

Im Fokus

The Changing Political and Governance Architecture in China

Chinas politische und Governance-Architektur im Wandel

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Abstract

The changes in China in the past thirty years have been not only economic but also political. Although there have been setbacks and sometimes even reversals, there has been a more or less clear tendency of moving away from "totalitarianism". This tendency is shown in 1) reshuffled state-society relations, whereby the role of the state has decreased and the role of society has increased; 2) accelerated decentralization and devolution within the state; 3) gradually emerging checks and balances within the state and over the state by the people on a legal basis; 4) the institutionalization of limited terms of power holding and the peaceful transfer of power; 5) an ideological reconfiguration, whereby the concept of socialism and the mission of the party have been redefined; and 6) the growing independence of a citizenry with increasingly diverse values and life styles. There is strong momentum for the political evolution to continue. However, there is still uncertainty as to where it will end, and this future end partly depends on how the outside world engages with China.

Keywords: China, political change, tendency, uncertainty

Introduction

China has undergone dramatic changes since the late 1970s, both in terms of economic change and political restructuring. However, many people seem to believe that the change has only been economic. This view results from a lack of research on the political dynamics, and in turn a lack of understanding of the political change and its accompanying opportunities and challenges in China. Here, I will attempt to provide an account of the political restructuring that has taken place in the past three decades so as to provide a deeper understanding of China and to formulate a better strategy for interactions with China in the

future. I will first present an overview of the political changes over the past thirty years. Then I will examine several particular fields in detail as illustrations of these changes. Last, I will give a few remarks on future developments in light of the changing trends over the past three decades.¹

An Overview: Thirty Years of Moving away from “Totalitarianism”

In the field of politics, the institutions, power relations, decision-making processes, political ethics, citizen mentality, and the political behaviour of both the elite and the population at large have all undergone change to various extents over the past thirty years.

During this period, although there were some fluctuations and setbacks, there has been a clear and continuous trend of accelerated movement away from totalitarianism.

This movement is shown in:

- 1) the separation of state and society, whereby the role of the state has decreased and the role of society has increased;
- 2) the decentralization and devolution within the state;
- 3) the emerging checks and balances within the state and over the state by the people on a legal basis;
- 4) the institutionalization of limited terms of power and the peaceful transfer of power;
- 5) the reconfiguration of ideology, whereby the concept of socialism, the mission of the party, and the legitimacy of the entire political system have been redefined; and
- 6) the growing independence of a citizenry with increasingly diverse values and life styles.

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Although the leadership position of the Communist Party, or the supremacy of the party over state and society, has not changed, implementation of this leadership has changed in terms of the above-noted areas.

In the following text, I will discuss in detail to what extent the above-mentioned changes have unfolded.

A Smaller State and a Larger Society

Before 1989, China, as well as the former Soviet Union and other Eastern European countries, was notorious for the deep and tight control of the state over almost every aspect of life. However, in the past three decades, with the separation of state and society, this is no longer the case. This separation of state and society is apparent in the following two fields. First, the state has greatly withdrawn its control over and intervention in economic activities. Second, the state has greatly withdrawn its control over and intervention in the citizens' social life.

The Separation of Politics and Economics

The state's withdrawal from control over and intervention in economic activities has had both absolute as well as relative dimensions that are mutually reinforcing (Csanádi 2006).

The unfolding of the state's withdrawal from the economy first took place in terms of price deregulation. Until the late 1970s, there were planned prices for all products. In the 1980s, however, in addition to the planned pricing, some prices beyond the plans were decided through a market mechanism. This was called dual-track pricing. In the mid-1990s, these two ways of pricing converged in the market mechanism. Today the prices of most products have been marketized. In the late 1970s, the state made detailed production and sales plans for every single firm. But in the 1990s, these plans were abolished. It is now up to the individual firm to decide what to produce, how much to produce, how to produce, and how to sell.

A similarly striking absolute withdrawal of the state from the economy is seen in the accelerated privatization of state-owned enterprises (SOEs). The state was forced to privatize loss-making SOEs since 1992 due to the fact that governments, in particular local governments, no longer had sufficient financial resources to provide them with the increasingly large subsidies. Today, almost all small-scale SOEs have been privatized. In the 1980s, all local authorities (except

the townships) had SOEs. Today, there are few SOEs subordinated to the local authorities. Most, if not all, have been privatized. Even among the large-scale SOEs that are subordinate to the centre, some are partially privatized by listings on domestic and/or international stock exchanges.

