Disincentives for Democratic Change in China

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SUMMARY  Despite widespread and growing “mass disturbances” in China in recent years, there is little indication of increased public interest in promoting liberal democracy. A key part of the explanation is that, in China, capitalist economic development has emerged from a socialist, planned economy characterized by substantial economic equality. In this context, the emergence of capitalism has brought both greater economic inequality and new forms of dependence on the state. The result is that declining sectors (such as laid-off state-owned enterprise workers) have incentives to support Chinese Communist Party rule, in the hope that the Party will make good on its socialist promises. Meanwhile, rising sectors—and particularly private entrepreneurs—have reason to fear that political reform might threaten their economic prosperity and privileges. In short, China’s unique combination of state-led late development and a socialist past has given both the “winners” and “losers” of economic reform a stake in maintaining the political status quo.
Introduction

Many have hoped, and some have assumed, that capitalist economic development will bring democracy to China. Yet as China’s economic reform and growth have progressed, public interest in promoting liberal democracy seems to have diminished. Interestingly, this seems to be true despite the fact that, in recent years, hundreds of thousands have participated in tens of thousands of yearly protests.1 To be sure, these widespread and growing “mass disturbances” indicate some degree of unhappiness with the present political system. Yet even so, almost none of the protestors have challenged Chinese Communist Party (CCP) rule. Instead, demonstrators typically have directed their anger at local employers and officials, and expressed support for central authorities. Simultaneously, they generally have not criticized the political system from a Western, liberal perspective. Rather, most have voiced their criticisms from the left, calling on ruling elites to live up to their socialist claims to legitimacy. Thus, even China’s most aggrieved citizens display an interest in perpetuating CCP rule.

Why and how is this so? This paper explores the answer, focusing on China’s major urban socio-economic sectors. A key part of the explanation is that, in China, capitalist economic development has emerged from a socialist, planned economy characterized by substantial economic equality. In this context, the emergence of capitalism has brought both greater economic inequality and new forms of dependence on the state. The result is that declining sectors (such as laid-off state-owned enterprise workers) have incentives to support CCP rule, in the hope that the Party will make good on its socialist promises. Meanwhile, rising sectors—and particularly private entrepreneurs—have reason to fear that political reform might threaten their economic prosperity and privileges. In short, China’s unique combination of state-led late development and a socialist past has given both the “winners” and “losers” of economic reform a stake in maintaining the political status quo.

Scholars have long studied the economic and political consequences of state-led late development. Of most relevance to the questions posed here, political scientist Eva Bellin finds that in late industrializers where the state plays a leading economic role, capital and organized labor often appear “diffident,” at best, about liberal democracy. These groups feel that their material interests are best served by the existing regime. This, in turn, derives from two key features of state-led late industrialization: (1) the state controls key economic resources, which diminishes the power and autonomy of capital and labor; and (2) late industrializers face a world that is already industrialized, commercially integrated, and highly competitive. As a result, a gross rise in GDP often coincides with the creation of a huge “reserve army” of labor, a rise in poverty and economic inequality, and a decline in working conditions. This combined reality drives capital and organized labor into the arms of the state. For the capitalist class, dependence on the state, coupled with fear of the empowerment of the propertyless, breeds opposition to liberal democratic change. For organized labor, the combination of dependence on the state with “aristocratic” privileges relative to unorganized workers engenders similar behavior and attitudes.2

These phenomena that Bellin describes for state-led late developers in general are mirrored in the circumstances and attitudes of China’s urban socio-economic sectors. Yet China is not simply a state-led late developer; China also is a post-socialist state. Thus, its starting point differs from late developers without a socialist past. Indeed, recent studies of post-socialist transitions in the former Soviet Union and Eastern/Central Europe demonstrate that a legacy of socialism has a powerful impact on the attitudes of average citizens toward both capitalism and liberal democracy. In Russia, for example, political scientists Judith Kullberg and William Zimmerman find that most people do not “embrace Western liberalism, but rather [opt] for socialism or authoritarian nationalism.”3 This is because the socialist system “produced mass publics whose economic interests were tightly interconnected with socialist institutions,” and who remain “painfully attached to and dependent upon these institutions and the disintegrating state.” 4 Recognizing their long-term inability to succeed under the new economic order, the masses are rejecting the
new political order—including, possibly, even democracy. Similarly, in Eastern and Central Europe, workers lament the loss of socialist guarantees and benefits, and voice pride in their accomplishments as workers in the socialist economy. These same individuals display a clear preference for reducing the economic inequalities that have emerged in the post-socialist era. Overall, citizens in post-socialist Eastern/Central Europe and Russia remain disillusioned and skeptical about the transition to liberal democracy and nostalgic for the socialist guarantees of the past.

