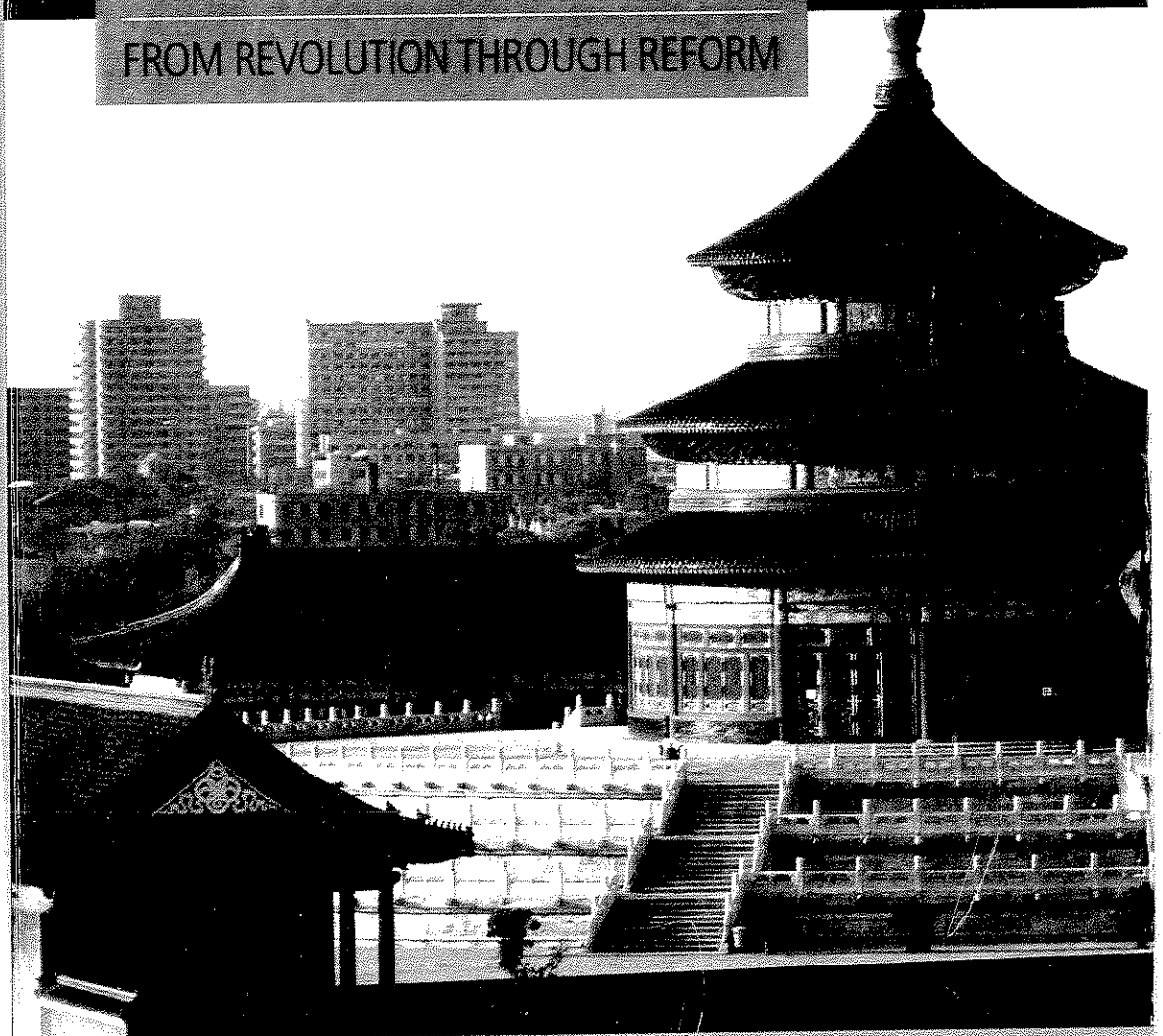
Governing CHINA

FROM REVOLUTION THROUGH REFORM



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KENNETH LIEBERTHAL

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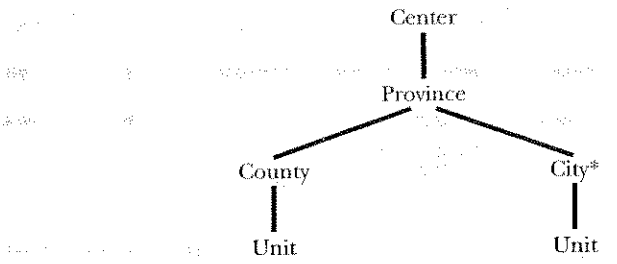
The Organization of Political Power and Its Consequences: The View from the Outside

As the victorious Mao Zedong approached Beijing from the Fragrant Hills in the western suburbs in March 1949, he carried with him two works of traditional Chinese governance, the *Shi Ji* (Records of the Historian) and the *Cu Zhi Tang Qian* (the General Mirror for the Aid of Government).[1] He intended to draw deeply from the wisdom of his predecessors in developing his techniques of rule. He also sought advice from a quite different source: Stalin's socialist system in the USSR. Mao would wed imperial China to Soviet experience to build his regime in the PRC.

The imperial Chinese and the Soviet systems in fact had a number of points in common. Both stressed centralized control and bureaucratic administration. Both utilized ideology to buttress the legitimacy of the system and held that the leaders embodied the correct ideology, leaving no room for private, individual interests or for organized opposition to the state. Both consciously fostered competition among various bureaucracies in order to

CHART 6.1 *Territorial Layers of State Administration*



*Cities have various ranks, depending on their size and importance. Four cities—Beijing, Tianjin, Chongqing, and Shanghai—have ranks equivalent to that of the province. These and other large cities have suburban counties under their jurisdictions.

tionships connect the two. Neither suffices without the other to explain the PRC's past and future.

Formal Organizational Structure

THE ORGANIZATIONAL CHART AT THE CENTER

Because the Chinese political system largely duplicates itself at each of the territorial levels ; section outlines the structure at the Center in some detail. The province, city, county, township, unit, and urban community levels are dealt with more briefly directly following this discussion.

Each territorial level of the Chinese system, on both the party and the government sides, has a basic organizational flow. Each has a large congress that meets infrequently but is in theory the most powerful body; a smaller committee that brings together important people and meets somewhat more frequently; and a still smaller committee that brings together the top few people. In theory, the larger the body, the more powerful it is. In reality, the opposite is true—the smallest committee is the most important structure. Under these committees, administrative departments actually run day to day the various party and government organs.

At the Center, the major party organs are, in ascending order of importance, the Party Congress, the Central Committee, the Politburo, and the Politburo Standing Committee. There is a Secretariat for administration and specific departments nominally under the Central Committee (see Chart 6.2). The *National Party Congress* has the largest membership—recent Congresses have had over fifteen hundred delegates—and it meets infrequently.[5] Meetings of the Party Congress are major events; policy debates among the leaders are often affected by the need to reach a consensus in time to convene an upcoming Congress. Each Congress solidifies the central political tasks for the

maximize control by the top leaders.[2] Naturally, the overlap was very far from complete: the substance of the respective ideologies differed enormously, for example, and the imperial Chinese system did not seek to maximize economic growth as did the Stalinist system.

Since its Soviet-style beginnings in the mid-1950s, the PRC's political system has experienced significant upheaval, including the Great Leap Forward, the Cultural Revolution, and the reforms after 1978. Nevertheless, some of the decisions made in the regime's early years about the formal structure of the system have endured, even though substantive issues, policies, and the allocation of power have changed greatly over time. Individuals who joined the Communist party in the 1920s maintained control in China into the 1990s. It was only in the late 1990s that some of the fundamental building blocks of the system began changing.

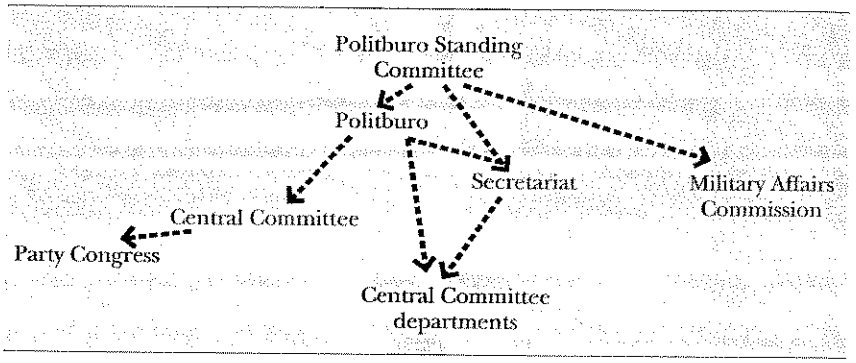
This chapter introduces the political system as it appears to outsiders and is portrayed on the PRC's official organizational charts. As Chapter 3 notes, the Chinese system is divided into three nationwide bureaucratic hierarchies—the party, the government, and the military. Each civilian hierarchy includes four major territorial entities: the Center (*zhongyang*), the provinces (*sheng*), the cities (*shi*), and the counties (*xian*). In the party and government hierarchies these entities are organized in roughly the same way, although the party structure always exercises ultimate authority over its government counterpart. This chapter first examines their operation in detail, then presents some of the inherent matrix problems the structure creates, and finally explains the solutions adopted at various times to these and related problems.

Political organization below the level of the county has been complex and variable as the party has experimented with how best to link up the government with the economy. Beijing has enmeshed natural villages in different types of administrative hierarchies at various periods. The key current administrative unit between the county and the village is called a "township," of which as of 2000 China boasted over 45,000.[3] The townships have grown rapidly since the mid-1980s, when Beijing began to encourage local governments to develop township enterprises.

The place where Chinese work, called the "unit," has until recently formed a key part of the political structure in the cities. In one of the major political changes under way since the late 1990s, the urban work unit is losing its political role for many city residents, and the CCP and government are moving toward a residential basis of urban political power. But the work unit's past history and present legacies remain sufficiently important to warrant consideration in any analysis of the Chinese political system (see Chart 6.1), along with an explanation of the new "community" centered approaches to urban governance.[4]

As with all major political systems, the real topography of authority and methods of governance in China differ considerably from the image created by formal organization charts and published rules of procedure. Chapter 7, therefore, explains the hidden parts of the Chinese political system, and how the system looks to the inside participants. The picture given in Chapter 7 is not totally separate from that presented in the current chapter. Organic rela-

CHART 6.2 *Party Organization at the Center*



Arrows indicate general direction of authority in practice.

party. The Twelfth Congress in 1982, for example, anointed the post-Mao reform effort; the Thirteenth Congress in 1987 legitimized nonstate ownership; the Fourteenth Congress in 1993 gave a major political boost to market-oriented changes; the Fifteenth Congress in 1997 called for restructuring the system of state owned enterprises; and the Sixteenth Congress in 2002 formally permitted private sector entrepreneurs to join the CCP and become officials. Party Congresses also provide the occasion for appointments (or reappointments) to top party posts and to the Central Committee.