The state not only absolutely but also relatively withdrew its control from the economy by allowing and encouraging the expansion of the field outside its control. There has been a rapid growth of privately owned enterprises, foreign direct investments, and joint ventures, all of which represent a move away from state control.

Table 1 shows the changing ownership structure of the economy over the past three decades. It reveals the extent to which state control over the economy has decreased.

Table 1 The Changing Ownership Structure of the Economy (in %)

	State Sector's Contribution to GDP	Private Sector's Contribution to GDP
1978	99.1	0.9
1997	75.8	24.2
2006	35.0	65.0

Note: The table was compiled by the author. "State sector" includes state-owned enterprises, shareholding companies where the government holds the biggest share of the stocks, and collectively owned enterprises which are usually run by township governments or branch administrative organizations at the upper levels. All others are included in "Private sector".

Source: For the 1978 and 1997 data, see Yan (2005), for the 2005 data, see Li (2007).

Naturally, the state still significantly regulates the economy. The state still controls the prices of a number of strategically important products such as oil, electricity, railway transportation, interest rates, and so on. The capital account is under strict control. The central and provincial governments still have a number of strategically important state-owned enterprises, which in some cases are monopolizing firms. Thus, deregulation and marketization in China still have a long way to go. But this doesn't change the fact that, compared to thirty years ago, the state has let go of much of its control over the economy.

The Separation of State and Society

With its decreasing control over the economy, the state also decreased control over social life. Since people now have choices among different firms, the state has lost control over employment. The movement of people from one place to another is no longer subject to state control, as it is increasingly easier for a citizen to find a job when he moves from, say a village, to a far away city. With the development of private schools and the commercialization of public schools, state control over education has decreased as well, not to mention that many people now have the choice of studying abroad. Formerly, housing too was controlled by the state, but since the 1990s when housing began to be privatized and marketized, this is no longer the case. With the commercialization of the health care system in the 1990s, people also began to have more choice in this area.

A private sphere for citizens has gradually emerged and expanded gradually as the state has withdrawn from economic and social life. In an increasing number of fields, people have continuously and successfully resisted state intervention. The diversification of values, life styles, moral codes, and so forth has been rapid, making state intervention less likely. Table 2 shows the battle fields along time in which state and society have struggled, leading to the withdrawal or decreased state control and intervention.

Table 2 Fields in Which the State Has Given Up Control and Intervention over Time: The Expanding Private Sphere

Fields	Years of State's Withdrawal of Intervention
Citizens' hairstyle and clothing	Early 1980s
Citizens' nightlife (discos, clubs, bars), popular arts, etc.	Early 1990s
Individuals' sexuality	Late 1990s

Source: Own compilation.

The growth of society has also been embodied in the emergence and rapid development of non-governmental organizations (NGOs). NGOs were banned before the late 1970s, but with the withdrawal of state control and intervention in economic and social life, there was an increasing need and possibility for horizontal networking among the people. More and more NGOs have been

formed to facilitate all kinds of activities ranging from business, education, job-finding, baby-sitting, and care of the aged, to community upkeep, folk arts preservation, and religious activities. According to a recent survey, the number of NGOs, including those not registered with the authorities, reaches three million (Yu 2006).

There are still a good number of hindrances to the free movement of the people. Rural residents and migrant workers in urban areas are discriminated against systematically. The *hukou* system² still divides urban and rural citizens. Room for NGOs to manoeuvre is limited; most governmental organizations and NGOs have yet to develop mutually beneficial partnerships. For NGOs, the institutional environment has been far from nurturing and facilitating. All of these hindrances have to be addressed and improved upon in the future.

Decentralization under Decreasing State Power

Parallel to the state's withdrawal from control over economy and society, the centre has delegated more and more decision-making power to the lower levels. Permission for particular investment projects, except for huge investment projects, no longer comes from the centre. Local governments – in many cases, even townships – can make such decisions. In addition, decision-making power over social security, health care, education, environmental protection, city planning, and so forth has also been gradually but increasingly delegated to local governments.

