Growing Pains in a Rising China

On April 17, 2014, Elizabeth J. Perry (Henry Rosovsky Professor of Government at Harvard University and Director of the Harvard-Yenching Institute, Barry Naughton (Sokwanlok Chair of Chinese International Affairs and Professor of Chinese Economy at the University of California, San Diego), Ching Kwan Lee (Professor of Sociology at the University of California, Los Angeles), and Benjamin L. Liebman (Robert L. Lieff Professor of Law and Director of the Center for Chinese Legal Studies at Columbia Law School) participated in a conversation on the challenges that face China after thirty-five years of reform efforts. The program, which served as the Academy’s 2007th Stated Meeting, included a welcome from Don M. Randel (Chair of the Board of the American Academy). The following is an edited transcript of the presentations.

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Elizabeth J. Perry

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The title of the Spring 2014 issue of Dædalus – “Growing Pains in a Rising China” – was chosen to underscore the tremendous challenges and contradictions that China currently faces on so many fronts, while at the same time suggesting that these tensions may perhaps be better understood as growing pains of a body politic that is still in the process of changing and maturing, rather than as the death pangs of a communist dinosaur destined to imminent extinction.

The issue’s contributors – an interdisciplinary group of social scientists, including political scientists, economists, sociologists, anthropologists, and historians – explore the challenges that face China after thirty-five years of reform efforts. The collection of essays attempts to take stock of China’s challenges on a wide range of issues, including demography, health care, welfare, labor, the effects of the Internet, contemporary religious diversity, higher education, local governance, globalization, and environmental pollution, as well as the economy, legal reform, and social protest.

Evaluating China’s performance on any of these fronts is not an easy task. The head-spinning pace of change in China threatens to render any of our academic assessments quickly obsolete. The People’s Republic of China’s (PRC) post-Mao record of achievement is decidedly uneven. It is uneven across geographic regions, across social strata, and across the different policy sectors that we have examined.

The major cities of China boast gleaming infrastructure and urban amenities that equal, or in some cases surpass those to be found in the advanced industrial world, but much of the rural interior remains mired in grinding poverty. The contrast between these two very different Chinas is the theme of many of the fifteen essays in the issue of Dædalus. The affluence of the new urban middle and upper classes, which are flush with the proceeds from lucrative real estate deals, is offset by the indigence of millions of rural dwellers, as well as the millions of migrants who labor in the midst of urban affluence. And although the Chinese state can take a good deal of credit, at least through the 1990s, for spearheading a series of bold economic measures that have replenished central coffers and have enriched many citizens, post-Mao achievements in the realm of social welfare, not to
mention political and legal reform, have to date been a good deal less impressive.

Despite its many very serious problems, however, the post-Mao Chinese state has survived, and indeed, by many measures, thrived. Moreover, the historical origins of the PRC suggest that its future may not be well predicted by the fates of the former Soviet Union and East European communist regimes. The PRC, like the four other remaining communist regimes, ascended to power via an extended rural revolution that endowed the state and its ruling Communist Party with strong nationalist credentials. This stands in contrast to the Communist Party of the Soviet Union, which gained control through a relatively short and quite narrowly based urban revolution; and the difference from Eastern Europe, where communist regimes were generally imposed by Soviet military might at the end of the Second World War, is even sharper.

Unlike most of the formerly communist world, the PRC and its fellow surviving communist states attained power in the course of prolonged and pervasive peasant mobilization. That rich revolutionary history bequeathed valuable practical experience in social organization and control, while bestowing important political advantages that so far have withstood the test of time. This is certainly not to imply that these regimes are destined to last forever–far from it–but whatever the lifespan of the PRC turns out to be, its remarkable rise and resilience to date suggest that we should take quite seriously its efforts to resolve its current challenges.