But people do not work for the Party Congress—rather, much like an American political party convention, it convenes, hears many speeches, passes resolutions, adopts rules of procedure, and disbands. In theory, the Party Congress is the highest organ of authority, but in fact its large size and infrequent meetings make it a vehicle for announcing and legitimating some major decisions rather than for initiating and deciding important policies.

The *Central Committee* is a smaller body but still, in recent decades, has had several hundred members. Like the Party Congress, the Central Committee convenes infrequently (recently, once or twice a year), and its members all hold other substantive positions. Indeed, many official positions, such as heading the party in the important metropolis of Shanghai, bring with them almost automatic membership in the party's Central Committee. Central Committee members receive a number of special privileges and have access to inside information on party affairs. But with few exceptions the Central Committee meetings (called plenums) discuss and announce policies rather than decide them. Each Central Committee is formally chosen by a Party Congress. In reality, the Politburo in consultation with others determines the list of nominees to the Central Committee. Only at Thirteenth Party Congress in 1987 did that list consist of more people than the number of slots to be filled on the Central Committee (the 1987 list had five more people than positions). Meetings of the Central Committee, as explained in Chapter 3, are numbered sequentially until the next Party Congress convenes to choose a new Central Committee.

The *Politburo* also functions as a committee, albeit a small and powerful one. This is considered the command headquarters of the party, and it typically has fourteen to twenty-four members (and sometimes a small number of "candidate" members). Nearly all members of the Politburo are among the twenty-five to thirty-five people (described further at the beginning of Chapter 7) who form the top power elite. As with the other bodies just discussed, membership on the Politburo is not itself a full-time job. Indeed, usually some members head distant provinces such as Guangdong and, presumably, miss most Politburo meetings.

The truly powerful inner circle is the *Standing Committee of the Politburo,* a small body with four to nine members that seems to meet weekly. (Before late 2002, these meetings were not announced publicly.) Until 1982, the chairman of the Chinese Communist party headed the Standing Committee, with typically one to six vice chairmen. When these posts were abolished at the end of 1982 to prevent anyone from rising above the party as Mao Zedong had done, the general secretary became the top bureaucratic official in the party. This individual has the right to convene and to preside over meetings of the Politburo and its Standing Committee. Deng Xiaoping had served as general secretary from April 1954 to 1966, and the wide-ranging contacts with the party bureaucracy that this post required provided a major base of support for him when he sought to begin the reforms in the late 1970s (see Table 6.1).

The general secretary is the formal head of the *Secretariat.* For most of its existence, this body has functioned as the staff support for the Politburo and the Central Committee. Its members oversee the preparation of documents for Politburo consideration and turn Politburo decisions into operational instructions for the subordinate bureaucracies. The Secretariat's functions have changed quite a bit over time, being very broad and activist during some periods, such as the early Great Leap Forward, and much less so at other times, as in the early 1990s.

The *Military Affairs Commission* is in charge of the People's Liberation Army.[6] This commission has existed in one guise or another in the CCP since the 1930s. Until 9 only two individuals—Mao Zedong and Deng Xiaoping —had headed th.. ody (with a brief transitional leadership by Hua Guofeng directly following Mao's death). Lower levels of the party have no equivalent of the Military Affairs Commission. Jiang Zemin has headed this body since November 1989.

Central Committee departments at the national level assume responsibility for various issue areas. Those that have existed continuously since 1949 (with some exceptions during the Cultural Revolution) are Organization (personnel appointments); Propaganda (media, education, political study, and public health)[7]; United Front (relations with noncommunists); and International Liaison (foreign affairs and relations with other communist parties). In addition, the General Office coordinates many of the administrative details of the central party bureaucracy.[8] A Subordinate Organs Committee does party work in the organs directly under the Central Committee. A State Organs Committee makes sure the party bodies in the central government organs receive appropriate documents and carry on party activities (such as holding discus-

TABLE 6.1 *Top Leaders of the CCP (post-1949)*

Chairmen of the CCP	
Mao Zedong	Oct. 1949–Sept. 1976
Hua Guofeng	Sept. 1976–June 1981
Hu Yaobang	June 1981–Dec. 1982
General Secretaries of the Secretariat*	
Deng Xiaoping	April 1954–1966†
Hu Yaobang	Dec. 1978–Jan. 1987
Zhao Ziyang	Jan. 1987–May 1989‡
Jiang Zemin	June 1989–Nov. 2002
Hu Jintao	Nov. 2002–

*The General Secretary was called Chief Secretary from April 1954 to September 1956 and from December 1978 to September 1982.

†De facto, as the Secretariat ceased to function during the Cultural Revolution, which began in 1966.

‡Zhao was Acting General Secretary for January–October 1987.

sion meetings). There has also been at times a powerful Policy Research Office.

On the government side, the basic current structure was adopted in 1954, although many changes in specific structures and allocations of responsibility have occurred since then. A new *National People's Congress* (NPC), the putative legislature and government equivalent of the Party Congress, is chosen every four years. Since the reforms began, the NPC has convened in plenary session annually, and each meeting in recent years has brought together roughly three thousand delegates. The NPC has a Standing Committee that meets more frequently. More important, during the 1980s it developed permanent committees that hired their own staffs and began to function on a regular basis.

Evidence suggests strengthening of the NPC's role in policy deliberation, as this body is significant in drafting and revising major laws and has stalled some initiatives desired by leading party officials.[9] Indeed, over the past two decades the NPC has developed a remarkable corpus of formal law, bringing the PRC from a state in which virtually no law existed as of Mao Zedong's death to a country that in many areas has relatively comprehensive legal underpinnings. Part of this effort reflects necessary initiatives in order to attract foreign investment, but much of it has centered on providing greater regularity and predictability to the Chinese polity. The NPC is still far from a fully independent legislature. But under Mao Zedong it had been virtually supine, and that is clearly no longer the case.

Both the NPC's institutional capacities and its roles have developed considerably under the reforms. With the substantial body of law adopted by the NPC, China has also sought to develop a viable system of courts and related organs. The country's movement toward a market economy has provided a

major spur to this effort, as contracts, property rights, white-collar crime, and related issues require legal structures to manage the myriad related challenges. Many such issues require the kind of detailed expertise that political officials are unlikely to possess, and national leaders have therefore supported development of legal institutions. This development also reflects their recognition that many of the problems that arise are not inherently political in nature and thus are best resolved by more "neutral" bodies. But there is ample evidence to conclude that the court system remains short of necessary expertise and resources; it is also subject to political pressures where officials want to achieve a particular outcome. The Chinese legal system is no longer an empty glass, but it is a glass half full, at best.[10]

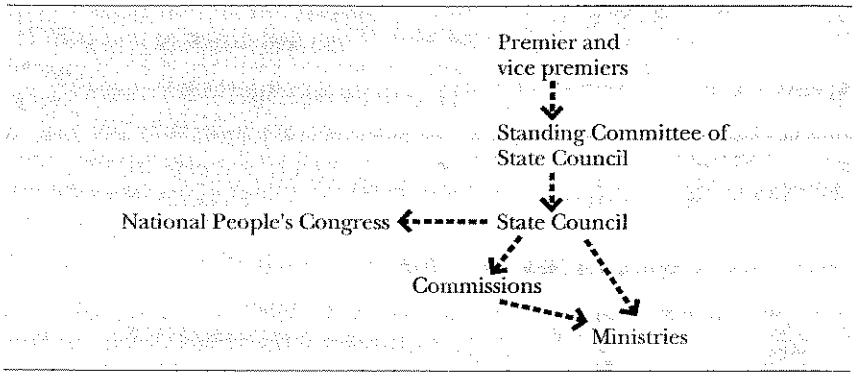
The *State Council* is in theory chosen by the NPC (see Chart 6.3). It is headed by the premier (Zhou Enlai to January 1976; Hua Guofeng to September 1980; Zhao Ziyang to April 1988; Li Peng to March 1998; Zhu Rongji to March 2003; Wen Tiabao since March 2003), and it serves as the cabinet in the Chinese political system. As explained in Chapter 3, a number of commissions and ministries are subordinate to the State Council. Most ministries and commissions head their own nationwide vertical bureaucratic hierarchies, with offices at each subordinate territorial level of administration. The State Council membership itself consists of the premier, vice premiers, state councilors (equivalent in rank to vice premiers), and virtually all heads of commissions and ministries.

The actual organization of the central party and state apparatus is, of course, vastly more complex than this basic outline conveys. On both the party and government sides numerous additional bodies have been established for particular purposes. A long-term party body at the Center, for example, is the Central Discipline Inspection Commission, which has the task of ferreting out violations of rules in the party. This commission has existed in various guises since 1949, except during the Cultural Revolution.[11] Other central party bodies, such as the Central Advisory Commission (which existed only from 1982 to 1992 and was used as a kind of way station to full retirement for leaders), have been the products of specific political needs at particular historical periods.

To a far greater extent than the party, the government has changed its organization over the years. Relatively few government organs below the level of the premier have avoided mergers, divisions, or other major organizational changes since 1954. The number of ministries, for example, has varied from two dozen or so to over sixty, and reorganizations at this level are common. These amalgamations and divisions of ministries reflect two contrasting tendencies: the desire of specialized bureaucracies to achieve ministerial status; and the desire of the State Council to limit the demands made on it to coordinate lower-level units and resolve disputes among them.

The ministries in charge of petroleum, coal, electric power, and water resources, for instance, have at one time or another stood independently or been combined in every mathematically feasible way since 1949. One high official commented in the late 1980s that the water resources ministry had been forced in the early 1980s to amalgamate with the electric power ministry to form the Ministry of Water Resources and Electric Power because the State

CHART 6.3 *Organization of the Government at the Center*



Arrows indicate general direction of authority in practice.

