Introduction

The story of China's rise over the last three decades is largely a political story, one that seemed highly unlikely when it started. A century of political decline, internecine conflict, and revolution hardly seemed like a propitious foundation for economic development. But the death of Mao Zedong in 1976 and the rise of Deng Xiaoping at the Third Plenary Session of the Eleventh Central Committee in 1978 gave the Chinese Communist Party (CCP) a new lease on life. Its leaders were well aware that its legitimacy was weak. People talked of the "three crises" – spiritual (*jingshen weiji*), belief (*xinyang weiji*), and culture (*wenhua weiji*).[1] Not only was the charismatic leader dead, but the leader who tried to routinize charisma, Hua Guofeng, was repudiated by the Dengist coalition.[2] Raising the banner of "practice," Deng Xiaoping turned to performance legitimacy to restore the CCP's reputation.

In 1978, promises of economic development were difficult to believe. Per capita urban income was 316 yuan, and in the rural areas one-quarter of the population lived on incomes of less than

[1] The best depiction of the atmosphere in the early 1980s remains Chen Fong-jing and Jin Guantao, *From Youthful Manuscripts to River Elegy*, pp. 13–88.
[2] I have pursued this thought in Fewsmith, "Political Creativity and Political Reform in China?" pp. 227–246. See also Tang Tsou, "Reflections on the Formation and Foundations of the Communist Party-State in China," p. 295.

50 yuan per year.[3] The situation was so bad that the party's senior economic specialist, Chen Yun, warned that if something were not done, peasants in the countryside would flock into the cities to demand food. Desperation and weak legitimacy led the CCP to embark on a course of economic reform, starting with the household responsibility system (HRS) in the countryside.[4]

The key to economic development was political stability, and the key to political stability was strong and stable relations at the top of the system and regularization of the party system below. Senior political leaders, such as Deng Xiaoping and Chen Yun, strongly believed that radical activists needed to be weeded out, inner-party norms restored, and discipline imposed. In 1978, about half of the 35 million members of the CCP had been admitted during the Cultural Revolution.[5] Many of them had advanced their careers through "beating, smashing, and looting," or otherwise supporting the violence of the Cultural Revolution, and they saw the abandonment of radical Maoism as a threat to their careers. However, the revolutionary veterans who returned to power following the death of Mao Zedong saw the reassertion of party norms – understandings of "normal" inner-party life that had been asserted in the past but frequently overridden by an imperious Mao and then rejected altogether during the Cultural Revolution – as essential, both for legitimizing their return to power and for creating the conditions for economic reform.

Reestablishing inner-party norms and implementing Dengist visions of economic reform were not easy tasks for a deeply factionalized CCP. At the Third Plenary Session of the Eleventh Central Committee in December 1978 the party restored the Central Discipline Inspection Commission (CDIC), which was headed by senior Politburo member Chen Yun.[6] Reasserting party norms

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[3] Wu Xiang, "Yangguan dao yu dumu qiao."

[4] Chen Yun, "Jianchi an bili yuanze tiaozheng guomin jingji," pp. 226–231.

[5] Bruce Dickson, "Conflict and Non-compliance in Chinese Politics," pp. 172–173.

[6] Graham Young, "Control and Style," pp. 24–52; and Lawrence R. Sullivan, "The Role of the Control Organs in the Chinese Communist Party, 1977–83," pp. 597–617.

and discipline was a difficult and often thankless task, but the CDIC produced the "Several Principles on Political Life in the Party" (*Guanyu dangnei zhengzhi shenghuo de ruogan zhunze*), which were adopted by the party in 1980. Party members were urged to struggle against the factionalism and anarchism promoted by followers of Lin Biao and the Gang of Four and to promote tolerance within the party, objectives not easily reconciled. Individual party members were allowed to retain their own views and to express those views within the party, as long as they carried out decisions of the party. Different viewpoints should be expressed within the party and decision making should be collective. But discipline must be maintained, and leading cadres should not be afraid of criticizing views that contravened the party's general line or individuals who engaged in factional behavior.[7]

An important part of the rationalization of inner-party life was the institution of a retirement system. The revolutionary veterans who returned to power with the Dengist coalition following Mao's death had neither the physical vigor nor the intellectual background to carry out economic reform. Chen Yun began pushing the issue of retirement in 1981, and in 1982 the Central Committee issued regulations specifying age-based retirement.[8] Veteran cadres were gradually retired in favor of "more revolutionary, younger, better educated, and more professionally competent" leaders.[9]