The contributors to this issue of Daedalus were invited to explore ways in which the Chinese state is addressing actual policy concerns, from protest to public health. Although these problems may be especially pronounced and politically sensitive in China–in light of China’s exceptional size and its rapid economic growth under a basically unreformed Leninist political system–these are also problems that are common to virtually all countries. The issue’s authors were encouraged to assess the Chinese state’s record in comparative context, highlighting what is unique or unusual, for better or worse, in the PRC’s efforts to resolve these universal dilemmas.

Thinking comparatively about global dilemmas is of more than academic interest. We live today in a fragile and yet highly interdependent world that is troubled by a range of transnational challenges, from pandemics and climate change to financial meltdowns and terrorism. Institutions of governance as different as the Chinese Communist Politburo and the U.S. Congress find themselves severely tested, both ideologically and operationally, in trying to address these issues. We would be foolhardy to disregard or discount China’s efforts to resolve its serious problems simply because we predict that its political system is someday destined to disappear.
I want to begin the discussion about what is unique or distinctive about China by first exploring what is not unique or distinctive. One thing we see very clearly, and which colors our understanding of China’s economy, is that China is just now finishing a period of miraculous growth that essentially echoes what other successful East Asian economies have done over the last forty or fifty years. In its basic contours, China’s economic miracle is a reproduction of those of other forerunner economies.

That is not to diminish the Chinese achievement, but simply to put it into context. When we compare the Chinese economic miracle period to that of other forerunner economies, what we discover is that not only is China bigger – with fundamental geographic and demographic challenges that some of the other forerunners did not face – but in terms of the outcome, China has also grown faster than any other economy in the history of the world. So, although the overall contours are similar, there are characteristics of the Chinese achievement that we still need to explain.

Unfortunately, we cannot identify the exact source of China’s superb economic performance. Is it China’s huge and impressive domestic market? Is it the sudden impact of new technologies like cell phones? Is it a statistical illusion, created by an understatement of gross domestic product in the late 1970s? All these explanations are possible, but overshadowing each is a characteristic of China’s economic miracle that is both distinctive to China and critical to the world going forward: China has mobilized a larger share of its total economic output for investment than any other economy in recorded history.

For the last five years, China has spent about 48 percent of its gross domestic product on new fixed capital; that is three times the rate that the United States spends. So even though China is the second-largest economy in the world, substantially smaller than the United States, its investment economy is already as large as, and even slightly larger than, that of the United States. That means China has an extraordinary ability not only to build fundamental physical infrastructure, such as housing, roads, and factories, but also to develop advanced projects, such as its high-speed rail network. The reductionist answer is that this high state investment has driven China’s rapid economic growth.

When we look at China from a somewhat broader and more institutional framework, we can see a ten-year period in which the Chinese administration of General Secretary Hu Jintao and Premier Wen Jiabao was able to use the success of the economic development program and the mobilization of economic resources to further the consolidation and the stabilization of their system. In other words, the China that we have grown accustomed to over the last ten years is a China that increasingly has resources to build what it wants to build, to invest in the stabilization of party-state institutions, to solve some of its most critical social problems, and, in general, to consolidate the basis of Communist Party rule.

The great paradox of this period has been that just as the outside world has fully absorbed China’s tremendous economic success, the trajectory within China has changed course. The kinds of policies that we think of as being foundational for the creation of China’s success have become less prominent in state policy over the last ten years. Speaking as an economist, I am speaking primarily of disruptive, market-oriented economic reforms – the kinds of reform that were so distinctive during the administration of Premier Zhu Rongji in the 1990s and early 2000s.
As we have moved deeper into the twenty-first century, we have found that although China’s successes are impressive, its commitment to economic reform—especially market-oriented economic reform that fosters an open-entry, open-access, level playing field and competitive approach to economic decision-making—has become less meaningful. There has even been some regression. And as a result of this slowdown in reform-oriented economic policy-making, there has been an increasing sense of hesitation, perhaps even a kind of credibility crisis, among the people of China. And to a certain extent, this has affected analysts of China who look at China from the outside. That is, we certainly think of China as being successful, but when we ask whether it has the political will and the institutional foundation to continue the reform process—not even in the sense of political reforms such as democratization or the separation of powers, but only in the very restricted sense of economic reforms—we find increasing doubt and hesitation about the ability and willingness of the Chinese Communist party-state to do so.

