

ACCEPTING AUTHORITARIANISM

State-Society Relations in China's Reform Era



Teresa Wright

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Accepting Authoritarianism

To Matt, Nicholas, and Anna

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1 INTRODUCTION

ASK MOST AMERICANS whether it is possible to have economic freedom without political freedom, and the answer will be an unequivocal “no”—yet this seemingly contradictory and unstable situation has characterized China for more than thirty years. Despite the country’s dramatic economic growth and liberalization, political freedoms have been severely constrained, and the Chinese Communist Party (CCP) has allowed no challenge to its rule. With the exception of village elections, there have been few signs of increased political liberalization, and in fact there is some evidence of political constriction.

What accounts for this counterintuitive reality, and what might lead toward liberal democratic change? Unlike other countries, where authoritarian political leaders have faced international constraints that have pressed them to undertake democratization, today’s China is almost entirely invulnerable to foreign threats and entreaties. The world’s other major powers tend to tiptoe around the Chinese leadership, out of fear that angering China will inhibit profitable economic relations with its market. Thus, to a large extent, China’s political future will be determined by relations between the ruling party-state and the Chinese people. Without public pressure for systemic political reform, the current ruling elite is unlikely to initiate it.

Given this political environment, it is crucial that we understand the concrete ways in which China’s dramatic economic reforms have changed state-society relations, both in terms of politics and economics. Indeed, because relations between the ruling CCP and society have *not* become increasingly strained, China has flouted the expectations of Western policy makers and academics, especially since the early 1990s. Despite a marked upsurge in popular

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unrest in China since that time, public pressures for systemic political change have been virtually absent, and public support for CCP rule has remained high. Although this does not preclude the development of societal pressure for democratization in the future, the present political proclivities of the citizenry cry out for an explanation.

This book argues that the political attitudes and behavior of the Chinese public derive from the interaction of three key factors: (1) state-led economic development policies; (2) market forces related to late industrialization; and (3) socialist legacies. Throughout China's reform era, these factors have shaped popular political attitudes and behavior by influencing public perceptions of socioeconomic mobility, material dependence on the party-state, socioeconomic status relative to other groups, and political options. In the post-Mao period, and especially since the early 1990s, these variables have given most major socioeconomic sectors—including those that in other countries have pressed for democratic change—reasons to tolerate or even support continued CCP rule and to lack enthusiasm for systemic political transformation.

First, this confluence of state-led economic development policies, market forces, and socialist legacies has led to upward socioeconomic mobility for large segments of the population, including private entrepreneurs, professionals, rank-and-file private sector workers, and farmers. This is not to argue that economic improvement alone has caused political satisfaction. The crucial factor is that in China, most citizens appear to believe that the authoritarian national government has facilitated the country's—and, therefore, individual citizens'—economic rise.

Second, key sectors—particularly private enterprise owners and state-owned enterprise workers—have had privileged relationships with the CCP. In China, the state has retained control of key economic resources; consequently, groups enjoying a special connection to the state have been rewarded with economic prosperity and security. In turn, this has given those groups a material interest in perpetuating the political status quo, along with a reason to fear liberal democratic reform that might threaten their political advantage.

Among rank-and-file state sector workers, further considerations have been in play. China's late opening to global markets has engendered intense competition for desirable jobs. When coupled with lingering socialist policies that have provided special benefits to state sector workers, these individuals have had a material interest in protecting their privileged status. In addition, because members of this group have espoused socialist values such as

support for state-mandated social welfare guarantees, the continued socialist rhetoric and policies of the central regime have given these individuals an ideal interest in supporting the political status quo.

Farmers and private sector workers have been far less materially reliant on the party-state in the reform era. The relative economic independence of these groups has diminished their incentives to support the existing political system, making them more open to political change. Yet, inasmuch as socialist policies have continued to guarantee land rights to these individuals, their basic livelihood has been protected by a state-provided safety net. Further, as with state sector workers, to the degree that farmers and private sector workers believe that such protections *should* be provided by the government, these groups' potential ideal interest in systemic political transformation has been undercut.

Third, state-led development policies and market forces associated with China's late opening to the global capitalist system have engendered a polarized socioeconomic structure with an economically well-off minority and a poor majority. Within this highly skewed socioeconomic hierarchy, private enterprise owners and professionals have been at or near the top. From the perspective of most members of this wealthy minority, liberal democratic rule has not been appealing. The wide gulf between the rich and poor has bred divergent lifestyles and interests that have limited any potential feeling of common cause or trust between the upper and lower "classes."¹ Without such feelings, wealthy individuals have had little motivation to press for mass political empowerment or to desire majority rule. For private enterprise owners who have profited by paying low wages and by working their employees relentlessly, the political enfranchisement of the lower "class" has been particularly undesirable—especially because relatively poor individuals have displayed clear socialist economic expectations and values.