In seeking such leaders, the party turned naturally to engineers. Engineers tended to be less ideological and thus to have engaged in fewer political struggles during the Cultural Revolution. They were well educated and had a desire to get things done. Many of the best had been educated at Tsinghua University, where President Jiang Nanxiang had stressed that students should be "both red and expert" (*you zhuan you hong*). Not having the extensive networks or revolutionary experiences of

[7] "Guanyu dangnei zhengzhi shenghuo de ruogan zhunze."
[8] Chen Yun, "Tiba peiyang zhongqingnian ganbu shi dangwu zhi ji," pp. 262–266; and Melanie Manion, *Retirement of Revolutionaries in China*, p. 65.
[9] Hong Yung Lee, *From Revolutionary Cadres to Party Technocrats in Socialist China*.

their forebears, such technocrats were more content with steady promotions through bureaucratic careers. Membership on the Central Committee gradually came to reflect political positions attained through step-by-step rise rather than ideological views or simply personal networks with top leaders (though such ties remain important).[10]

Part of normalizing party life was to hold party congresses, those gatherings of party delegates to select, or at least ratify, the selection of a new Central Committee, at regular intervals, as called for by the party charter. Historically, the party had not done a good job of carrying out this provision of its rules. For instance, the Seventh Party Congress was held in 1945, the Eighth in 1956, the Ninth in 1969, the Tenth in 1973, and the Eleventh in 1977. The dates of these congresses marked important turning points in the party's political evolution rather than regularly scheduled events. The Twelfth Party Congress, however, was held on schedule in 1982, and the CCP has maintained this quinquennial schedule ever since, despite periods of tension within the party including the events surrounding the Tiananmen crackdown and the ouster of then-party general secretary Zhao Ziyang.

These and other measures mark real steps toward the routinization of political life and are particularly noteworthy for coming so soon after the enormous upheavals engineered by Mao. If the normalization of party procedures that occurred after Mao's death is impressive, it is also true that the relative stability that appeared on the surface rested on an informal but important balance of power among the top political leaders. In general, Deng Xiaoping did draw on people from across the political spectrum, avoiding the appearance of factionalism, except when it came to control of the military, which he kept firmly in the hands of his colleagues from the Second Field Army.[11] Nevertheless, tensions arose as leaders disagreed

[10] Cheng Li, *China's Leaders*.
[11] Alice L. Miller, "Institutionalization and Changing Dynamics of Chinese Leadership Politics," pp. 61–79.

over cultural, ideological, economic, and political issues. The new institutional arrangements were not strong enough to contain the political pressures, which were pushed over the edge in 1989 by issues of corruption, inflation, succession, ideology, and popular protest.

Perhaps unexpectedly, the political meltdown that resulted in the crushing of popular protest, the ouster of Zhao Ziyang, the promotion of Jiang Zemin, and – more than two years later – Deng's famous "Southern Journey" that reinvigorated reform brought about a new informal balance of power, confirmed at the Fourteenth Party Congress in September 1992, that seemed to reinforce ongoing processes of institutionalization. The new, post-Tiananmen equilibrium was stabilized by the fortuitous order in which senior leaders passed from the scene – the leftist leader and former president Li Xiannian dying in 1992, Chen Yun in 1995, and Deng Xiaoping in 1997.[12] Although the leadership since then has not been entirely bound by institutional arrangements, understandings of the "rules of the game" have constrained competition among the political elite and raised the costs of violating the unwritten rules, as Bo Xilai, Chongqing party secretary, discovered in 2012. China has thus enjoyed two decades of "normal," or mostly normal, politics at the top.[13]

Relative stability at the top of the system seemed to provide conditions for the normalization of relations between the CCP and society, tensions that, ironically, had been exacerbated, or at least reshaped, by the breakup of the communes and the relative depoliticization of everyday life as the party had pulled back, creating a "zone of indifference" between itself and the private realm.[14] Indeed, in the wake of Tiananmen, when political reform was no longer possible at the elite level, reformers increasingly focused their attention to the local levels where there were

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[12] On Li Xiannian's political attitudes, see Zhao Ziyang, *Prisoner of the State*, p. 244.
[13] Joseph Fewsmith, *China since Tiananmen*. For interpretations of the fall of Bo, see Joseph Fewsmith, "Bo Xilai and Reform," and Alice Miller, "The Bo Xilai Affair in Central Leadership Politics."
[14] On the zone of indifference, see Tang Tsou, "Introduction," p. xxiv.