One of the results of this decentralization has been the increased role of local governments in promoting change. In the 1980s, most reform initiatives were instigated by the centre. But since the 1990s, there have been many more initiatives undertaken by local governments without prior planning by and agreement from the centre. For example, the privatization of township and village enterprises (TVEs) began in the early 1990s in Jiangsu Province (Wang 2005). SOE privatization began in the early 1990s in Shandong and Sichuan

² *Hukou* is, literally speaking, residence registration. However, it is economically and politically much more than that. The most meaningful information in the *hukou* or residence registration is whether one is a rural residence (one has a rural *hukou*) or an urban residence (one has a urban *hukou*). Different benefit packages are attached to different *hukou* (rural or urban), including social security, pension, health care, education, housing, etc. One cannot choose at his will if he/she wants a rural or an urban *hukou*. There is a strict and complicated regulation that determines one's *hukou*.

Provinces (Lai 2005), and semi-free elections at the village level began in the early 1990s in Jilin Province. The semi-free elections at the township level began in the late 1990s in Sichuan Province. These initiatives were not driven by the centre, and thus resulted in extensive debate in Beijing (Lai 2004). Some initiatives, for example, SOE privatization, were later accepted by the centre. Other initiatives, for example, the semi-competitive elections at the township level, are still being cautiously watched by the centre without it coming to any final conclusion.

Thus, the reform process is unprecedentedly dynamic. Before the 1990s, only the centre initiated reform, through planned processes. However, after the 1990s, with many local governments becoming increasingly active in initiating change, reform development became more spontaneous. Although from the perspective of the local initiators these initiatives are the results of rational calculations of the comparative costs and benefits of maintaining the old institutions vs. introducing new ones, from the perspective of the centre and of China as a whole these reform initiatives are spontaneous.

Emerging Checks and Balances

Historically, the political system in China has been considered monolithic and has been marked by an absence of any checks and balances. This monolithic system began to exhibit rifts after decades of evolution, although there have been many fewer changes in this respect than there have been in the fields of state-society relations or the decentralization and withdrawal of the state. The changes can be seen in the following:

Increasing Abstentions and Negative Votes in the National People's Congress (the Legislature)

It is believed that since the delegates to the National People's Congress are selected by the party, as is the administration appointed by the party, there should be no divergence between these two institutions. Every act proposed by the administration and every proposal raised by the party should be automatically and unanimously approved by the National People's Congress. This was indeed the case before the 1980s. However, since then there have been some obvious changes.

A small number of abstentions and negative votes began to appear during almost all the major voting of the National People's Congress since 1990. On April 3, 1992, when the National People's Congress voted on the construction

of the Three Gorges Dam Project, approximately one-third of the votes were abstentions or negative (Lai 1992), an unimaginably high level. Meanwhile, since the late 1990s, the report submitted by the Supreme Court and the report submitted by the Supreme People's Procuratorate were approved with 25 per cent abstentions or negative votes (Cheng & Guo 2004).

At the local levels, there have been increasing cases whereby candidates nominated by the party for government positions have been vetoed by the local people's congresses. The following are some examples. In mid-1990s, the candidates nominated by the Nanbu County Party Committee for the position of mayor in four townships under the county were vetoed by the people's congresses in the four townships.³ On January 1, 2003, the candidate nominated by the Hunan Provincial Party Committee for the position of mayor of Yueyang prefecture was vetoed by the Prefectural People's Congress (Lin 2003). In January 2002, the candidate nominated by the Liaoning Provincial Party Committee for the position of mayor of Fushun prefecture was vetoed by the Prefectural People's Congress (Li 2003).

Although in most cases the legislature as a whole has remained consistent with the position of the administration and the party, the abstentions and negative votes now seem to have become a normal part of the political process in the legislature, revealing its increasing autonomy and checking capacity.

The Increasing Professionalism of the Judiciary

Few citizens believed in the judiciary in 1980s. They seldom thought of going to the courts to settle disputes or to seek remedies. Today, although there is still a very long way to go for the judiciary to be able to provide full justice for the citizenry, the judiciary has been significantly improved.

It is well known that before the late 1980s, most judges and prosecutors were recruited from among the demobilized military officers who had no systematic legal education. Based on their backgrounds, they were more inclined to make judgements on the basis of political criteria rather than legal standards, thus leading to a strong suspicion of the judiciary among the citizenry. However, this situation has been changing. Since the late 1980s, judges and prosecutors are no longer recruited from among people who lack a professional legal education.

³ Interview with the vice head of the Organization Department of the Nanbu County Party Committee in 2002.

Beginning in the mid-1990s, judges and prosecutors with higher educations gradually replaced those former military officers.