### Urban Attitudes

In China, public attitudes are similarly shaped by the legacy of socialism. Simultaneously, popular interests are influenced by the socioeconomic conditions that are found in state-led late developers. Together, these factors give virtually all of China’s urban socioeconomic sectors an incentive to perpetuate the authoritarian status quo and to fear liberal democratic change.

Recent surveys of China’s urban residents highlight these popular sentiments. For example, in a series of public opinion polls conducted in Beijing from 1995 to 1999, Jie Chen finds that a “clear majority” expresses general support for the current political regime, giving it high ratings on a number of measures of legitimacy. Indeed, this is true despite the fact that most respondents give the ruling regime only mediocre—and sometimes poor—marks on its handling of specific issues, such as corruption and inflation. Further, more than 90 percent feel that they “would rather live in an orderly society than in a society in which people enjoy so many freedoms that they can become disruptive.” Similarly, in Wenfang Tang’s 1999 survey of Shanghai, Wuhan, Chongqing, Xian, and Shenyang residents, nearly 60 percent agree that “the most important condition for our country’s progress is political stability. Democratization under the current conditions would only lead to chaos.” Moreover, when asked whether the CCP-led political system should be changed, 44 percent said “no,” and 31 percent responded that they “did not care so long as their lives could be improved.”

### Private Entrepreneurs

A review of each of China’s major urban socioeconomic sectors illustrates the specific factors that engender these political views. Regarding China’s private entrepreneurs, recent studies document an increasingly close and mutually beneficial relationship with the CCP. In a survey of over 500 owners of large and medium-sized private enterprises in eight counties, Bruce Dickson finds that successful private entrepreneurs—especially in China’s most privatized and prosperous regions—“do not seek autonomy but rather closer embeddedness with the state.” They do so because “they recognize that to be autonomous is to be ‘outside the system’ (tizhiwai), and therefore powerless. Instead they seek to be part of the system (tizhinei) in order to better pursue their interests and maximize their leverage.”

As evidence of this, 40 percent of the private entrepreneurs in Dickson’s survey were already Party members, and more than 25 percent of the remainder had been targeted by the CCP and wanted to join. Similarly, Dickson finds that those who had already become CCP members were better educated and had been in business longer than those who had not yet joined the CCP. Coupled with these official recruitment efforts, the CCP has created new institutions to both represent the interests of social groups and maintain CCP control over them. As Dickson documents, these organizations are quite popular with private entrepreneurs: nearly 70 percent of those surveyed are members of at least one CCP-created business association. The reason: businesspeople “see themselves as partners, not adversaries of the state.”

What accounts for this great desire to join the Party and its affiliated organizations? At base, Dickson argues, are the perceived economic advantages of membership. Specifically, he finds that “there is a strong belief that...Party membership gives [private entrepreneurs] easier access to loans, official discretion, and protection from competition and unfair policy implementation.” Thus, Dickson concludes that as economic reform advances, private entrepreneurs are likely to become more supportive of the CCP’s leadership of the state.