increasing problems but some political room to begin at least to address them.[15]

As new interests and groups emerged, they began to challenge the all-encompassing interests of the party. For those who study nongovernment organizations (NGOs),[16] the emergence of civil society,[17] and the impact of new technologies such as the Internet and social media,[18] the filling of this space between the party-state and the private realm with new groups suggests a turn toward democracy, sooner or later. There is no question that NGOs and other interests are crowding into this space in a way that is unprecedented in post-1949 China,[19] but the key question is whether these new societal interests can translate their energies into meaningful political reform. To do so means changing the rules of the game – that is, the rules by which political actors are chosen and the behaviors in which they can engage – and there is very little evidence to date that this is the case. Indeed, one of the main points that emerges from the research undertaken for this book is that there has been little change in the way in which local cadres are selected and promoted or in the development of institutions that might meaningfully constrain their behavior.

Chinese society is contentious and growing more so all the time. In 1993, there were some 8,700 "mass incidents," and

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[15] Of course, there were those who had been thinking about local reform before Tiananmen; after all, the Organic Law of Village Committees was first enacted, on a trial basis, in 1988. However, one impact of Tiananmen was to force reform-minded intellectuals to increasingly focus their attention on local levels.

[16] Yili Lu, *Non-Governmental Organizations in China*; Jonathan Schwartz and Shawn Shieh (Eds.), *State and Society Responses to Social Welfare Needs in China*; and Robert Weller (Ed.), *Civil Life, Globalization, and Political Change in Asia*.

[17] Timothy Brook and B. Michael Frolic (Eds.), *Civil Society in China*.

[18] Guobin Yang, *The Power of the Internet in China*; Susan Shirk (Ed.), *Changing Media, Changing China*; and Yongnian Zheng, *Technological Empowerment*.

[19] The understanding of social organization in China is contested. See William T. Rowe, *Commerce and Society in a Chinese City*, and Frederic Wakeman, Jr., "The Civil Society and Public Sphere Debate."

by 2010 this number had increased to some 180,000 – roughly 500 incidents every day.[20] In most instances, according to party sources, these incidents are caused by the abuse of power.[21]

The development of conflicts between local cadres and local people is very much a principal–agent problem. Cadres in China exist within a five-tier system, extending from the central government through the provincial, municipal (or prefectural), county, and township levels. Villages, which are below townships, are not formally a part of the state administrative system, but the party extends its control through party branches to this most basic level. By invoking party discipline and setting out clear criteria, the central government can exert control over issues that it cares about, from birth control to severe acute respiratory syndrome (SARS) prevention. However, the five-tier system also allows much room for slippage. As discussed in Chapter 1, local cadres are evaluated primarily on their ability to develop the economy, with little attention paid to the means; abuse of power and social conflict are frequent consequences.

It is not in the interest of the central authorities (the principal) to have local agents abuse their power; the problem is how to monitor the behavior of its agents. This is difficult to do within the context of an authoritarian regime. Basically, the central government can adopt top-down measures, such as changing the incentives facing local cadres or better monitoring of their behavior, or it can adopt bottom-up measures, such as giving the media greater room to report misbehavior or increasing political participation in an effort to make illicit behavior, such as bribery, more difficult and, perhaps, to make cadres more responsive to their constituencies. In practice, the state tries to do both. Top-down measures are frequently ineffective, forcing the state to explore political reform, which, so far, has taken place largely under the rubric "inner-party democracy" (*dangnei minzhu*).

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[20] The 180,000 figure comes from Sun Liping, "Shehui zhixu shi dangxia de yanjun tiaozhan."

[21] Zhonggong zhongyang zuzhibu ketizu (Ed.), *Zhongguo diaocha baogao 2000–2001*, p. 84.

This book focuses on these experiments with political reform and increasing political participation – a goal that the CCP has repeatedly endorsed – because such efforts raise the question of institution building, and only new institutions can potentially constrain the behavior of local cadres in a meaningful way.

This focus on institutions not only tells us much about what is and what is not changing in China, but also raises important theoretical issues. There is a vast literature on institutions, but relatively little on how institutions are created.[22] This is a critical question. Whether one is thinking in terms of long-term economic development or political change, institutions are central, especially when one is looking at a relatively uninstitutionalized environment, such as China. Perhaps an examination of China can tell us something about the forces that generate or inhibit institutions in general.