Council was tired of having to resolve the constant battles between these two units. The electric power ministry wanted China's water resources used for hydroelectric generation, while the water resources ministry saw irrigation and flood control as its primary missions. The political rules in China require that the minister present a unified "ministerial" position to the State Council. By amalgamating the two units, therefore, the State Council essentially required that they resolve their differences "in house." This amalgamation did not change much: all but a few of the bureaus of the ministries remained as they were, and the offices even remained in distinct buildings. The forced unification, moreover, did not last long.[12]

In March 1998 the NPC instituted a government streamlining program aimed at qualitatively redefining the core functions of the state and shedding its noncore institutional activities. This effort reduced the number of ministries from forty to twenty-nine, in many cases making former economic ministries into bureaus in the new ministries and then in 2001 turning those bureaus into corporations. State Council ministries and commissions previously directly ran the economy. Under the planned economy before the reforms the SOEs were in reality the lowest level of the national economic ministerial bureaucratic hierarchies. Under the reforms until the late 1990s, the various ministries still typically both regulated and operated the enterprises under them. The March 1998 NPC announced a fundamental restructuring of this system designed to limit ministries to a regulatory function so as to let the market work more fully. This restructuring also sought to achieve budgetary savings in the cost of government operations. It produced a 50 percent reduction—from thirty-two thousand to sixteen thousand slots—in the rosters of the State Council ministries and commissions by the end of 2000.[13] In order to meet the goal of sharply reducing the government's administrative management of economic activity, this streamlining effort fell with particular severity on the government bodies concerned with China's economy. The same reform effort included other measures to classify every ministry according to the type of function it performed so as to reduce the

previous tendency for each ministry to branch out from its core function (say, management of the iron and steel sector) into ancillary activities (related transportation, education, provision of health care, and so forth). The goal was to create a more efficient government that would regulate rather than administer an increasingly market-driven economy. In addition, most ministries now no longer directly lead their equivalent bodies at the province and lower bureaucratic levels. The governments at those levels exercise direct leadership, and the State Council ministries have assumed more advisory and supervisory roles.

PROVINCES

The Center reaches out to deal with the country through thirty-one province-level bodies. Provinces vary so much in their size, wealth, topography, dialect, culture, and even purpose that a view of China that recognizes national uniformity at the cost of appreciating provincial diversity is deeply flawed. A fundamental thrust of the reforms has been to encourage provinces to become entrepreneurial so as to accelerate the country's economic growth. But in almost every dimension this basic strategy has produced startling differentiation in provincial challenges and accomplishments.

Many provinces have larger populations than do all but a few countries in the United Nations. Guangdong, for example, has over 86 million people, Jiangsu has nearly 75 million, Zhejiang has about 47 million, and Jiangxi has over 40 million. Sichuan in the southwest touches no foreign borders and had a population of well over 100 million until 1997, when China placed most of the area of eastern Sichuan province under the administrative control of Chongqing municipality and raised Chongqing to provincial rank (Beijing, Shanghai, and Tianjin are the other municipalities with provincial rank). This change in boundaries and rank made Chongqing nominally by far the most populous city in the world and reduced the population of Sichuan province to below 100 million.[14]

Some provinces are sparsely populated. Xinjiang in the northwest has a vast expanse of land, but its population is 1.9 million. The western provinces of Tibet and Qinghai have populations, respectively, of 2.6 million and 5.2 million.[15] Indeed, dividing China on a diagonal from southwest to northeast, putting half of the country's land area on each side of the line, finds roughly 90 percent of the population on the southeast side of this division, reflecting the fact that China's fertile land is in the east and that deserts, mountains, and high plateaus dominate the west.

Economic structures also vary very widely. Shanghai is famous for both heavy industry and high technology, whereas Guangdong's urban economy focuses more on light industry. Although both have large amounts of foreign investment, Shanghai has more state-owned industry, whereas Guangdong has a larger private sector. One key goal of the reforms has been to attract foreign direct investment, and China has established an extraordinarily successful record overall in this effort. But different provinces have had vastly different

levels of success. After two decades of reform, some are deeply integrated into the international economy, but others are barely touched by external economic developments. As of 1999, for example, Guangdong province had attracted a total of U.S. $12 billion in foreign investment, but Guangxi province just to its west had received only $635 million, and the poor northwest province of Qinghai had less than $5 million of foreign investment.

Cultural characteristics also vary greatly. Guangdong people are considered highly entrepreneurial, and most Chinese who have emigrated to other Asian countries and to the United States hail from Guangdong Province. People from Hunan are considered hot tempered: many early leaders of the CCP—including Mao Zedong—hailed from Hunan. A traditional saying avers that Sichuan was typically the first to rebel and the last to be pacified in times of trouble. Beijing, in comparison, is relatively staid and bureaucratic; people from Hebei are considered frank and solid. Some provinces have very large non-Han populations, including Tibet, Yunnan, Guangxi, and Inner Mongolia. Xinjiang, a huge province in the far northwest dominated by mountain ranges and vast deserts, is populated largely with non-Han minorities, the majority of whom are Muslim.

Many provinces are separated by natural topographical barriers, and most have names that reflect geographical features. Shandong, for example, means "east [*dong*] of the mountains [*shan*]," Shanxi is "west of the mountains," Hunan is "south of the lake," Hubei is "north of the lake," Shanghai is "on the sea," Sichuan is "the four rivers," and Heilongjiang is "black dragon river." Beijing means "northern capital."

Provincial borders, moreover, only occasionally coincide with the boundaries of the macroregions analyzed by G. William Skinner. In other words, provincial boundaries do not necessarily lie along natural economic fault lines; densities of population, transportation links, and commercial activities, with their influences on social identification, dialect, and so forth, do not closely match provincial divisions.

Provinces are a very important component of the political system. *Province* itself refers to a rank in the national political administrative hierarchy that is fully equal to the rank of a ministry in the central government. Twenty-two units at provincial rank are actually called "province" (e.g., Guangdong Province, Hunan Province); four are named "metropolises" (Beijing City, Shanghai City, Chongqing City, and Tianjin City); and five are named autonomous regions (Tibet, Xinjiang Uighur, Ningxia Hui, Guangxi Zhuang, and Inner Mongolia). Because all territorial units with the rank of province are formally equal in rank to each other and to central government ministries, none of these units can issue binding orders to any others. Some provinces, especially those such as Shanghai that contribute a great deal of money to central government coffers, are actually more important than others, and their leaders generally are accorded more respect in Beijing than are most government ministers. Provincial rank is, therefore, a powerful one in the political hierarchy.

Unlike states in the American system, provinces do not have powers that inherently belong to them by law. Rather, in China's unitary system the powers

exercised by the province-level units are all delegated to them from the Center. Nevertheless, the provinces are crucial actors in the political system, especially recently. They constantly lobby the Center for resources and greater leeway and exploit the growing flexibility allowed them by the Center. In this effort, they derive leverage from several sources:

□ All major "central" construction projects and enterprises require active provincial cooperation in mobilizing and organizing resources and support services. While the Center knows that provinces cannot simply reject central commands, both sides recognize that provinces can largely scuttle the Center's initiatives through delays and "mishaps." The Center can in theory override this provincial power through harsh penalties (such as purges) for inadequate support, and under Mao this sometimes happened.[16] But over the long run, active cooperation works better for both sides than does the Center's use of coercion. The post-Mao reform efforts depend heavily on a cooperative relationship with the provinces—indeed, on stimulating provinces to take major initiatives to improve their own economies and to experiment with new approaches to challenges thrown up by the reforms.[17]

□ The richer provinces are a major source of funds for the Center, but at least until implementation of the 1994 restructuring of the tax system, local units collected all taxes. The Center then bargained with the provinces over the division of funds. Because the reforms have sought to encourage provincial enthusiasm, the provinces enjoyed considerable strength in these negotiations.[18] Since 1994 that leverage has decreased but not disappeared.

□ Many provinces are themselves the size of European countries. Their enormous populations require the provincial political leaders to have considerable authority to coordinate the development of goods and services in their territories. Beijing cannot manage a country the size of China without important tasks being performed at lower levels of the political system.

□ The loss of ideological discipline, the officially sanctioned scramble for wealth, and resulting corruption have significantly eroded the leverage of the Center over activities of the provinces. Although Beijing retains important resources to bring provinces to heel, provincial leaders often evade orders that are not quite specific or are not given high priority by the national leaders.

□ Fundamentally, the reform has shifted power toward territorial units and away from national bureaucracies in Beijing. This fundamental policy approach is designed to encourage every territorial political body to do its utmost to develop its local economy fast enough to maintain social and political stability. This national strategy in turn requires that provinces and lower level territorial units enjoy very considerable room for initiative and be able to enjoy the fruits of their success.[19] This strategy has greatly strengthened the provincial and lower territorial levels.

□ Certain core features of the political system (detailed in Chapter 7) give the provinces leverage. Since 1984, for example, each province has largely controlled the appointment of all but the highest provincial officials.

The structure of reporting lines for most civilian bodies other than the party committees themselves is quite decentralized, with a powerful role for the territorial party committee at each level. The provincial territorial party committee is thus an extremely important actor in the Chinese system.

Although provinces vary enormously, clearly the east-coast provinces have as a whole benefited far more from the reforms than have their northeastern and inland counterparts. These provinces have generally grown wealthy by reaping the benefits both of preferential national policies and of access to foreign markets and foreign capital. Today, for example, it is said that more than three hundred thousand businesspeople from Taiwan reside in Shanghai, where they have set up operations. Shanghai has been China's most rapidly growing provincial-level unit in the past decade and has also been a pathway to national-level political power. Not surprisingly, the enormous rural-to-urban migration that has accompanied the reforms has basically consisted of migrants who cross provincial boundaries from the interior to the east. Of the seven provinces that saw the highest number of their people leave for jobs in other provinces in 1999, six are interior provinces.[20] Nearly half of all 1999 transprovincial migrants went to Guangdong. The other major recipients of migrants are all east-coast provinces: Jiangsu, Fujian, Shanghai, Beijing, and Zhejiang.[21]

As noted above, the political structure at the provincial level largely mirrors that at the Center. This similarity has developed because most provincial organs must deal with their counterparts at the Center, and the Center has therefore essentially replicated itself in each province. When the Center split off Hainan Island from Guangdong province and elevated Hainan to provincial status, for example, it initially sought to create a simplified government structure in the new province. But over time, the Hainan provincial government added organs to match its counterparts in Beijing and in other provinces, because Hainan otherwise found it too difficult to manage its responsibilities.[22] Typically, provincial-level governments have between 5,300 and 7,500 authorized slots. Only the sparsely populated western provinces have smaller governments.