A similarly dramatic change accelerating the professionalism of the judiciary has been the change in the status of the lawyers. Before the early 1990s, all lawyers were state employees. But since the early 1990s, most law firms have been privatized (Zhan 2007). Although there are still some lawyers employed by the state, their number is declining, and most lawyers are independent professionals. Their reputations depend on their capacity to argue on behalf of their clients, in civil cases against the other lawyers and in criminal cases against the prosecutors. One of the immediate effects of this change has been that court debates have become more intense and more professional.

There is no doubt that there are still major problems facing the judiciary. One major problem is that the local courts are still parts of the local governments, and their budgets and personnel are decided by the local governments. Thus, when a local government is involved in a legal case, it is very difficult to have justice served.

Checks on State Power through the Granting of Legal Rights to Citizens

What could a citizen do in cases of being mistreated by a government organization before the late 1980s? He/she basically had only two choices: either to resort to violent retaliation against the particular organization or its staff, or to swallow the mistreatment. There was no legal means to which the citizens could turn.

This situation began to change in the late 1980s. The Administrative Procedure Law was passed in 1989 and put into effect in 1990. This law grants citizens the right to sue government organizations. During its first years, nationwide there were approximately 10,000 such cases annually. Since then, the number of cases has increased gradually but steadily. Since 2001, the number reached about 100,000 annually. Survey data reveal that approximately 30 per cent of these cases are won by the citizens (Xie 2004). Since the mid-2000s, for the first time, government organizations at the central level have begun to lose suits brought by individual citizens. For example, in 2004 the National Industry and Commerce Administration Agency lost in a legal case; in 2005, the Ministry of Land and Resources lost in a legal case; in 2006, the Ministry of Finance lost in a legal case (Yang 2006).

In cases where a citizen wins a case against the government, according to

the State Compensation or Indemnity Law that was passed in 1994, the state must provide compensation or indemnity to the citizen. This law imposed a further constraint on government organizations, making them more cautious vis-à-vis their dealings with individuals. A well-known case of state compensation occurred in Hubei Province in 2005 when She Xianglin, who had been found guilty for killing his wife and sentenced to 14 years in 1995, was released from prison after his wife reappeared. She Xianglin sued the court for the mistaken judgement and sought state compensation. The Jinmen Court found that the Jinmen Court and the Jinshan County Government should compensate him 460,000 CNY in damages (Hu 2005).

The revision of the Criminal Procedure Law in 1997 also increased the rights of the people to check the power of the government. Before 1997, criminal procedure was based on a “presumption of guilt”, under which the prosecution was inclined to extort confessions by torture, thus to encroach on human rights. The 1997 revision denounced the principle of “presumption of guilt”, thus serving as a protection for human rights. However, the principle of a “presumption of innocence” is still not written into the Criminal Procedure Law. It is said that in the coming few years there will be a further revision to the Criminal Procedure Law, with the “presumption of innocence” being written into the new revision.

Checks on Local Governments with the Spread of Semi-competitive Elections

The people had little say in the political process prior to the 1980s. But since the late 1980s there has been a trend of increasing political participation. One particular development has been the emergence and spread of semi-competitive elections, first at the village level and then at the township level. Although a village council is by law a people’s autonomous organization, thus not a government organ, it has substantial decision-making power over issues that affect the people’s livelihood, such as the distribution of arable land among the villagers. Although the township government is the lowest level in the five-layered government hierarchy in China, it exercises full state power daily, directly affecting the people’s life. Table 3 shows the emergence and spread of semi-competitive elections along time and across the country.

Elections in socialist countries are usually single-candidate elections. There is thus no competition among candidates. People have no choice but to accept

the candidate nominated by the party. In a semi-competitive election, although the competition is not between a ruling and opposition party, and there is an ideological ceiling on constraints to the competition, the semi-competitive election gives the people a choice and allows their vote to make a difference.

Table 3 *The Emergence and Spread of Semi-competitive Elections at the Local Level in China*

Level	Year of First Cases	Latest Number of Cases (between 2003-2006)	Proportion (%)	Location of Most Cases
County	2004	4	0.1	Jiangsu, Hubei
Township	1995	More than 2,000	6.0	Sichuan, Yunnan, Hubei, Jiangsu
Village	Late 1980s	More than 200,000	30.0 (estimated)	nationwide

Source: *Own compilation (Lai 2004).*

Actually, implementation of the semi-competitive elections has had a number of impacts. When making decisions, local officials have to more seriously take into consideration the needs of the residents. The manner in which local officials exercise state power over residents has been slightly changed as well. Local governments have become more autonomous in their interactions with superior governments. In addition, election campaigns facilitate horizontal social networking among the citizenry.