That doubt spread steadily through the most recent administration of Hu Jintao and Wen Jiabao. In some ways, the big surprise in the last few years has been not just that a new administration has come in and talked about the need to reinvigorate economic reform, but rather that the administration has seemed to show a willingness to fundamentally disrupt the kind of economic and political stability bargain that had seemed to be so firmly enshrined by the late years of the Hu–Wen administration. The new administration of General Secretary Xi Jinping has in the last six or seven months introduced an economic reform program that is bold, that is extremely broad, and that challenges the achievements of the previous administration, announcing clearly: “We need to do more.”

But what I find especially interesting is that beyond setting the outlines of a reform program that may or may not make sense from a pure economic institutional basis, Xi Jinping has also shown a willingness to stir things up: to attack corruption, make life difficult for political leaders, and open up a number of issues that seemed to have been relatively settled during the last several years. We know that the growth rate has to fall, and we know that it is already falling. What we do not know is whether policy-makers can adapt a model that was very successful during the miracle growth period into a different kind of model suited for a new kind of economy.

In predecessor economies, the adaptation of the new model has always been difficult, but it has also always ultimately led to what we might think of as a lighter-touch role of government in the economy. So far, China’s government has not shown many signs of moving toward this gentler role. As we watch this intersection of slowing growth, changing policy, and renewed reform, the great question for economists is what will happen first and what kinds of external events will drive this unpredictable complex of policies, reactions, and economic changes.

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Ching Kwan Lee

Ching Kwan Lee is Professor of Sociology at the University of California, Los Angeles. Her essay, “State & Social Protest,” appears in the recent issue of Dædalus on “Growing Pains in a Rising China.”

Every year, China has to deal with more than one hundred thousand incidents of mass disturbance or protests. But how do they do it? How do they maintain stability in the face of so many protests erupting around the country every day?

I would like to be clear from the start that the kind of protest I am talking about mostly involves violations of labor rights, land rights, and property rights, as well as, more recently, issues relating to pollution and health problems. The protestors are not political dissidents, and most of them do not use violence. Nor are these protestors part of the ethnic or religious uprisings that are sometimes reported on in the international media. Within China, the vast majority of protests have to do with socioeconomic grievances. So, how does the Chinese government handle these kinds of protests?

What is distinctive about the Chinese response to protest is that it combines the use of a market logic of governance with a mass line logic of governance. What we have found through our research in major cities in China, especially since the Beijing Olympics in 2008, is that the government tries to buy stability: literally, to purchase it by bargaining with protestors and paying them with cash or other kinds of material benefits or services. And that explains why the Financial Times reports that today, China’s budget for domestic security exceeds that for external security. And the reason for this kind of expansion in the expenditure for domestic security is that officials actually spend money to pacify protestors, who may bargain on the spot, and sometimes in the courtroom, over the price of their appeasement.

Officials’ use of the market is one way of pacifying protestors. But if you dish out cash every time a protest rises to the surface, you only reinforce the unwanted behavior, and the protestors will return, bargaining for increasingly more. Thus, if you seek sustained harmony, you cannot just give cash to protestors and send them on their way home; a supplementary approach is needed. And through my ethnographic research looking into these processes, I was astonished to see how buying stability actually involves personal and time-consuming “mass work.”