CITIES

Cities can plug into the national political administrative hierarchy at any bureaucratic rank, depending on their size and importance. As noted above, for example, four major metropolises—Beijing, Tianjin, Chongqing, and Shanghai—have the rank of province. According to a 2001 handbook, China has over 660 cities at the rank of county or higher.[23] Each city has a full set of party and government organs that basically parallels that of the Center, province, and county. Headed by mayors, city governments are typically organized into departments and bureaus.

The reforms have increasingly made cities the key level of organization

for the economy. National-level regulations on many important urban issues such as health insurance and pensions, for example, are implemented in a different way in each major metropolis, with the city making the key decisions on how to take the national principles and turn them into actual programs within its jurisdiction. To foster rational use of the cities as economic centers, the reformers have brought large rural areas around major cities under the administrative control of the municipal authorities to integrate rural development more closely with the urban economy. Many cities, therefore, include suburban counties in their municipal boundaries; there are a total of 787 such counties under municipal jurisdiction throughout China. Beijing, for instance, encompasses nine suburban counties; Shanghai has ten. As at the provincial level, a party committee is in charge of each city, and that committee is the most powerful political body in each metropolis.

COUNTIES

Although myriad adjustments are made to the boundaries of counties each year, the overall number of counties has remained between 1,400 and 2,500 for millennia. As of 2000, China had 2,461 counties, some of which trace their continuous histories back two thousand years or more![24]

Counties play a strong role in the political administration of China. Typically, orders from above call for implementation of policies that take into account local peculiarities, and thus counties often exercise considerable discretion within the territories they administer. Increasingly, moreover, counties have been given leeway to pursue their own strategies of economic development, and many dynamic county leaders have seized the initiative to transform their localities. Counties derive political power from many of the same factors that bolster the positions of provinces and cities vis-à-vis the Center.

Like provinces, counties contain almost the full array of party and government organs so that they can deal effectively with their counterpart bodies at the level of the municipality or province. The bureaucratic system generally replicates itself yet again at the county level.

TOWNSHIPS

Townships were submerged into the people's communes during the Great Leap Forward, reemerging as separate units only after the advent of the reforms. They became key localities for establishing local enterprises staffed by peasants, especially during the 1980s and early 1990s, and they have continued to serve as a very important source of nonfarm income for many peasant families. Indeed, during the late 1990s roughly 50 percent of peasant migrants to cities went no farther than their own or a neighboring township to find work.[25] Changes in residence rules have allowed peasants to move to

townships without obtaining special permission to do so, although the situation on the ground varies by locality.

Villages began to carry out elections for leaders in the late 1980s, but township governments still are not elected. Good relations with township leaders are often crucial for successful exercise of village leadership. Today, many townships actually operate largely as company towns, with the township leaders playing a major role in the various enterprises in their jurisdiction. Future plans call for a vast expansion of townships to absorb an expected new surge of migration off the farms during the coming decade.

Given their small size, township governments are structurally simpler than are their county and higher-level counterparts. But they still retain the basic major structures on both party and government sides found in higher level territorial bodies. In 2000, China had some 44,867 townships, of which 1,356 were specially designated as having large minority populations.

UNITS

During the Maoist era the "unit" (*danwei*) became the key vehicle for the interaction of the state and society. For most Chinese, the unit refers to the place of work—factory, research institute, ministry, and so forth. While agriculture was communized, the peasant's unit was the commune. Units in the state and collective sectors are the lowest level of the political system, not wholly independent organizations. During the famine of the early 1960s, the PRC completed the development of the *danwei* as a major vehicle for controlling citizens' behavior and channeling their efforts. At that time, virtually every citizen belonged to a unit. Many retired urbanites continued to be included in their former place of work; for others the neighborhood Residents Committee became their "unit" for purposes of state access to them.[26]

Urban units became multipurpose bodies that isolated people from those who worked in other units. A major urban enterprise would, for example, be the source of many things for its employees: housing, recreational activities, schooling for the children, health-care facilities, and so forth. The *danwei* also provided ration coupons for food, clothing, and furniture; administered the birth-control program; mediated marriage disputes; and provided pensions and burial funds. The *danwei*'s permission was required to get married, obtain a divorce, or change jobs.

The *danwei* also engaged in purely political tasks: political campaigns generally were carried out *danwei* by *danwei*. This created lasting cleavages, as campaigns first targeted one group and then another. Mao Zedong utilized these cleavages when he set the Chinese against each other. Through this technique of manipulating tensions and creating mutual antagonisms within *danwei*s, Mao largely obviated the need for a separate, centralized police apparatus such as the Soviet KGB. The *danwei* also organized compulsory political study, enforced "surveillance" on individuals who had committed "mistakes," and spied for the police via *danwei*-based "order maintenance committees." The rural *danwei* carried out a roughly parallel set of tasks.

Key to the *danwei*'s importance was the fact that very few individuals ever obtained permission to transfer from one *danwei* to another. For peasants, this meant that they could not freely move about the countryside or migrate to the cities. For workers, this tied guaranteed lifetime employment to loss of labor mobility. Each *danwei*, therefore, became a relatively isolated social and political entity, with little communication between members of different units. The quality of life of a citizen depended crucially on the resources and leadership of his or her *danwei*.[27]

Each of the pertinent higher-level political units had tentacles that reached directly into the *danwei*. A large urban enterprise would, for example, have a cultural/educational office directly subordinate to the CCP propaganda apparatus, a party committee subordinate to the municipal party committee, and a security section subordinate to the local police apparatus. The head of the *danwei*, therefore, did not fully control the activities in it.[28]

The reforms have significantly affected the *danwei* system. They have permitted increasing mobility in the countryside and have eliminated the commune. The ration system that previously buttressed geographical immobility has been discarded. The reforms have also permitted development of joint-venture, collective, and privately owned enterprises in the cities that are not merely extensions of the government apparatus. Changes endorsed at the NPC in March 1998 are producing a basic restructuring even of the state-owned enterprises themselves, which are becoming somewhat more like modern corporations and less like the basic-level government bodies they were in the past. Many SOEs are being privatized completely. Lifetime urban employment in one *danwei* has given way to considerable job insecurity, unemployment, and mobility. The reforms have also created an urban "floating" population.[29] Over 100 million people are not attached to any urban *danwei*.[30] In sum, the *danwei* level of the Chinese system is changing fundamentally, and in the future will cease to be an integral part of the political structure.[31] Few Chinese still work in a *danwei* that functions as the work unit did before the reforms.

The reforms are thus eroding the fundamental link the Maoist system created to handle the relationship between the state and society. One of the important tasks of the coming years will be to create alternatives to the *danwei* system, which emerged full blown about four decades ago. In the cities a shift is being made under the Ministry of Civil Affairs to a more residence-based unit of organization, dubbed the "Community Committee" (*shequ juweihui*). This new urban form is now moving from an experimental effort in a few large municipalities to nationwide application.

One model Community Committee in Beijing highlights the basic character this new organization seeks to attain. This Community Committee is more professional than was the former Residents Committee that it replaced. It has a full-time staff of five to six people and also employs migrant workers in some of its activities. The director is elected, but there was only one candidate (the CCP secretary of the local party branch organization), and the CCP branch controls this committee. The staff consists of recent university graduates and laid-off workers. All full-time staff but the

director are female, live in the locality, and receive about 500 yuan per month, plus health-care coverage, from the state payroll. The Community Committee is responsible for day care, teenage community activities, security, elderly care, birth control, a clinic (primary health care), intervention services where there is drug or alcohol abuse or family violence, legal aid, newspaper delivery, trash removal, barber services, mail delivery (the post office provides the mail to the Community Committee, which then delivers it to the households), laundry, weekend entertainment, and a small shopping center. Many of these are moneymaking businesses to support the activities of the Community Committee.

In sum, the Community Committee system is more professional and wide ranging than was the former Residents Committee. A comparable community-level party-building effort is designed to assure that the CCP retains control over this new approach to urban organization. These developments reflect the reality that a combination of the shrinkage of the scope of public ownership and the increase in personal mobility means that state services must increasingly be delivered on the basis of residence rather than work unit.[32] Because these committees lack the formal ties to various ministries that their *danwei* predecessors maintained, though, far more social services must be delivered through citywide programs (such as pension plans and health insurance), and the overall ability of the state to focus political messages to the populace has diminished considerably. In addition, there is no rural equivalent to the urban Community Committee, and even in the cities they are at an experimental stage. They reflect the fundamental reality that China's governing reforms have produced changes in the economy and society that in turn require major adjustments in the structure and functions of the political system itself.

One of the key characteristics of the Chinese system that has not changed with the reforms is the *duplication of both party and government structures* on all levels of the national bureaucracy. This creates an extraordinarily complex matrix of vertical and horizontal authority that results in serious problems of governance.

The Matrix Muddle: *Tiao/Kuai Guanxi*

In an integrated, multilevel nationwide bureaucratic system, China must mesh both vertical (coordination from center to locality) and horizontal (coordination within a given geographic area) requirements. For example, it must be concerned both with environmental issues nationwide—that is, vertically (under an environmental ministry, with environmental departments at each level of the political system) and locally—that is, horizontally (through coordination of environmental efforts with economic and other issues within each political jurisdiction). The leaders' determination that the Communist party dominate the system adds further complexity to the bureaucratic web.

Western scholars of organizational dynamics term this cross-hatching of horizontal and vertical lines of authority a "matrix" problem. All large-scale organizations must deal with matrix issues. Since China has developed the largest bureaucracy in the history of the world, its matrix complexity is on an unprecedented scale.

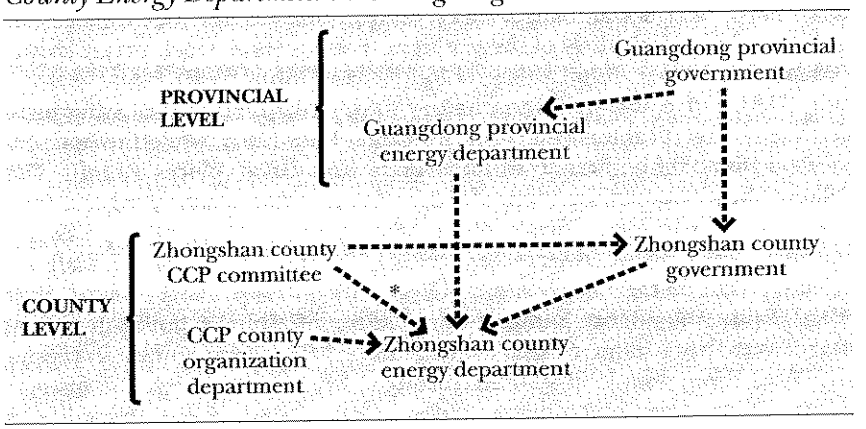
The Chinese use vivid terminology to describe their crisscrossing jurisdictions: the vertical bureaucracies are called lines (*tiao*), while the horizontal coordinating bodies at various levels are called pieces (*kuai*). The relationships between the vertical and horizontal bodies are called *tiao/kuai guanxi*. And Chinese officials often talk about whether, in a particular instance, the "horizontal serves the vertical" or the "vertical serves the horizontal." What do they mean?