A series of in-depth interviews with private entrepreneurs conducted by An Chen in 1998–2000
underscores Dickson’s findings. Chen notes that China’s new bourgeoisie “should be divided into two types: parasitic and self-made.”\textsuperscript{16} Regarding the former, Chen concludes that “they are essentially a parasitic appendage of corrupt and unrestricted political power” and they consequently “have a taken-for-granted personal stake in preventing regime change.”\textsuperscript{17} Among “self-made” private entrepreneurs, Chen does find a clear desire for a system based on the “rule of law.” However, Chen emphasizes, this “hardly translate[s] into an endorsement of the political empowerment of the masses.” Instead, these entrepreneurs view the rule of law as a way to “subject party (cadre) power to some transparent legalized rules” and to “add some legal force to the political protection of their private property.”\textsuperscript{18}

**State-Owned Enterprise Workers.** Turning to still-employed state-owned enterprise (SOE) workers, a different scenario emerges, albeit with similar results. Prior to the initiation of large-scale SOE privatization and marketization in the mid-1990s, this sector remained relatively untouched by economic reform. Even so, SOE workers were not entirely quiescent. During the student-led protests of 1989, for example, SOE workers joined the demonstrations, and even formed their own autonomous worker federations. Yet this group has been almost entirely absent from ranks of the hundreds of thousands of protesters who have taken to the streets since 1989. To the contrary, since 1989, an increasing percentage of SOE workers have become CCP members.\textsuperscript{19} Along with the fear of job loss should they engage in public dissent, political change might imperil the continued economic strength of the ruling CCP, and thus take away the precious—and precarious—economic security of current SOE workers. Indeed, rather than improving the lives of SOE workers, liberal democracy likely would only more thinly redistribute the scarce benefits that SOE workers continue to enjoy.

Compared with still-employed SOE workers, laid-off SOE workers have great reason to be desirous of political change. This group has been the most severely harmed by the CCP’s economic reform policies. As political scientist Dorothy Solinger observes, former SOE workers are perhaps the most clearly “downwardly-mobile” citizens in China today.\textsuperscript{20} Since large-scale SOE reforms began in the mid-1990s, nearly one-third of all SOE employees have been laid off, making for a total of roughly 55 million persons.\textsuperscript{21} Solinger notes that “this is a group of mainly unskilled workers who, summarily dismissed from the plants where they had toiled for decades, have had to discover new modes of livelihood from scratch in the midst of middle age.”\textsuperscript{22} Consequently, their material conditions and prospects are bleak. Most have sunk into poverty and have little hope of financial improvement. Moreover, as they have lost their jobs, the regime has been retracting its previously free provision of benefits, including pensions, education, health care, and housing.

Not surprisingly, laid-off SOE workers have been extremely restless. In 2002, for example, two protests in the northeastern industrial cities of Daqing and Liaoang drew tens of thousands of laid-off workers from state-owned oil plants. Since the late 1990s, at least 10 of China’s 23 provinces have witnessed similar large-scale and protracted protests by former SOE employees.\textsuperscript{23} Yet even the most extensive, lengthy, and conflict-ridden protests by former SOE employees have not featured calls for an end to CCP rule. Rather, most have aimed their criticisms at local state, union, and Party officials, while appealing to central Party elites to make good on their socialist promises to the working class.

At first glance, this may seem puzzling, given that the severe decline in living conditions among former SOE employees is the result of central CCP policies. It may be that the respectful language of these protestors is simply a self-protective tactic designed to obscure their true political desires. Yet it seems clear that even if these individuals are deeply cynical about CCP rule, their desired outcome is not the demise of the Party, but rather its recommitment to the social guarantees, equality, and values of the past. The same nostalgia for the old socialist economic system is apparent in the former Soviet Union and Eastern/Central Europe, where many support former communist political parties in popular elections. Further, laid-off SOE employees seem to recognize...
that, should the CCP fall, the regime that replaces it is likely to be even less committed to socialism than is the CCP. Relatedly, former SOE workers remain eligible for special benefits that are unavailable to other unemployed urban residents. Although many laid-off SOE employees do not receive such aid, those who do hold something of a privileged status and therefore remain at least somewhat dependent on the Party.