The Institutionalization of Power Holding and Power Transfers

One of the major merits of a democracy is that officials have limited terms to hold power, and power transfers take place peacefully. However, in the former Soviet Union and most “real existing socialist states” leaders held power for as long as they could. In most cases, they stayed in office until they died, or until they were demoted through cruel political struggles that often involved mass imprisonments. This was also the case in China prior to the late 1970s.

In the early 1980s, the Chinese leadership made the crucial decision to institutionalize power holding and power transfers. Officials at all levels have only limited terms: five years per term and no more than two terms. This proved to be a very difficult institutionalization process that encountered periodic setbacks. But by the late 1990s it was generally successful and increasingly rooted. In 1997, there was a peaceful partial transfer of the highest power at

the Standing Committee level of the Politburo without any political struggle. In 2002, there was a peaceful and full transfer of power at the Standing Committee level of the Politburo. In 2007, yet another peaceful and partial transfer of power at the highest level took place. Such an institutionalization of peaceful power transfer is unprecedented in China, and represents one of the very few exceptions among the “real existing socialist states”. Table 4 reveals its scale. Over the past ten years of three consecutive rounds of power transfer at the highest party institutions (the Standing Committee of the Politburo, the Politburo, the members of the Central Committee, and the alternate members of the Central Committee), approximately 50 per cent of the members (in some cases more, and in other cases less) were replaced by new members – usually from among the younger generation. That these transfers were peaceful would have been unimaginable before the 1990s.

Table 4 The Magnitude of Peaceful Power Transfers (Generational) since 1997

	Standing Committee of the Politburo (7 or 9 Persons)	Politburo (20-25) (%)	Members of the Central Committee (190) (%)	Alternate Members of the Central Committee (130) (%)
1997	2/7	50	n.a.	n.a.
2002	6/7 (incl. general secretary)	70	Around 50	Around 50
2007	4/9	40	Around 50	Around 50

Source: Own compilation on the basis of a database on party congresses by Xinhua (no year).

There are two factors that contributed to the success of the institutionalization of power holding and power transfers. One was the political will of the party elite, especially those represented by Deng Xiaoping who had learned a lesson from the tragedy of Cultural Revolution and the early disasters in party history. For two decades, Deng Xiaoping and his colleagues were determined to promote such institutionalization. The other factor was the consequences of the separation of politics from the economy and the separation of the state from society. With the increasing detachment of the economy from politics and of the society from the state, there was a decreasing influence of power changes among the elite on

the socio-economic life of the people. The need and possibility of involving and mobilizing the masses in power transfers declined, paving the way for limited terms of office and peaceful transfers of power.

Ideological Reconfiguration

Accompanying changes in many fields, the ideology has also been reconfigured. This reconfiguration did not take place overnight. It has been a gradual and constant ongoing process. The reconfiguration is embodied in the shift from Mao Zedong Thought to Socialism with Chinese Characteristics. Within this shift, there have been a number of important implications.

First, the mission (thus the legitimacy) of the Communist Party and the political system changed from ensuring the purity of the proletarian dictatorship to ensuring economic development and social stability. Against the backdrop of the mission of the party to ensure proletarian dictatorship before the late 1970s, the main role of the party and the state was to promote class struggle. In contrast, against the backdrop of the mission of the party to ensure economic development and social stability since the late 1970s, the main role of the party and the state has been institutional restructuring to facilitate individual economic initiative and coordinating and mediating various interests to achieve social peace and “harmony”.

Second, the perception of the ruling party regarding the outside world has changed substantially. Before the late 1970s, the outside world was perceived as the enemy. One of the top priorities of the party and the state was to prepare for an imminent world war against the outside capitalist world. Since the 1980s, the outside world has been perceived of as partner. One of the top priorities is to profit from peaceful and reciprocal interactions with the outside world, in particular with the developed world. Before the early 2000s, such a mutually benefiting partnership with the outside world was mainly in the field of the economy. After the early 2000s, the partnership was also extended to the field of politics. The political report to the 16th Party Congress in 2002 proposed the concept of political civilization, implying an understanding of the advantages and merits of the political system in the advanced world. The party program was revised in 2002. One important change was that the sentence “capitalism will inevitably be replaced by socialism” was deleted. The political report to the 17th Party Congress in 2007 also advocated peaceful coexistence and mutual learning between socialism and capitalism.