Despite the highly authoritarian nature of China's political system, actual authority is in most instances fragmented. There are numerous reporting lines throughout the system—through the party, through the government, to the territorial organs, and so forth. As Chart 6.4 illustrates, a hypothetical energy department under the Zhongshan county government would be subordinate to *both* the Zhongshan county government *and* the energy bureau under the Guangdong provincial government. At the same time, the Zhongshan county government must answer to both the Zhongshan county Communist party committee and the Guangdong provincial government. In addition, the organization department of the Zhongshan county Communist party committee will strongly affect the career opportunities of the leaders of the Zhongshan county energy department, who must also obey party discipline as members of the party committee of the energy department (see Chapter 7 for more information).

The simple point is that the officials of any given office have a number of bosses in different places. In this sense the Chinese polity can be considered one of "fragmented authoritarianism."[33] It becomes important in these circumstances to determine which of these bosses has priority over others. Typically, the Chinese cope with this in a minimal way by indicating that the primary leadership over a particular department resides either on the vertical line (*tiao*) (that is, with the Guangdong provincial energy bureau in the above example) or with the horizontal piece (*kuai*) (that is, with the Zhongshan county government itself, in the above example). The one with priority has what is termed a "leadership relationship" (*lingdao guanxi*) with the department in question, while the other one has a nonbinding "professional relationship" (*yewu guanxi*) with it.

But the distinction between leadership and professional relations does not come close to resolving all the problems. In reality, many organs can get access to issues that pass through the various departments. And if, as is often the case, a problem is large enough that its solution requires action by not just one department, but also by other departments (such as Construction and Finance, or the energy department of another county), then the lines of crisscrossing authority become exceedingly complex and cumbersome. It may be well-nigh impossible to find one official who has leadership authority

CHART 6.4 *Lines of Authority to the Hypothetical Zhongshan County Energy Department in Guangdong Province*



Arrows indicate general direction of authority in practice.
*Party discipline over party members in the energy department.

over all the pertinent units at any level below that of the Politburo in Beijing. This fragmentation of authority in the Chinese political administrative hierarchy makes it relatively easy for one actor to frustrate the adoption or successful implementation of important policies, especially since units (and officials) of the same bureaucratic rank cannot issue binding orders to each other.[34] The system is a muddle in that it can easily bog down in its own bureaucratic complexity.

Techniques for Making the System Work

With nationwide hierarchical bureaucratic empires under ministries and Central Committee departments defined by the functions they perform, and with powerful territorial party and government coordinating bodies at multiple levels of the system, the Chinese political system faces potentially severe problems: *overload* at the top, as lower-level officials avoid responsibility by pushing decisions "up" the system; *gridlock* from the fragmentation of power into different functional bureaucracies and territorial fiefdoms; *lack of accurate information* because of the distortions created by multiple layers of bureaucracy and because the CCP has not allowed any completely independent sources of information, such as a free press, to develop; and *indiscipline, corruption* and petty *dictatorship* as officials at each level have the opportunities and incentives to violate rules and cover up their transgressions.

To manage this complex party-state, the CCP has developed various basic operational techniques and principles specifically designed to mitigate some of these problems; virtually all these techniques have evolved significantly

during the reform era. None of these remedies has fully resolved the problems, but all have affected the way the system has worked.

IDEOLOGY, DECENTRALIZATION, AND NEGOTIATIONS

As indicated above, one consequence of the structure of the Chinese political administration is that important issues require the cooperation of officials who are in different bureaucratic domains and who therefore lack jurisdiction over each other. Construction of a major new steel plant, for example, may demand the active support of individuals in the Ministry of Commerce, the Finance Ministry, the State Development and Reform Commission, and the local government and party authorities (for road building, housing construction, sanitation, removing peasants from their land, and so on). If foreign capital is involved, the People's Bank and others will also have to come on board.

For many such issues, the only level of the political system where one body has authority over everyone involved in the project is the Center. There is thus a natural tendency for the conflicts among the various bureaucracies to be pushed "up" to the Center for resolution. The Center tries to control the types of issues that land on its docket in part by proclaiming that in principle the "importance" of an issue should determine the level of political administration at which it is to be taken up. But there are no hard and fast rules to decide how important an issue is, and importance varies in part according to the priorities of key individuals at the Center at any given time. During one of the periodic drives against corruption, for example, the case against an important county official may be referred all the way to the Center for a decision on publicity and punishment. During more normal times, county and, possibly, municipal or provincial authorities would deal with a county corruption problem. Even without hard criteria to determine importance, though, time and again Chinese officials stress that it is the importance of an issue that determines how it is handled.

In practice, the importance principle works primarily to make sure that certain types of issues *are* decided at a high level. It does little to mitigate the problem of too many issues being pushed up the national political hierarchy.

A second widely applied operational principle is, therefore, that a problem should be handled at the lowest level in the system at which consensus can be reached to resolve it.[35] To put it differently, in most cases the Center prefers that lower levels manage problems without taking the time and attention of the Center in the process. On the whole, a large proportion of the decisions that affect day-to-day operations of almost every sort are taken at local or middle levels of the political system. Naturally, the Center wants to guide lower levels with its broad policy statements that articulate policy lines and goals. The pervasive role of ideology during the Maoist era contributed greatly toward achieving this coordination. At that time, officials at all levels were taught to view the Center as the fount of wisdom

and themselves as local extensions of the will of the Center. Rigorous programs of ideological indoctrination for officials maintained a relatively high degree of sensitivity to themes and priorities articulated by the Center. The ready recourse to an iron fist for those who deviated reinforced the tendency of officials at all levels to strive to understand and implement priorities directed from Beijing.

The Cultural Revolution and its aftermath did fundamental damage to the use of ideology as a resource of the Center. Officials at all levels lost their innocent belief in the automatic validity of Center-mandated policies when they witnessed the enormous destruction and waste produced by the ill-conceived policies of Mao and his radical supporters. Deng Xiaoping recognized this sea change in the Chinese political climate when he began to articulate his reform programs.

The reforms have further contributed to the loss of ideology as a resource available to the Center to coordinate and enforce its priorities. This developed naturally from several circumstances. The reforms required a reevaluation of Maoism, thus removing the cloak of official infallibility from the Chairman and tarnishing the CCP, which had so stridently and ruthlessly proclaimed that infallibility for decades.[36] The reforms encouraged people to exercise initiative and make money, all of which made them less receptive to communist ideology.[37] The reforms opened China not only to foreign investment but also to foreign ideas, and these made people recognize that the party had grossly misled them for decades about conditions in the industrialized countries of the world.[38] And the reforms created strong incentives for localities to make money for themselves, which encouraged local officials to differentiate their own interests from those of the Center.[39]

No longer operating as the legitimate source of ideology has been a major blow to the power of the Center. Among other consequences, it has produced a situation in which the normative (that is, value-based) incentives for officials to obey Beijing have diminished considerably. Moreover, these developments have occurred during a period when Beijing has purposely diminished its control over two other potential resources—material and coercive incentives—to encourage local coordination and compliance.

As noted in Chapter 5, Deng Xiaoping recognized the importance of reducing Beijing's direct administrative role in the economy to spur rapid economic growth. The reform leadership thus increased the discretionary budgetary and extrabudgetary funds of provincial and lower-level units. Deng also recognized that the system would have to become less coercive if the leadership wanted lower-level officials to utilize fully their talents and initiative. The results have been diminished use of the security forces to enforce discipline at lower levels and, to a very limited extent, greater recourse to law instead of political command.

Although the Center's ability to utilize ideology as a vehicle to enhance policy coordination has diminished drastically, Beijing still does make use of broad policy pronouncements to set a general tone and direction that it asks lower levels to support. This tone is usually summed up in several slogans or formulations (*tifa*) that officials at all levels of the system utilize habitually.

ıugh these *tifa* do not in themselves provide much concrete assistance to
y coordination, they do create an atmosphere that affects behavior at all
; of the system. Also, the Center always gives top priority to some very
:ular matters for which it seeks direct control.

Because of the general fragmentation of authority in the system, resolv-
matter below the Center often requires building a consensus among an
of pertinent officials. This need to construct a consensus generally pre-
ıses officials to negotiate with other relevant officials from an early
. Chinese policy making is, consequently, characterized by an enormous
ımt of discussion and bargaining among officials to bring the right
le on board.

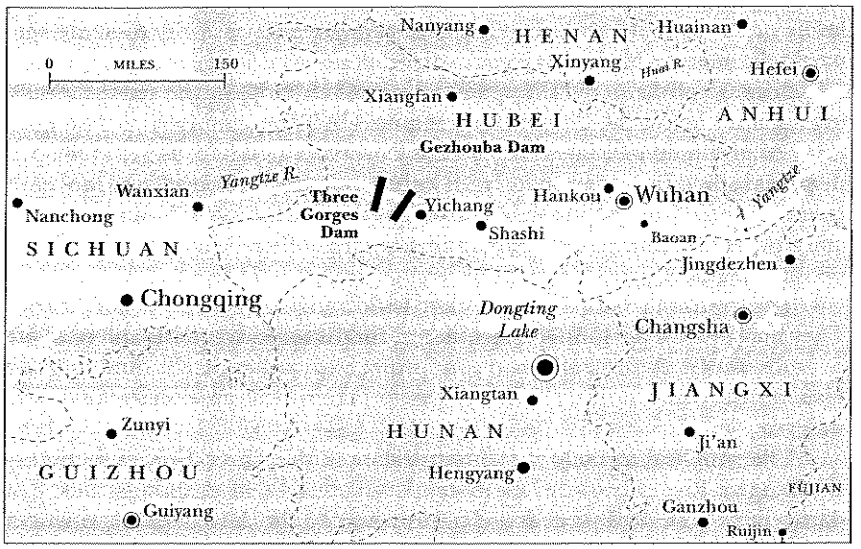
The resulting bargains are often wide ranging, complex, and fragile.
may involve personnel assignments, funds, access to goods and markets,
ıbstantive issues concerning a project or policy itself. And officials
ıe that others will try to "trade up" on their deals as soon as conditions
ınt their doing so.