Douglass North defines institutions as the "rules of the game in society" or, in more academic terms, the "humanely devised constraints that shape human interaction." In thinking about constraints, North refers to incentive structures that reward certain behaviors and sanction other behaviors over time. Institutions can develop along different paths, some generating long-term economic growth and others not. Because of accumulated costs (path dependence), it is not easy to switch from one institutional arrangement to another.[23]

Most authors, however, use the term "institution" to mean something more concrete. Whereas North sees parliaments, political parties, and courts as organizations operating within an institutional setting (and affecting the course of development of that institutional framework over time), other authors use the term "institution" to mean what North calls "organizations." Because the focus of this book is considerably narrower than North's interest in the *longue durée*, it will follow the more popular usage.

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[22] David Kreps, *A Course in Microeconomic Theory*, p. 530, cited in Paul Pierson, *Politics in Time*, p. 103.

[23] Douglass C. North, *Institutions, Institutional Change and Economic Performance*, p. 3.

The problem of institutional creation is often glossed over, assuming institutions arise either because they are needed or because exchange and cooperation bring them into being. However, functionalist explanations can hardly account for the failure of economically rational institutions to appear in many parts of the world or for the creation of bureaucracies in top-down fashion in order, in part, to drive economic development. Similarly, the assumption that institutions arise cooperatively as means of reducing transaction costs and uncertainty underestimates the degree to which institutions represent power arrangements as well as the ways in which power can prevent their emergence.[24]

Some authors have taken a historical approach, arguing that institutions are created over long periods of time to meet evolving domestic political needs.[25] Charles Tilly sees international conflict as the most important factor in creating institutions, coining his famous summation, "States make war, and war makes states."[26]

Such explanations make sense in the European context, particularly when viewed over a long period of history, but they often do not explain institutionalization in other contexts or in shorter time frames. Bernard Silberman argues that bureaucratic professionalism in the nineteenth century was a product of the uncertainty and need for legitimacy surrounding new regimes following revolutionary moments. Which type of bureaucracy emerges depends on the degree of uncertainty accompanying the birth of the new regime.[27]

In recent years there has been a surge of interest in the creation and role of institutions in authoritarian regimes. Dan Slater, picking up on Tilly's suggestion that conflict forges state institutions,

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[24] For a critique of funtionalist explanations, see Bernard S. Silberman, *Cages of Reason*, pp. 26–31; for a critique of cooperative explanations, see Terry M. Moe, "Power and Political Institutions."

[25] Thomas Ertman, *Birth of the Leviathan*.

[26] Douglass C. North, *Institutions, Institutional Change, and Economic Performance*; and Douglass C. North, "Institutions."

[27] Bernard S. Silberman, *Cages of Reason*.

looks at the role of domestic conflict in bringing about different forms of authoritarian states in Southeast Asia.[28]

Jennifer Gandhi is more interested in how institutions are used by authoritarian regimes to enhance their legitimacy and extend their rule. Her argument assumes that all institutions, whether single parties, legislatures, or other means to channel opinions between state and society, represent "concessions" that society and potential opponents of the government extract from the state.[29] This observation certainly does not apply to pre-reform China, when the party and other institutions were used to impose radical societal change and to purge society of those deemed a threat to the new regime. However, it applies more readily – at least up to a point – to post-Mao China, when the party moved, in Kenneth Jowitt's terms, from an "exclusionary" orientation, in which the party tries to maintain its separation from society as it tries to impose its structure on the society it is remolding, to an "inclusionary" strategy, in which the party begins to co-opt elements of society. This inclusionary strategy recognizes, however implicitly, the legitimacy of society as separate from the state, thus raising the question of boundaries.[30]

One can think of boundaries between state and society as "hard" or "soft." Hard boundaries require the rule of law and an independent judiciary (for adjudicating boundary disputes, among other things). The existence of hard boundaries implies drawing a clear line between public and private. Where the line is drawn is hotly contested in all modern societies, but, as Judith Shklar points out, what is important "is not so much where the line is drawn, as that it be drawn."[31] Drawing a line between public and private is a matter of institutionalization, of creating boundaries between where the state stops and where society starts, and the rules by which relations between the two are governed.

[28] Dan Slater, *Ordering Power*.
[29] Jennifer Gandhi, *Political Institutions under Dictatorship*.
[30] Kenneth Jowitt, *New World Disorder*, pp. 88–120.
[31] Judith N. Shklar, "The Liberalism of Fear," p. 24.