I found that cadre officials combine this market logic with a mass line logic: they do a tremendous amount of work building relationships with the “masses” (these protestors). It is an extremely labor-intensive, personal kind of government-subject interaction, with grassroots officials actually engaging in long, protracted discussions with the protestors. They do so to come to know them, to learn their personalities, and to use that knowledge to manipulate their emotions. Through this intimate relationship, officials hope to transform protestors’ consciousness and redefine what rights they actually believe they have. And this effort goes beyond the laws as they appear in the law book: officials explain to protestors that beyond the letter of the law, there are practical rights you can enjoy if you play by the rules. Officials form friendships with protestors, sometimes bribing them or recruiting them as future informants; but officials also intimidate their targets, using force or the threat of force to gain compliance.

This process of transforming individuals by relating to them as people is an old Maoist method of “doing mass work,” as officials call it. And it is this combination of mass line and market logic that makes buying stability a very effective means of pacifying protest and maintaining social order. Moreover, we found that through this bargaining process, Chinese people experience Chinese authoritarianism as a system
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that actually allows for room to maneuver. It is an authoritarian system, but the lived experience of the regime by ordinary Chinese people is not necessarily one of coercion. There is some room to play in what is a non-zero sum game, and there are rewards for those who play well.

And through this process, grassroots officials also gain something: they gain the claims or the excuse to increase their departmental budget. Officials prefer to maintain a certain level of instability because only when there are protests can they go upstairs and request a bigger budget or justify a promotion. In this way, officials advance their careers with the assistance of protestors. Through the bargaining process, we observed the frontline of the authoritarian state machinery, where both parties enter into a mutually beneficial alliance that ultimately sustains this continuous low-level instability.

This unique Chinese approach is supported by two distinct capacities of the Chinese state. The first is a fiscal capacity: the strong budgetary position of the state that enables purchasing stability with cash. The second capacity is what sociologist Michael Mann has called “infrastructural capacity”: the state’s ability to reach out to every Chinese city, neighborhood, and village to do this kind of labor-intensive mass line work.

Looking ahead, the mass line and the market are likely to remain salient methods of maintaining stability, though perhaps in new ways. The Third Plenum Resolution suggests that social governance will rely more on society, NGOs, communities, and public opinion. For example, the party-state may combine market and mass line logic by purchasing services from NGOs. The party-state may throw a lifeline to struggling NGOs, allowing them to prosper and proliferate, by purchasing services provided by the NGOs. And as contractors of the party-state, NGOs’ agendas are thereby shaped by the government’s interests and rulings on what is permissible. In this way, the party-state can co-opt branches of society through market mechanisms.
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The Chinese party-state devoted enormous resources to constructing a legal system during the first two decades of reform, with many impressive successes. Nevertheless, it has been reluctant to allow the legal system to play a primary role in resolving tensions in Chinese society, or indeed, even in many cases involving routine disputes. The party-state’s reluctance to rely on the legal system it built to resolve the most pressing social and economic issues facing China today is what I refer to as China’s law-stability paradox.

This paradox has continued to be manifest over the past year as China’s new leadership has initiated important legal reforms at the same time that it has ramped up the use of extralegal mechanisms to quell dissent and prevent unrest. China’s new administration, like its predecessors, continues to be ambiguous with regard to whether law should serve a primary role in governing a society undergoing rapid change.

I will sketch four brief points about the current state of legal reform in China that I hope will provide a basis for discussion.

First, despite much discussion in the Western media claiming that China is no longer committed to legal reform, significant reform is possible within the Chinese legal system, albeit in piecemeal and inconsistent fashion, and sometimes with unintended consequences. We have seen this in the past couple of years, in the abolition of the reeducation through labor detention system—which previously allowed the police to detain people for up to three years with no legal procedures—and in important reforms to the criminal procedure law.

But the implementation of reforms remains inconsistent and uneven. For example, the criminal procedure law has new provisions that make it much easier for criminal defense lawyers to get access to their clients. Surprisingly, these actually seem to have been implemented quite well so far. At the local level lawyers are getting access to their clients. But new provisions requiring that witnesses actually show up in court are not being implemented. And although the reeducation through labor system has been abolished, local officials in some areas of China are proving themselves remarkably innovative in their ability to construct new forms of arbitrary detention.