The proposal to build a mammoth dam at the Three Gorges section of
angtze River illustrates the bureaucratic deals that must be struck. The
will provide badly needed electric power to the downstream provinces,
ially Hunan and Hubei (see Map 6.1). It will also increase the flood pro-
ın afforded these provinces, which would suffer greatly if weather condi-
produced simultaneous flood surges on the Yangtze and the Han rivers.
he Three Gorges Dam is displacing more than a million people who live
: the dam site (primarily in Chongqing municipality), and the residents
is municipality and of Sichuan province will receive little of the electric
r and none of the flood-control benefits.[40] The dam might also disrupt
traffic along the vital Yangtze artery. But because Sichuan, Chongqing,
:i, Hunan, and the central ministries involved are all of the same bureau-
: rank, none has operational authority over the others.

Among the tradeoffs dam proponents accepted in order to build a con-
ıs on the dam are the following: most important, the dam height is being
to 175 meters instead of the more than two hundred meters originally
osed. This lower height won over Chongqing municipality. At 175
rs, the reservoir behind the dam will end at Chongqing Harbor and thus
nake that city the major trading center between Sichuan Province and
ich provinces of central China. A greater height would have flooded
ıgqing; a lesser height would have left the smaller and less politically
rful city of Wanxian as the key trading port. The dam is being con-
ted with an elaborate and expensive ship lift to satisfy the concerns of
ɔrmer Ministry of Communications. Chongqing itself is receiving special
tment funds from the government to offset costs of relocation of people
ıced by the dam reservoir. The former Ministry of Water Resources
se primary task is flood control) was the key promoter of this dam proj-
ınd it negotiated these and additional concessions to other parties in
· to win their support, or at least reduce their opposition.[41] Such deals
ıe basis of much of Chinese political decision making.

Despite its unitary nature and the general lack of real legal constraints

MAP 6.1 *Three Gorges Dam Project*



on the activities of the Center, therefore, the Chinese political system is characterized by an enormous amount of negotiations among officials, and many decisions are taken at relatively low levels in the national bureaucratic hierarchy. Given the deflation of the ideological power of the Center, little else would make the system work effectively.

IMPROVING AND CHANNELING INFORMATION

One of the most serious problems of a vertically integrated system such as China's is the difficulty leaders have in obtaining accurate information. Most data are reported level by level up the national administration, and typically officials at each level have incentives to introduce biases and distortions. For example, a county official interviewed for a scholarly research project in 1990 protested that the county did not have data on the county finances at issue. When the Western scholar noted that the province published provincewide data that must have been aggregated from the county reports, the county official responded, "Oh, you want *those* data! I had thought this was a scientific project that required accurate numbers." In another instance, shortly after the Sino-American rapprochement of the early 1970s the Chinese government asked Washington to provide it with American satellite information on the area under cultivation in China. America did so—and in this way Beijing found out that local officials were not reporting roughly 20 percent of its cultivated land. This did not, however, resolve the problem of underreporting. As late as 1997, Chinese official figures indicated that the PRC had in the neighborhood of 90 million hectares under cultivation. A U.S. government study of the time demonstrated that the true figure was more than 145 mil-

lion hectares. More recently, the State Statistical Bureau reported national GDP growth of 8 percent for 2002, but every single provincial level unit separately reported its own GDP growth to be higher than this national "average."

Leaders have used many methods to circumvent their own officials in order to obtain reliable information. Mao Zedong usually traveled around by train, and he was known to order unscheduled stops so that he could pop in at a nearby village and pump the local officials with questions. (Mao's guards reportedly often beat him to the village, however, and it is unlikely that local people would in any case tell the august Chairman the real story on local conditions.) Mao also selected at least one member of the 8341 Division of the PLA (China's guard regiment for the top leaders) from each county, and he personally debriefed many of them when they returned from home leave. But it was well known among his officials that though Mao always sought the truth he rarely liked to hear it, and thus few dared to present him with unvarnished reality.[42] As we have seen, one who did—Peng Dehuai at the Lushan conference in July 1959—paid for it immediately with his career and later with his life during the Cultural Revolution.

Many top Chinese officials cultivated one or more locales where for particular reasons they knew the people well enough to get a straight story from them. For Chen Yun, this was Qingpu County near his native place of Shanghai; for Liu Shaoqi, it was his wife's hometown of Tianjin (where Liu had also worked in the CCP underground). They often used their contacts in these places to obtain feedback on policy implementation or to initiate small experiments that, if successful, might provide the basis for policy advocacy later on. It appears, though, that the post-Mao generation of leaders has not continued this stratagem to the same extent.

China's leaders have traditionally used two major devices to improve the quality of the information they receive, and in recent years they have added a third. The first longstanding device is the mode of operations called "democratic centralism," which Beijing learned from the Soviets. The "democracy" element has nothing to do with votes or multiparty systems. Rather, "democracy" here means consultation. The idea is that before an issue is decided, consultations should occur with all pertinent people. During that period, individuals may express their views freely on the issue so that necessary information is made available to the decision makers. Nobody should suffer for the views expressed in this phase of the decision-making process. Once a decision is reached, however, centralism prevails, which means that people must implement the decision regardless of whether or not they agree with it.

Democratic centralism is an attempt to enjoy the advantages of disciplined dictatorship without sacrificing free discussion and the airing of views. It is at best an uncertain technique, as only rarely is there a clear distinction between making one decision and modifying a previous one. More fundamentally, though, during the Maoist era experience soon showed that people were vulnerable for the opinions they had expressed during the consultative, "democratic" phase of this process, and thereafter the quality of information available to the central leaders fell off dramatically. The huge famine of 1961–62 was greatly exacerbated, for example, by the imposition from above

of absurdly high quotas for grain procurement. As noted in Chapter 4, the quotas, in turn, were based on gross misinformation about the true state of affairs in the countryside.[43] This set of errors resulted in roughly 30 million deaths.

Starting in the late 1970s, Deng Xiaoping and the reformers made considerable efforts to rein in the terror and to nurture greater freedom of discussion, especially within the policy-making process. Numerous comments by Chinese officials indicate that these efforts achieved some success and that the system became more effective in gathering and transmitting information during the 1980s.

A second long-standing approach to information gathering drew on the meeting system and the document system. The Chinese communists believe in using face-to-face meetings extensively. In the initial years, this may have been encouraged in part by the low levels of literacy among many peasant guerrilla fighters who assumed high office after 1949. Barely able to read documents, they functioned best when they could go over things orally.[44] This style of operation has continued in somewhat attenuated form even as educational levels among officials have risen dramatically.

Virtually the entire top political elite gathers at least once a year—since the 1980s, during the summer at the seaside resort of Beidaihe—for an extended meeting that reviews the state of the country and decides on basic priorities for the coming months. These meetings—called central work conferences—typically involve all members of the Politburo, heads of major Central Committee departments and State Council ministries and commissions, all provincial party and government heads, and others, depending on the major topics of the meetings. Such meetings may last for a month or more. They involve some plenary sessions, but for the most part participants are divided into smaller groups that meet daily. A fairly elaborate system of reports and bulletins from these groups lays the groundwork for the top leaders at the end of the meeting to pull things together and reach a series of conclusions. The meeting chairman has the formal right to sum up the conclave—a power that Mao Zedong often used to political advantage.[45]

These long meetings also provide ample opportunity for delegates and their spouses to mix informally. Gossip circulates, news is revealed, and as at Lushan in July 1959, these meetings have been the occasion for many of the political sparks that have flown since 1949. In similar but less elaborate fashion, work conferences are held at all territorial levels of the political system and in the various functional systems (*xitongs*) discussed in Chapter 7.

The meeting system is so elaborate that the Chinese have even put out handbooks on key meeting types and on preparation for various kinds of meetings. Almost any bureaucratic body can convene a meeting, and an official can bring in the people he or she wants to participate in the discussion simply by declaring that the meeting is "enlarged" (that is, attended by people who do not normally belong to the group that is meeting). This arrangement gives many officials a legitimate vehicle for testing out ideas with a handpicked group without being accused of under-the-table scheming.

Although the meeting system is important to the overall political system, firm rules are hard to come by. In some instances of important decisions by central work conferences (for example, the Lushan conference decisions to purge Peng Dehuai, launch a related Antirightist campaign, and scale back the targets for the Great Leap Forward), a Central Committee plenum convenes immediately afterward to give these decisions formal endorsement. Another instance was the August 1958 conference at Beidaihe that decided, among other things, to adopt people's communes as the form of organization for agriculture.[46] Here Mao Zedong used an enlarged Politburo meeting very much in the way a central work conference would normally be utilized. No Central Committee plenum convened to lend added legitimacy to the resulting decisions. It thus is not clear what the boundaries are on the types of actions these meetings can take. But central work conferences in recent years have generally produced strategies and decisions that are then embodied in formal acts by statutory bodies and conclaves.

The current Chinese political system also maintains an extensive document system that in many ways reflects the imperial Chinese bureaucratic system that came before it.[47] Every ministry has its own in-house document series, as does the Central Committee, the central CCP Secretariat, every territorial government and party committee, and other major bureaucratic bodies. Typically, these documents are numbered sequentially from the first one of each calendar year.

The document system determines the ways various documents are handled. Each document has a label that specifies its type. Specialized personnel sort the documents, and handbooks have been published to guide the document handlers in their work. Document types include the following: an order (*mingling*) that must be carried out precisely by the recipient, with no deviation; an instruction (*zhishi*) that should be modified to suit local conditions, with approval of the modifications by the next highest territorial level; a circular (*tongzhi*) that provides information for reference, with the implication that it would be a good idea to utilize whatever might be appropriate; and an opinion (*yijian*) that simply expresses the current views of an official. Many more gradations of literalness fill the gaps between the strict *mingling* and the nonbinding *yijian*.

The Chinese system has been hindered in its ability to collect accurate information by many factors, some of them matters of deliberate choice. Until the 1980s, poorly educated people had a tight hold on the system. Many of these revolutionary cadres discriminated against people who were highly literate. As the administrative system became more complex, this anti-intellectualism imposed increasing burdens on the functioning of the bureaucracy.[48] This was especially true during the Cultural Revolution, with its wholesale attacks on intellectuals and the virtual destruction of, among other things, the state statistical system by know-nothing radicals.[49] Reformers during the 1980s worked hard to bring younger, better-educated individuals into office.