Third, over the past three decades socialism has been redefined. Before the 1990s, it was perceived that the fundamental features of socialism were 1) public ownership, 2) the planned economy, and 3) to each according to his work. After the early 1990s, the fundamental features of Socialism with Chinese Characteristics, at least, included: 1) mixed ownership (protection of private ownership was written into the 2004 constitutional revisions), 2) a market economy, and 3) mixed principles of welfare distribution.

Fourth, the profile of the party has changed. According to the party program, before 2002 the Chinese Communist Party was the vanguard of the Chinese working class. According to the newly revised party program, the party is the vanguard of the Chinese working class, but it is also the vanguard of the Chinese people and the Chinese nation. Therefore, the party was a class party before 2002, and now it is a catch-all party, or at least it is moving in the direction of a catch-all party.

Fifth, political values have also been changing. For example, the concept of human rights was viewed as counter-revolutionary before the 1990s. Largely due to the decades of dialogue with and learning from the global community, protection of human rights was written into the revised constitution in 2004; this is something that would have been totally unimaginable in the early 1990s.

Sixth, the exercise of power has also been undergoing changes. Before the 1980s, power was exercised based on revolutionary principles conducted by revolutionaries. Since the 1980s, the ruling elite has tried to replace rule of man with rule by law. Law is regarded as a more efficient instrument than man to regulate state and society. In 1997 there was a further change. The goal was changed from rule by law to rule of law.

A Changed Citizenry

Not only have the party, state, and ideology been changing, the citizens have also been changing as well. Compared to thirty years ago, the citizens are more economically independent, thus they are increasingly resourceful. Previously, they had no means to confront the state. This is no longer the case.

Education has been improved, widening the horizons of the citizenry. With the freer flow of information, world events, in particular the third wave of democratization, are widely televised and known among the citizens. With China's further integration into the world community, more citizens have become increasingly exposed to the outside world, and citizens have thus adopted new

values, mentalities, and lifestyles from throughout the world.

There has been an increased awareness of rights among the citizens. This can be seen in the rising number of lawsuits against local and central government organizations. It is also obvious from the increase in free expression on the streets and on the Internet.

There is no doubt that citizens are still engaged in a learning process regarding how to interact with the authorities in a changing environment. Fear based on past experience remains, which hinders people from expressing themselves freely. This fear particularly affects the older generation. There is a long way to go before people have adapted to the mentality and learned the skill of confronting the authorities in a peaceful and constructive way.

Difficulties in Understanding China: A Mix of Conflicting Elements

As shown above, many new practices, structures, laws, values, and institutions have been introduced and disseminated in China. Some have become firmly rooted in the society, but most are still primitive, weak, and fragile. This is an ongoing process. Therefore, in almost every field the new and the old coexist, thus producing an overall inconsistency.

There are contradictions between the remaining old norms and the newly introduced norms. There are discrepancies between the newly introduced regulations and their actual implementation in the real world. For example, there are still cases of human rights violations although the protection of human rights was written into the constitution in 2004. There is divergence between the elite and the people. For example, while the elite are concerned more with stability, the people seem more concerned about their rights. There are differences between different groups of the people, depending on their interests and location. For example, it seems that people in some provinces are more ready to confront local governments than those in other provinces. There are also inconsistencies among the elite. For example, as shown above, local officials in a few provinces are much more positive toward semi-competitive elections than those in other provinces.

Moreover, many of the above-mentioned changes have not been linear. They have been accompanied by setbacks, reversals, and controversies. For example, the first efforts to privatize small-scale state-owned enterprises and collectively owned enterprises in the early 1990s were heavily criticized by many officials

within the provincial and central authorities. Privatization ceased for approximately five years. After the second wave of privatization between the late 1990s and the early 2000s, there was another round of strong criticism of privatization from some scholars and officials in the mid-2000s. As another example, efforts to institutionalize limited power holding and power transfer failed at least twice before the early 1990s – once in 1986 and once in 1989. Initiatives to introduce semi-competitive elections also created controversy.

In addition, although the system has been moving away from “totalitarianism”, the instruments used under a totalitarian system have often been a temptation for the decision makers under the changing governance since the late 1970s. Sometimes, reversals have occurred. For example, in the mid-1990s, the government again controlled the prices of grain and cotton for a couple years. Both last year and this year, the government didn’t resist the temptation to re-control the prices of a few consuming goods.

