their right to participate in politics in return for guaranteed economic growth, commonly referred to as the “growth first” model or Beijing consensus (51).

Neoliberalization of China’s economy began when Deng Xiaoping became the leader of the People’s Republic of China following the death of Mao Zedong in 1978 (Wang, Coase 2). In hopes of industrializing China’s economy, Deng initiated a series of economic reforms that took place in two stages. The first stage began in 1978 and involved the establishment of Town Village Enterprises (TVE’s), opening the economy up to foreign direct investment, and replacing collective agriculture with a system in which farmers could sell their surplus on the open market (Whalley, McMillan, and Zhu 788). The abolishment of people’s communes in the rural countryside, or “decollectivization”, replaced China’s system of communal decision making with a system that stressed individual decision making (781).

A policy passed in 1982 made private farming the official practice in China and many of the 20 million middle school graduates who were sent to the countryside during the great leap forward migrated back to cities in hopes of finding better work opportunities (Wang, Coase 3). When the youth returned to find that there were still no employment opportunities within the state sector, they launched a series of protests, which put pressure on the government to open up employment opportunities. In response to the opposition movements, the government passed a law allowing self-employment and entrepreneurship, ending the state's monopoly of the urban economy (4).

In response to growing urban unemployment, Deng established Town Village Enterprises (TVE's), industrial operations located in the countryside (Pei 3). TVE's became the most productive sector during the first two decades of reforms but because they operated outside of the state sector, TVE's were not included in the state's distribution system and were also not guaranteed access to raw materials (Wang, Coase 5). These restrictions forced TVE's to act as independent businesses. They purchased raw materials through the black market at higher costs and organized their own sales teams who traveled across China distributing their products (6). TVE's quickly outperformed state enterprises and their success eventually led to a second wave of privatization reforms at the beginning of the 1990's (6).

The first stage of economic reforms produced a number of unintended consequences as they eliminated "iron rice bowl" jobs, positions within the state sector that guaranteed benefits and a steady income to educated Chinese (Nepstad

29). Massive discontent erupted in response to labor reforms, particularly from graduating students who faced unemployment (30). A number of student-led protests took place in Beijing and other major cities throughout the 1980's, but the greatest one took place in Tiananmen Square in 1989 (32). Also known as the fifth modernization, the Tiananmen Square protests reflected the shared desire of students in Beijing to be "masters of their own country and not modernized tools for the expansionist ambitions of dictators" (36). While the democratic movement left many hopeful that Chinese students were launching a democratic revolution, the movement was ultimately unsuccessful as it failed to undermine the state's repressive capacity, was poorly organized and didn't withdraw material resources or withhold skills essential to regime's stability (36). Had student's mobilized workers, the Tiananmen Square movement may have been successful as worker strikes would have disrupted China's economy (37). In the end, students' refusal to attend class did not threaten or detract from the CCP's power and stability (38).

State officials responded to the Tiananmen Square movement by tightening repressive forces within the state. While the student protests cost Deng some of his power and popularity, the dissolution of the Soviet Union provided him with the opportunity to regain support. Deng used his Southern Tour of 1992 to criticize the leftist opposition and glorify market-driven politics, ultimately allowing him to reinstate his economic agenda (Wang, Coase 7). 1992 marked the beginning of the second wave of economic reforms, during which, all remaining state-owned enterprises were privatized, with the exception of several large monopolies (7). When Deng died in 1997, he was succeeded by Jiang Zemin and Zhu Rongji, both

avid reformers Deng had handpicked himself (9). Zemin and Rongji continued to carry out Deng's reforms throughout the beginning of the 21st century.

Ultimately, the economic reforms that were carried out during the late 20th and early 21st century were incredibly successful at driving economic growth, increasing China's GDP an average of over 9% annually from 1978-2008(Yang). While politics in China stayed stagnant during the period in which reforms were carried out, economic growth led to changes within legal institutions, representative organizations, and the countryside, which may lay the ideal foundation for the eventual democratization of China (Pei 70).