Attacks on individuals for remarks they had made during various meetings in previous years had the effect of producing a bureaucratic apparatus of

yes-men, a high price to pay in a system deficient in independent sources of facts. The very degree of domination of the party over society increased its problems in understanding popular moods and tolerances. The Mao Zedong cult, which grew to gargantuan proportions by the mid-1960s, added another major obstacle to accurate reporting up the national hierarchy.

In addition, the Chinese system developed an extraordinary degree of secrecy. Virtually all documents were classified, and individuals generally saw information strictly on a need-to-know basis. Normally, office workers did not discuss their work with colleagues, as a presumption of secrecy prevailed. Information was thus strictly channeled. Even Politburo members below the very highest level were not allowed access to information freely in spheres outside their designated areas of responsibility. With information scarce, control over information naturally became a type of power in itself. Ministries and other bodies therefore zealously guarded their data, which in turn inhibited consideration of what effect the decisions of one unit would have on the activities and interests of others.[50]

The result was a system forced to work with little reliable information. The system was strongly geared toward transmission of orders downward, with much less sensitivity to the need for a good flow of data upward. Time and again, the Center tried to move an issue along without the data needed for a finely tuned analysis and decision. China paid dearly for this situation.

The reformers took many measures to mitigate the problems in the information system. As previously noted, for example, they greatly reduced the incidence of political persecution of officials for having made suggestions that were not ultimately accepted. They also reduced substantially the degree of secrecy in the system, in part at the urging of the World Bank and other foreign and international financial institutions, and they encouraged the publication of more data and the discussion of more issues in widely circulated journals and other forums.[51]

The reformers also tried a new method to deal with the paucity of data. In his years as premier, Zhao Ziyang developed a group of State Council think tanks outside the normal bureaucratic system. These think tanks derived their power primarily from the direct access they enjoyed to the premier. Those who wanted to influence policy, therefore, were well advised to be responsive to requests from the new think tanks. The people who staffed these new bodies were generally young reformers who recognized the problems in the extant bureaucratic system. They worked hard to cultivate direct ties with units at all levels of the national administration and to bring the resulting data to bear on policy matters.

The think tanks made considerable progress in improving the information flows to the top, and in some instances lower-level bodies in the provinces and cities made similar improvements.[52] But in the final analysis this structural innovation was weakened when Zhao became party general secretary, which soon took him away from direct responsibility for the economy, and then was purged in the wake of the Tiananmen massacre of 4 June 1989. Ultimately, the think tanks had been Zhao's personal creations and grew out of his personal networking. Some were either dismantled or sub-

stantially gutted with Zhao's fall from power. But Zhao's innovation has been sustained; an array of think tanks still plays a role in contemporary policy making.[53]

Broader trends under the reforms have continued to improve the quality and quantity of information available to the top leaders. The installation of computer systems throughout the government has vastly improved the flow of information and data, along with increasing officials' ability to analyze the data they receive. Strenuous efforts were made during the 1990s to improve the quality of personnel and of the system in the state statistical apparatus and the sampling frames and models they employed. These changes account for the fact, noted above, that the State Statistical Bureau produced a 2002 national GDP growth rate lower than that reported by any provincial level unit. The SSB used its own sampling frame to generate its conclusions.

The Chinese media, while still under broad political controls, nevertheless also became a more important and unfiltered source of information. Since even before 1949, the New China News Agency has provided leaders with secret reports that reflect information its reporters gathered. But the reforms have increasingly required that China's media develop sources of funds for their programming, and this in turn has encouraged in some cases more hard hitting investigative reporting. Thus, for example, CCTV in 1994 began broadcasting what became an extremely popular investigative reporting show, *Focus* (*jiaodian fangtan*). Among other things, in 1998 *Focus* alerted Premier Zhu Rongji that he been duped when he visited a state-owned grain facility that had been praised in the official media. As *Focus* revealed in its nationwide broadcast, many of the sacks of grain that had so impressed Premier Zhu had been borrowed from other facilities for the occasion.[54]

Overall, therefore, the Chinese have used a variety of means—including advocacy of democratic centralism, formal meeting systems, elaborate document systems, experimentation with think tanks, and increasingly aggressive media reporting—to enhance the quantity and quality of information available to policy makers. The reformers have in many ways improved the situation, which in Mao Zedong's later years had seriously deteriorated. Nevertheless, all autocratic political systems have major difficulties in generating good-quality information about themselves, and China's geographical size, poverty, and enormous population combine with its authoritarian system to limit the national leaders' understanding about what is happening throughout the PRC.

Petty Dictatorship and Corruption

China, like the former USSR, set up a system in which every official is highly vulnerable to those above but is able to act like a petty dictator toward those below. Each official must be sure that his or her own bailiwick works effectively, and typically each has considerable ability to skew in favorable directions the information that goes to higher levels. Usually, upper levels do not

enquire very closely into how things are done—so long as the key priorities seem to be met.[55]

Under the *danwei* (unit) system, officials in China had an extraordinary degree of leverage over their subordinates. For the most part, they could strongly influence careers, even to holding a subordinate virtually hostage in a meaningless position for years at a time. They also controlled available housing, a crucial matter in a country with a severe urban housing shortage. Permission to have a child, permission to marry, permission to divorce, and access to many goods and services could be influenced or determined by the boss at the office or factory. Before the reforms, commune, brigade, and team officials held similar power over peasants. Many of these sources of personal leverage are declining sharply with the decline of the *danwei* system, the increase in personal mobility, and the shift of allocation of many goods (such as housing) to the market, but some remnants of this system remain in place for many urban Chinese.

Such power often breeds despotism and corruption. Ironically, the reforms have encouraged the latter in several ways. Most important, they have occasioned a drastic decline in any sense of ideological élan that might have restrained people from turning their political power to personal advantage. The reforms have also increased the legitimacy of amassing money and material goods—and thus of demanding these things in return for favorable decisions. And the reforms have created many gray areas in terms of what constitutes entrepreneurial activity as versus illicit moneymaking through abuse of power.

China's leaders have always recognized the potential for corruption among officials at all levels of the political system, but they have not done well in curbing abuses. The issue badly divided the leadership during Mao Zedong's reign. For example, in the Hundred Flowers campaign and in the Cultural Revolution, the Chairman proved willing to bring in nonparty people as part of his effort to curb officiousness by cadres. Other leaders, such as Liu Shaoqi, opposed "rectifying" the party by going outside of its ranks.[56]

The Chairman's attacks on the political apparatus during the Cultural Revolution left the party a shambles. Fully half its membership by 1978 had been recruited during the Cultural Revolution, and most of these individuals had joined because of their dislike of the older party cadres. But in the late 1970s, as explained in Chapter 5, virtually the entire older generation was rehabilitated. The changing policy lines, the rapid coming to grips with the reality of Mao's damaging policies, internal rifts within the party, and other factors made the party itself a very poorly disciplined and uncertain instrument of rule as of the early 1980s.

At several points during the 1980s the top leadership focused on the growing corruption and other problems in the party and tried to correct them. They set up Discipline Inspection Commissions, but these proved wholly inadequate. Indeed, the lines of authority even now have each Discipline Inspection Commission reporting to the territorial party committee that it is supposed to supervise![57]

The net result of these half-hearted efforts is that corruption and lack of discipline within the party appear to have grown considerably since the early 1980s. Periodically, some officials are arrested and given exemplary punishment—including, sometimes, execution—with attendant publicity intended to have a deterrent effect. But comparatively few high-ranking officials have been arrested for corruption since the reforms began, and many lower-level officials complain privately that the upper levels corrupt the entire system—both by their example and by the payoffs they demand from below. Thus, corruption has spread to the point where colleagues view an official who refuses side payments with some suspicion, and cynicism over corruption is pervasive. At the high end, estimates suggest the corruption involves sums that total nearly 15 percent of China's GDP.[58]

State Dominance over Society

The above sections outline the formal organization of the Chinese political system, highlight the resulting matrix muddle, and explain basic attempts to mitigate some of the most severe problems the system confronts. The overall picture presented is of a fragmented authoritarianism that is extremely complex, increasingly decentralized, and suffering from ideological deflation, growing corruption and, to some extent, petty despotism. Relations between this political system and Chinese society have changed enormously under the reforms, especially since the early 1990s.

Until the early 1990s, almost all CCP leaders agreed with both their Confucian predecessors and their former communist counterparts in other countries that the leadership knows best what is in the overall interests of the society. This basic idea did not absolve the leaders from trying to find out the real state of things, including the attitudes of citizens. But it did make the leaders feel that citizens have no right to demand that the leaders adopt policies the citizens prefer. Rather, the leaders believed that citizens cannot understand what is best for society and therefore do not have the right to promote their own inevitably flawed views on policy.

This attitude encouraged China's leaders to try to gather information about the objective issues they confronted but to suppress any attempts by individuals or groups to promote their own views. Mao Zedong's approach was the mass line, which sought to gather information from the populace but reserved to the leaders the right to make decisions. He believed that actively involving the population in implementation of his decisions increased popular support for those policies.

The Chinese system has been, thus, in principle, one in which the state dominates the society. Neither in theory nor in practice was individual advocacy or interest-group activity regarded as legitimate. The political leaders expended enormous resources—in ideological indoctrination, political coercion, and manipulation through material incentives—to bolster the top-down nature of this system.

In the minds of the CCP leaders, the best way to address issues was

through the creation of official organizations. For example, many peasants have an immediate interest in flood control. The leaders created a specialized bureaucracy (the name changed over the years, but generally it has been known as the water-resources bureaucracy), one of whose major tasks is to further develop the system of flood control. That bureaucracy is expected to fight hard to protect and expand the regime's work in the flood-control area, and in this sense, the peasants' interest in flood control is "represented" in the system. But if peasants organized to demand greater attention to flood control from the authorities, this was regarded as an insurgency and would be suppressed, violently if necessary. Only the leaders had the right to determine what was in the "real" interests of the peasants and of other groups and to create appropriate official organs and assign appropriate tasks to them.[59]

The regime utilized an extraordinary array of controls to assert its dominance over society. All nonofficial organizations existed only at the sufferance of the party, and the CCP permitted relatively very few of these to form. Even today, religious and public-health organizations typically require party approval of their leadership, and when the party senses any domestic political threat, it usually quickly restricts the activities of any independent bodies.

Relations between the Chinese state and society are, however, changing very rapidly—to the extent that few hard and fast rules now apply. Formally, all citizens are obligated to register with the government any organizations they form, and the government retains the right to suppress groups its finds threatening. Tens of thousands of organizations have formed to bring together citizens around shared interests, though the nature of the relationship between these organizations and the political system is contested and in a state of flux. In theory, this relationship is uniformly "top down." But the realities are far less uniform than the theory and are part of the dynamic changes unleashed by the reforms in the way China is governed. Signs of serious change are everywhere. For example:

- Although religious organizations are obligated to register with the government, local authorities in some areas tolerate underground churches. Underground Christian churches apparently have a membership larger than that of the official churches.