Foreign-Invested Enterprise and Private Enterprise Workers. Turning to foreign-invested enterprise (FIE) and private enterprise workers, we see that a generally upwardly mobile status, coupled with often brutal working conditions, also creates an interest in maintaining the political status quo. Some workers in foreign-invested and private enterprises voluntarily left the state-owned sector in search of higher pay. These individuals tend to be skilled and savvy, and enjoy relatively high pay and good working conditions. Yet the majority of China’s FIE and private enterprise workers do not fall into this category. To the contrary, most are young, unskilled women, typically from poor, inland regions. For these workers, pay and working conditions vary quite dramatically. In general, workers are treated much better in companies established with European and American capital than in those invested with capital from Taiwan, Hong Kong, and South Korea.24 Indeed, workers in many of the latter firms endure quite horrific work environments. Far from their native homes, and often laboring as quasi-indentured slaves to pay off advances given to their families, these women endure excruciatingly long working hours and harsh workplace rules. They often live under strict regulations in crowded, unsanitary, and unsafe dormitories on the factory grounds.

Given these conditions, one might expect FIE and private enterprise workers to embrace liberal democratic reforms. Yet in actuality, even though these laborers are brutally exploited, their economic situation generally has improved as a result of China’s economic reforms. In addition, they enjoy a higher status than their counterparts who have remained in their home villages. Consequently, they have little reason to oppose the party that has made possible their relative economic prosperity. Indeed, even when these women do occasionally rise up in protest against their abusive treatment, their complaints are remarkably similar to those of aggrieved former SOE employees. In general, FIE and private enterprise workers direct their protests toward company management and evidence little anger with the ruling regime. Indeed, many even seem to desire greater integration with the Party. For example, numerous groups of protesting FIE employees have voiced the wish to form a factory-level branch of the CCP-affiliated All-China Federation of Trade Unions.

Rural Migrants. The situation is similar for the millions of rural migrants who have flocked to China’s urban areas over the past decade. Most have arrived with high expectations, but have found very difficult living and working conditions. Lacking in education and occupational skills, members of this “floating population” compete for menial and low-paying jobs with little to no employment security. In addition, their migrant status makes them ineligible for the basic medical, housing, educational, and welfare services that are available to other urban residents. Faced with these difficulties, members of China’s “floating population” might be expected to support political change. However, like the young, unskilled rural women who toil in FIEs and private enterprises, economic reform has actually improved their material status, especially relative to their counterparts still residing in the countryside. In addition, like exploited FIE workers, this improvement is the result of reforms that have ended restrictions on their ability to move where they please and seek employment opportunities of their choice. Further, the CCP has made some attempts to make good on its socialist claims by passing new regulations designed to ease migrant workers’ difficulties. Consequently, when migrant workers have taken to the streets to protest their marginal living and working conditions, they, like other disgruntled laborers, typically have appealed to the CCP for support, rather than blaming the Party for their ills.

Educated and Intellectual Urbanites. Finally, any assessment of current public interest in democratic
political reform must address college-educated urbanites and intellectuals. This sector did publicly promote political reform in the early post-Mao era, including the massive demonstrations of 1989. Yet since 1989, this sector has turned away from political dissent and toward the CCP. From 1990 to 2001, there was a ten-fold increase in the percentage of university students who are CCP members (from 0.8 percent to 8.0 percent). Moreover, in 2001, an estimated 33 percent of college students applied to join the Party. Among graduate students, by 2000, just over 28 percent were Party members. Meanwhile, this sector has almost entirely eschewed participation in dissident actions and organizations, such as the opposition China Democracy Party (CDP) that formed in 1998.

What explains this dramatic turnaround? For students entering college after 1989, economic reform has brought great material benefits and beneficial relations with the CCP. Perhaps most importantly, since the early 1990s, China's higher education system has become marketized, such that wealth increasingly has replaced academic achievement as the main vehicle for university admission and attendance. In consequence, most university students in China today come from financially privileged families who have benefitted from economic reform. Moreover, compared with university students in the 1980s, students attending college from the 1990s through the present have experienced positive relations with the CCP. Unlike many in the previous generation, “post-Tiananmen” university students have no experience of personal harm at the hands of CCP elites. To the contrary, since the late 1980s, the CCP has enthusiastically recruited young, educated urbanites. As a result, this sector has little reason to desire political change, and every reason to support the status quo.