Some reform initiatives have been started but have then very quickly lost momentum. For example, there was a strong initiative in the 1980s to separate the party and the state, but since the 1990s there has been no further effort to detach the party from the state.

Thus, one can find support for almost every observation about China. It is easy to find cases to support the argument that there is no progress in China. It is similarly easy to find cases to support the argument that China is improving. How can this mixture of conflicting elements forge a relatively balanced understanding of China?

I believe that to reach a balanced understanding of China, we need to 1) look at the overall picture, 2) observe the overall trends in terms of change, and 3) simultaneously apply both historical and horizontal comparative perspectives.

For an overall picture, we need to be cautious in making judgements on the basis of isolated and scattered cases. To observe trends, we need to identify what is new vs. what is old; what is growing, developing, expanding, or spreading; and what is decreasing, shrinking, or declining. We also need to apply a historical comparative perspective so as to compare the situation of today with that of earlier decades. This will help to reveal the achievements that have been made and the opportunities that exist. Using a horizontal comparative perspective to compare China with other countries, particularly with developed countries, we can see what is lacking, how far China still has to go, and what should be done. If one applies only a historical perspective, as many in China do, it is easy

to become complacent about China's progress. If one uses only a horizontal perspective, as many people in the West do, it is easy to find all negatives, and to abandon any constructive efforts. Thus a combination of both perspectives is very much needed in order to maintain a balanced understanding of China.

Possible Future Developments

I have shown that there have been quite a few political changes in China since 1978. I have also stressed that these changes are by no means complete. Many people see that the state is still strongly regulating the economy and social life, although its role has been decreasing. People believe that there are no real checks and balances, although the legislature and the judiciary have been more professional and have played an increasing role. The tendency towards increasing participation in the selection of the upper leadership is not seen by many people, although the terms for holding power have been limited and the transfer of power has been basically peaceful for a decade. People clearly see restrictions on citizens in terms of their opportunities to themselves and on NGOs in terms of their opportunities to engage in governance, although citizens have been more independent and resourceful. Therefore, it is still uncertain how sustainable the aforementioned changes will be, what these changes will lead to, and/or where China is heading.

I don't have the answer either. Probably nobody knows the answer. However, I am sure that more political changes will be inevitable because the pressure for political restructuring which has emerged the past three decades will continue to exist in the future.

What is clear is that that the legitimacy of the system and the support of the people are derived from the rapid economic growth China has experienced. Maintenance of this economic growth is the top priority of the Communist Party, not just for the sake of the modernization of the country but also for the sake of sustaining the system and political stability. In order to continue to promote economic growth, the party and the state will be forced to implement further reforms, to deregulate, to protect property rights, to combat corruption, to integrate into the world community, and so on.

Another motivation for the party and state to implement further reforms will be to address the growing tensions between the authorities and the people who have an increased awareness of their rights. To mitigate these tensions, further institutional reforms will be required in order to increase transparency,

participation, responsiveness, accountability, and fairness.

With these two major driving forces, among others, we can basically be secure in expecting more political reforms in the future. Naturally, as the changes in the past three decades haven't been linear, we can expect setbacks, controversies, contradictions, and inconsistencies in the political restructuring of the future. However, past experience at least implies possibilities for the future. Before 1992, few people could imagine the coexistence of communist rule and a market economy; most people believed that communist rule would have to end in order to have a market economy. But the Chinese Communist Party introduced the market economy and has already been working with it for more than 15 years. In the 1980s, when discussing human rights was considered counter-revolutionary, probably no one could imagine that 15 years later human rights would be part of the official discourse. However, thanks to the uneasy but persistent international dialogue on human rights issues, the Chinese authorities have changed their attitude towards this issue fundamentally – although the implementation of human rights protection still needs substantial improvement.

The answer to the question of where China is heading and what past changes will lead to will partially depend on how the world engages with China. Some engagement strategies may encourage, facilitate, accelerate, and promote the changes discussed above. They may even induce other changes that haven't been conceived of so far. Other engagement strategies may discourage, slow down, hinder, or even stop the above-mentioned changes, not to mention the possibility of inducing new changes.

Therefore, political and governance change in China in the future will be a test not only of the wisdom and luck of the Chinese people but also of the wisdom and luck of the world community.

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