Second, legal reforms are neither designed nor likely to transform the Chinese political system, although there are many in China who would like to see this happen. Legal reforms are also not generally focused on advancing individual rights, although at times Chinese legal reforms do have this effect. Legal reforms are back in favor right now precisely because they serve the party-state’s interest in asserting control, curbing abuses, addressing specific problems in Chinese society, and perhaps in advancing economic reform—which were also the goals of legal reform throughout the eighties and nineties. The Chinese party-state continues to embrace law as a tool for advancing par-
ticular policy goals. Law may help make government function more effectively, but it is not fundamentally designed to constrain the party-state itself.

One trend we have seen in the past year or two is a much clearer delineation of the limits of reform coming from the center, manifest in the ongoing crackdown on activist lawyers and tightening control over legal academics. Such moves, although deplorable and in most cases illegal under Chinese law, are not necessarily in tension with renewed commitment to legal reform. That is, I don’t think it is right to read the ongoing crackdown on legal activists in China as a sign that China is not serious about legal reform. China’s new leadership appears to be sending a message that reform is possible, but that clear lines need to be drawn between what is and is not permissible.

Third, many of the problems that continue to plague the legal system reflect broader problems in the Chinese political system, including corruption, political interference, and weak formal institutions. Some of the problems also have deep historical roots, most notably the tendency of officials to focus on results and responsiveness at the expense of legal procedures and rules. The Chinese party-state continues to base its legitimacy in significant part on responsiveness, not adherence to law or procedures.

Yet some problems are also the product of reform. We see this most notably in the growing importance of wealth as a determinant of outcomes in civil and criminal cases, and what appears to be a growing sense that the legal system serves the interests of the economically powerful. Of course, this is not a criticism that is unique to the Chinese legal system.

Lack of trust in the legal system reflects lack of trust in Chinese society, and in formal institutions more generally. But there is a distinct strand of distrust in the legal system today that results from this growing sense of inequality. This is at least partially distinct from frustration or distrust resulting from political non-accountability, although political and economic elites are closely intertwined in China.

Fourth and finally, what is the capacity of the legal system to address the tensions and challenges I have outlined? The joke making the rounds in Beijing last week was that the Chinese Communist Party is finished if it does not reform, but it is also finished if it does reform, since it would destroy itself in the process. This may be overstated, but such comments do give a sense of the challenge. Of course, the legal system is in some respects only a minor player in the larger questions playing out regarding reform and the capacity to adapt. For all the recent focus on reforms in the courts, for example, it is important to remember that the president of China’s Supreme People’s Court has never ranked among the top fifty officials in China. This is unlikely to change any time soon. So formally, in the constitution, in practice, and also in the party structure, the legal system plays a secondary role.

The most significant developments now taking place in the Chinese legal system are not those that appear to make the Chinese legal system look more like our own – reforms such as the creation of regional courts or specialized intellectual property or environmental courts, as well as making individual judges, not their court superiors or court leaders, responsible for the decisions they issue. Likewise, the most important reforms are not those coming from the Supreme People’s Court in Beijing. Rather, they are reforms working from the inside, not following Western models. For example, in Henan Province in recent years the courts have enthusiastically sought to use populism and popular support both to make the legal system more accessible to ordinary people and as a base for resisting external pressure on the courts. The use of populism as a political tool is not new, but the use of populism as a strategy for increasing the authority and perhaps the autonomy of legal institutions is a new development.

Whether such reforms can succeed and spread throughout China may go a long way toward telling us whether legal institutions and the legal system as a whole will continue to play secondary roles in governing Chinese society – or will come to assume more important roles, from the perspective both of the party-state and of ordinary people. Such reforms may also provide a window into broader trends in governance in China: in particular, whether populism can be harnessed not only as a mechanism for sustaining regime legitimacy, but also for pushing forward with new, and many would say much needed, reforms.

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