Since the abolition of peoples' communes, the presence of the Chinese Communist party in the countryside has consistently decreased (Pei 2). The decline in the CCP's authority over residents in the countryside has resulted in the emergence of a number of experimental grassroots self-government movements. In order to cope with the period of anarchy that followed the abolition of people's communes, peasants in a number of villages created village resident associations (VRA's) to elect village committees (VC) (Pei 73). While the level of competition, organization, and functioning of VRA's varied from region to region, voter turnout was around 90% and non-CCP members constituted about 40% of VC members across all regions. China's constitution formally recognized VRA's in 1983, characterizing them as grassroots civic organizations rather than political administrations (75).

Expansion of experimental grassroots self-government movements in rural areas was postponed by the political repression following the 1989 Tiananmen

Square incident, but movements resumed with the resurrection of economic reforms in 1992 (Chen, Liu 53). Deterioration of the CCP's control over residents in China's rural areas has resulted in a drastic reduction in the state's provision of public goods and services which in turn, has worsened relations between the peasantry and the state (45). An early 1992 State Council Report concluded that 30 percent of the CCP cells in the countryside had collapsed and that another 60 percent were becoming increasingly weak and disorganized (Pei 73).

Rural peasants have grown increasingly frustrated with the government as the state has "slashed its investment in rural infrastructure and public health" and imposed a number of taxes and fees in which peasants receive no government-provided services for (74). Though truly free elections have only been held in a small segment of villages, it is likely that grassroots self-governing movements will transcend the countryside and infiltrate the urban political realm. If grassroots self-governing movements gain the capacity to spread into China's larger cities, grassroots self-government movements may potentially become grassroots democracy movements.

The establishment of a rule of law is fundamentally incompatible with a one party regime because of the ways in which the ruling party's monopoly of power is essentially above the law (Pei 68). For this reason, instead of a rule of law, China has adopted a system of law; meaning that while the National People's Congress (NPC), China's legislature can pass laws, the probability that laws will be enforced is low, as China has no independent judiciary (69). In the decades prior to reform, China's legal system was used exclusively to resolve civil litigation and enforce criminal

laws (68). The development of a market economy increased the salience of legal disputes related to property rights and contract agreements.

A small community of revolutionary legal activists has emerged as a small number of reforms have been made to China's legal system (Pei 69). Some oppositionists have even gone so far as to file suit against the CCP for violating their constitutional rights (69). Under the leadership of Qiao Shi, the NPC has announced that its top priority is to enact laws that protect property rights and sustain an open and competitive marketplace while still providing a social safety net (70). China's minister of justice, Wu Aiyang, has also emphasized that China's legal system must develop simultaneously with the economy in order to enable competition, credibility, and compliance with international standards (70). Overall, the establishment of a stable legal system is not only vital for sustaining economic growth and foreign investment; its development reflects the evolution of China's post-totalitarian political institutions as they work toward becoming entities independent of the State's apparatus.

Nowhere else is the institutionalization of representative organizations as evident as it is in China's NPC. Throughout the 1980's the majority of the NPC gave in to the desires of the CCP (Pei 5). During the first wave of reforms, the State Council initiated a large proportion of passed legislation which were endorsed by the NPC with just a stamp vouching its approval (6). As a result of rising education levels of NPC officials, the institution has become increasingly independent since the early 1990's and has acted as a court of appeals for ordinary citizens, receiving over 100,000 letters annually from citizens seeking its support (Pei 71). In 1995, during

the Third Session of the Eighth NPC, evidence that the NPC was becoming more assertive in its attempt to establish independence was confirmed when government-sponsored legislation was rejected by the greatest number of NPC deputies ever (72). Though the changes that have taken place within the NPC are only marginal steps toward the development of a Chinese democracy, they should not be dismissed or ignored as they signify the modernization of China's legislature at the institutional level.

In all, though there is little evidence to suggest that China has begun the process of democratization, the emergence of grassroots self-governing movements in rural villages paired with the increasing independence of representative civil organizations and the development of a rule of law suggest that China is slowly constructing the institutional framework, within which a true democracy can be successfully installed. Because the socioeconomic conditions and the preferences of local elite will influence how quickly foundational institutions are developed and consolidated, the pace at which democracy develops may vary from region to region (Pei 77). If democratization does not occur at the same speed throughout China, future leaders will face the challenge of controlling the speed at which democracy develops (77). For this reason, it is in the CCP's best interest to create a new constitution that clearly divides power amongst central and regional governments before the emergence of democratic development interferes with the growth of China's economy.

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