- Environmental and other advocacy groups have sprung up. Some of these fail to register. Others shop around for sympathetic officials who use their own units to register the group and provide it with protection.[60]

- The media are full of articles that push the government to pay more attention to problems that it has failed to address effectively.

- Tens of thousands of voluntary groups—professional societies, hobbyists' clubs, affinity organizations, school alumni groups, and so forth—have formed throughout China, typically with little or no real government supervision or interference.

- Citizens have gained some access to the public media. Shanghai municipality, for example, has a call-in radio show with a reputed audi-

ence of ten million. Many callers complain about problems with the local government.

□ Chinese citizens have been given the right to sue officials for abuse of power. The incidence both of such suits and of judgments against the government has grown rapidly in the late 1990s.

These signs of change coincide with structural developments that reduce the points of leverage the state formerly exercised over society. The restrictive *hukou* and *danwei* systems are eroding; satellite television and the Internet have seriously breached the state's monopoly on information; students no longer are subject to state-dictated job assignments on graduation; the private and foreign invested enterprises—which generally contain few if any party members—are employing more people; and so forth.

In sum, although still authoritarian, the Chinese government is no longer totalitarian in either its views or its practices. The government can repress major challenges to its authority but generally seeks to entice, rather than order, the population to do its bidding. This requires that the authorities seek to understand popular desires. Many government units now sponsor social surveys to learn popular attitudes, and government officials expect to hear from disgruntled citizens. The government has also accepted the notion that large areas of social existence lie outside of the realm of politics and thus should be left for individuals to shape for themselves.[61]

Therefore, whereas under Mao the political system dominated—and decimated—society, the Deng-era and subsequent reforms have brought a conscious reduction in the state's tight control of social and economic activity. The decline of ideology; the reality of the revolution in telecommunications; the development of nonstate sectors of the economy; the conversion to family farming in the countryside; the greater dependence on market forces rather than official orders to determine the allocation of goods, services, and opportunities; the emergence of relatively well-off people; the increased exposure to the international arena; and the purposeful policies of political relaxation have created a situation vastly different from that of the prereform or early reform period. China's leaders now assume that their citizens have individual interests and will act on them. They readily think in terms of interest-driven politics instead of the Maoist (and Confucian) notion of an organically unified society.

Transitions

The formal political system, as indicated above, has remained basically constant in its structure but has changed very significantly since the start of the reforms in the way it works and the roles it seeks to play. This is, moreover, still very much a work in progress, with additional major changes in the offing.

In many ways China has developed a more efficient, transparent, and

dynamic political system. As compared with the period in the early stage of the reforms, problems are more thoroughly researched and receive fuller vetting internally before decisions are reached. Information is more widely available, opinions are more freely offered, and the statistical tools and models employed are more sophisticated. International technical advice is now available on everything from banking regulations to development of the legal system to slowing the spread of HIV/AIDS and of SARS and is accorded significant attention. In addition, the government has sharply reduced the array of outcomes it seeks to control, ceding many issues to individual choice, market forces, or other determinants. By narrowing the scope of its ambition, moreover, the political apparatus has inherently increased its ability to do well in the narrower scope of things it attempts.

China's leaders now fundamentally accept that people act primarily according to their interests and that it is therefore necessary both to understand those interests and to structure incentives accordingly. One unintended result of this acceptance has been a poverty of thinking about values and a major retreat in the efforts to nurture and shape the principles that guide behavior. In lieu of serious attention to values, the political system has instead come to rely overwhelmingly on a combination of appealing to people's material interests or to their fear of punishment.

At every level–province, city, county, township, and unit–leaders have been given strong incentives to act creatively to bring about rapid growth in their locality while maintaining overall political stability. This fundamental approach has unleashed enormous energy and creativity that in turn has sustained rapid economic growth for more than two decades. But serious structural problems confront China's formal political system as it moves forward. China's leaders are well aware of the following issues, but in each case they still need to take controversial and politically very difficult measures to address the concern satisfactorily.

□ *Tenuous basis of legitimacy.* From the start of the reforms through the mid-1990s most sectors of the population experienced net gains almost every year from the reform effort. Since the mid-1990s this has been less and less the case. Increasingly, the reforms are inflicting severe pain on some groups—such as grain-producing peasants in central China or middle-aged workers laid off from SOEs in northeast China—while providing enormous benefits to others, such as successful private real estate developers and other entrepreneurs, as well as many officials. The pain has both a geographical dimension and a generational component. The people along the east coast are overall faring well, but those in northeast, central, and western China are doing more poorly. Younger members of the labor force are finding vast new opportunities, but middle-aged and older people are losing security and seeing their prospects narrow. The implicit decision made in the 1980s to gain support for the political system by making the economy grow is thus now at risk as increasing portions of the population are seeing more losses than gains. This problem is exacerbated by widespread dismay at the extent to

which officials at all political levels have become corrupt. As a result, although many of the "winners" from the reforms appreciate the progress that the political system has generated, few even among those winners extol the virtues of the system itself. When support is largely utilitarian, the potential for shortfalls in performance to generate systemic crises grows.

□ *Structural corruption.* Corruption has become deeply rooted in the political system within both the party and the state. It is now so ingrained that many officials have few real compunctions about engaging in corrupt behavior. Approvals and licenses are often granted only on payment of illicit fees. Regulations of all sorts are set aside on receipt of bribes. Officials siphon budgetary funds to invest in speculative projects and hope to pocket the resulting gains. Too often, of course, such projects fail, and as a result agencies lack the money allocated to them for their work. Some officials simply embezzle funds and put them in private bank accounts or send them abroad. Despite strict regulations on official appointments, some positions are actually bought with bribes. Such corruption has systemic consequences. The lure of personal wealth often causes officials to bend or ignore policies and laws and to report false information to higher levels. It also causes many officials to act with astonishing disregard for the well-being of the constituencies they govern, engendering bitter feelings about the local political system among many in the populace. And corruption breeds cynicism among officials themselves, draining from the political system of a sense of esprit.

□ *Coercive deficiencies.* The political system has retained not only its authoritarian posture but also its substantial coercive apparatus. It has large bureaucracies and uniformed forces to suppress dissent and maintain order. But on balance China is not a well-policed society. This problem stems in part from the realities of government corruption and of the continuing weakness of the country's legal system. But it also reflects the fact that much of China has a severe shortage of well-trained police forces. This fundamental shortfall in effective agents of official coercion has allowed criminal activity to mushroom. In many cases, citizens have legitimate grievances about police abuse that is not sanctioned by higher-level policy. Anecdotal accounts suggest that torture is widespread in police interrogations and that many police are so corrupt that they sometimes amount to little more than official thugs for hire.[62] By failing to provide adequate protection to citizens and engendering grievances from its own misbehavior, China's government coercive apparatus further saps support for the political system among many of its constituents, especially those in smaller cities and towns and in parts of the countryside that do not receive priority in the allocation of effective police forces.

□ *Representation.* China's leaders have in the past taken it as an article of faith that they understand the needs of the population better than the citizens themselves. This view derived from the belief that communist ideology gave them superior insight into how society ought to function, and their investigative efforts enabled them to appreciate the practical difficulties they confronted. But Chinese society under the reforms has become enormously dynamic and complex, and Chinese citizens now have access to more infor-

mation and options than ever before. As detailed above, moreover, increasing numbers of citizens no longer work in units that fit effectively into the governmental structure. In the process of adapting to the results of the reforms, the political system is consciously changing its bases of recruitment to its own ranks. Educational requirements now sharply restrict political career mobility for those from rural or poor backgrounds. Even the CCP, with the adoption of the "Three Represents" as official doctrine at the Sixteenth Party Congress in 2002, is blessing the recruitment of successful private-sector entrepreneurs into its ranks. A result of these developments is that a growing portion of the population sees the political system as no longer responsive to its own needs and interests. And the political apparatus itself, increasingly staffed by those who have fared well, has refused to adopt structural means that could build into the system representation for many peasants, the floating population, unemployed workers, and others on the margin. Although some efforts, such as village elections and public-opinion polling, help to mitigate this problem to a limited extent, the system as a whole is running an increasingly serious risk of failing to understand or respond adequately the minimum needs and interests of large portions of the populace. Yet even the thinking about future reforms appears to be limited to extending elections to the township and eventually to the county level. Allowing the formation of new political parties and extending elections to the provincial and national levels appears to be beyond the realm of consideration of even the more reformist officials in the upper ranks of the system. China requires a political system that retains strong executive authority to deal with the problems detailed in the remaining chapters of this volume. But failure of the system to build in more effective means of eliciting and representing interests of major population groups is an increasingly serious problem, given the dynamic economic and social changes the reforms are continuing to generate.

□ *Funding.* The reforms produced a shift from acquiring the income of SOEs to relying on taxes, levies, and debt to fund the political system itself. After experimenting with many different tax systems in various provinces, in 1994 China adopted a unified system for collecting taxes nationwide that established separate tax bureaucracies to collect central and local levies.[63] The early years of shifting to a tax based system had left the Center with too few funds to cover its obligations. Now the Center is again in reasonable financial shape, as are most provincial-level bodies.[64] The problem now is that county and township governments are carrying a burden of unfunded mandates that have left these local governments wallowing in debt with no clear path other than rapid local economic development to reduce their debt burdens. Responding to obvious signs of increasing peasant discontent, the national government in December 2001 prohibited local governments from imposing miscellaneous fees and levies on their constituents. It also required that peasants travel to the tax bureau to pay their taxes owed so that tax collectors could not go into the field and fleece the locals out of sight of supervisory authorities. And, completing the implementation of the 1998 government streamlining effort, it mandated that local governments reduce the

number of their employees by 20 percent. The problem is that the elimination of fees and levies has not been matched by a reduction in requirements for local government services. And government employees who have been let go are still receiving their base salaries for an indefinite time into the future.[65] Thus, the government fiscal crisis in the current system is focused on local levels of government—the very levels that deliver most services to the population. This compounds the fiscal problems addressed in Chapters 8 and 9.

The formal political system and its trends and problems as described in this chapter are very important, but we must also understand both organizations and rules behind the scenes to see how this system actually functions. The following chapter introduces the "insider's view" of the Chinese body politic.