In fact, since 1989, only a tiny group of mostly middle-aged and older intellectuals has actively pursued political reform. A majority of these individuals suffered harsh punishment for their public acts of dissent in the first half of the reform era, including years of imprisonment, official surveillance and harassment, and permanently marred political records. People in this category were key in forming the CDP in 1998, as well as virtually all other overtly political dissident actions and organizations that have appeared since 1989. Nonetheless, even among this group of highly committed political activists, China's socialist legacy is apparent. For example, although CDP members seek a multiparty system based on the separation of powers and the protection of civil liberties, they also call for economic and social protections for workers and farmers, and decry China's increasing economic and social inequality. Thus, even those who do explicitly and publicly call for systemic political reform do not desire liberal democracy, but rather a modern form of social democracy.

Conclusion

As this survey shows, an understanding of popular attitudes toward political change in China requires consideration of China's socialist legacy as well as the reality of state-led late development. The combination of these factors has caused most of China's urban residents to see the political status quo as preferable to (or at least safer than) any apparent alternative. As Bellin argues, state-led late development breeds dependence on the state on the part of capital and labor, and also exacerbates economic inequality. As a result, capital and labor fear mass political empowerment and cling to the state in their pursuit of material prosperity. In post-socialist states undergoing state-led late development, this phenomenon is particularly apparent due to the remarkable economic equality that existed prior to economic liberalization. Moreover, in China as well as other post-socialist states, the demands of disgruntled citizens display the legacy of socialist institutions and beliefs. Most importantly, like typical urban residents in Russia and Eastern/Central Europe, Chinese workers do not seem to view liberal democracy as a solution to their ills. To the contrary, they express support for socialist economic and social guarantees and protections, and seem willing to support authoritarian political rulers who provide these benefits. Consequently, in China, both those who have benefited from the introduction of capitalism and those who have been harmed by it show little public enthusiasm for political
reform. The “winners” have an interest in maintaining the authoritarian political status quo that has served them well, while the “losers” have nowhere to turn but the communist party that served them well in the past and that still at least pays lip service to their needs.

What does this tell us about the relationship between capitalism, economic development, and democracy? Overall, this analysis illustrates the conditions under which capitalist economic development may not bring liberal democratic political change. Specifically, it indicates that improved economic conditions, dependence on the state, growing economic inequality, and a legacy of socialism may give citizens an interest in maintaining an authoritarian political status quo.

At the same time, these findings suggest the circumstances under which China’s urban residents might become motivated to pursue systemic political change. Indeed, the current incentive structure may prove to be both transitory and fragile. Most notably, the economic circumstances that create the present interest in maintaining the political status quo may shift. Perhaps most obviously, an economic crisis that undercuts the economic well-being of the “winners” of economic reform could lead to increased political dissatisfaction among these sectors. A possible cause of this could be a decision to allow the Chinese yuan to truly float. Although, to date, CCP elites have been able to forestall such a development by agreeing to minimal fluctuation within circumscribed limits, international pressures continue to mount for China to allow the yuan to float freely in the foreign exchange market. Moreover, even absent a dramatic economic crisis, it is highly unlikely that China will, in perpetuity, continue to enjoy the phenomenal 9–10 percent growth rates of the past 25 years. When that growth finally falters, so too may the current disincentives for democratic change.

In addition, a rise in economic equality could make citizens feel less threatened by the prospect of political reform. In this regard, CCP elites face a pressing quandary. On the one hand, the rising restiveness of the citizenry has spurred Party elites to address China’s growing inequality. Yet on the other hand, if these policies do succeed in reducing the economic inequalities that are seen to cause social unrest, the longer-term consequence of greater economic equality may be that China’s more prosperous citizens will become less hesitant to endorse democratic political reform. Simultaneously, should the distribution of wealth become more equal, those at the lower end of the economic spectrum will have less reason to cling to the old socialist benefits of the past, and thus the party that historically has provided those benefits. Therefore, ironically, the very policies that the current CCP leadership has undertaken in order to shore up its control may ultimately undermine the conditions that have allowed the Party to maintain its dominance despite over 20 years of remarkable economic liberalization and growth.

**Notes**


4 Ibid., 354.


6 Ibid.


8 Ibid., 32.


10 Ibid., 71.


12 Ibid., 110.

13 Ibid., 74.

14 Ibid., 57.


17 Ibid., 412.

18 Ibid., 413.