Farmers and rank-and-file workers in both the state and private sectors have constituted the vast lower tier of China's polarized economic hierarchy. Although these groups would seem to benefit from majority rule, they have had countervailing reasons to accept the political status quo. As noted earlier, state sector workers have continued to receive benefits from the party-state that have been unavailable to other poor individuals. Meanwhile, farmers and private sector workers, who have generally been rising in socioeconomic status, have tended to feel that the central party-state has facilitated rather than thwarted their economic advancement. In addition, their basic sustenance

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has been protected by the government's guarantee of land rights to those with rural residence registration.² The socialist values of individuals in China's lower socioeconomic tier also have worked against their potential interest in systemic political change.

At the same time, socialist legacies have privileged urban residents over those with rural residence registration, engendering clear divisions within China's lower "class." Rather than feeling a sense of common cause and interests, unskilled laborers with urban and rural residential registrations have tended to view each other as competitors and with mutual disdain. As a result, they have had little inclination to press for their common political enfranchisement.

Fourth, the reform era has witnessed a perceived widening of political options within the existing system and a diminution of appealing political alternatives. Since 1987, rural residents—including both disgruntled farmers and prosperous private entrepreneurs—increasingly have been able to elect local leaders. In addition, the general citizenry has had a growing ability to voice its grievances through petitions and legal adjudication. Although in some authoritarian countries such a partial political opening has led to greater public pressures for democratization, in China this widening of possibilities for political participation has been perceived as an attempt by central authorities to rein in corrupt and ill-intentioned local elites. As a result, potential political dissatisfaction with the overall political system has been undermined.

CHANGES IN STATE-SOCIETY RELATIONS IN THE ERA OF REFORM

The variables just outlined have aligned in somewhat distinct ways in the first and second phases of China's post-Mao era.

The Early Reform Era (Late 1970s to the Early 1990s)

In the first phase of China's reform era, which encompassed the late 1970s through the early 1990s, China's form of state-led development featured relatively gradual and circumscribed economic reforms that allowed individuals to engage in commerce in limited markets and to form small-scale private enterprises. Meanwhile, socialist economic policies generally persisted in the state sector, such that most urban workers (especially those in central state-owned enterprises) continued to receive welfare benefits provided by the party-state. Externally, as China slowly opened its economy to the interna-

tional capitalist system, it faced an increasingly competitive and integrated global market wherein a surplus of unskilled workers was readily available to mobile capital owners.

Economic Inequality During this era, economic inequality rose in comparison to the Maoist period (1949–76), leading to a substantial rise in socioeconomic polarization. When China embarked on economic reform in the late 1970s, its Gini coefficient—a statistical measure of wealth distribution—was among the lowest in the world, standing at 0.15 (with 0 reflecting perfect economic equality, and 1 indicating perfect inequality). Indeed, the degree of economic polarization in China was low even in comparison with other socialist states. China’s level of material inequality more than doubled over the course of the 1980s, reaching a Gini coefficient of 0.386 in 1988. Viewed against the backdrop of China’s recent egalitarian past, this economic imbalance generated substantial public discontent among those at the lower end of the socioeconomic spectrum—especially given the widespread belief that those at the top garnered their riches through unjust or corrupt practices. At the same time, during this period the vast majority of China’s rural residents experienced substantial improvement in their financial circumstances, and most urban dwellers also enjoyed rising or stable economic conditions.

Economic Dependence and Political Options In addition, this era witnessed a gradual but general decline in levels of economic dependence on the party-state. Farmers were allowed much more independence in growing and selling crops; increasing numbers of urban college graduates were not assigned jobs by the state; and skilled and savvy state-owned enterprise workers began to enter the private sector. In terms of political options, many citizens harbored bitter memories of the tumult and hardship of the Mao era, yet their dissatisfaction with the political system was undercut by their relief at the rise of party leaders with a more pragmatic orientation toward economic and political development.

Political Unrest The confluence of these factors from the late 1970s through the 1980s paved the way for some political unrest in China, which materialized in such cases as the Democracy Wall movement of 1978–80, the student protests of 1986–87, and the massive student-led demonstrations of spring 1989. Yet even before the brutal crackdown of June 4, 1989, the vast majority of citizens showed little interest in pursuing systemic political change. Although some of the protests of this period—especially those in spring 1989—involved

large numbers of citizens, participants generally were urban students and intellectuals, with some state-owned enterprise workers as well. Few private entrepreneurs were involved, and virtually none of China's rural residents—who at the time constituted roughly three-fourths of the population—took part. Further, even when protestors of this period called for “democracy,” many exhibited an explicit commitment to socialist economic values.³

The Late Reform Era (Early 1990s Through the Present)

The second phase of China's reform era began in the early 1990s and continues today. This era has featured a dramatic acceleration and expansion of state-led economic privatization and marketization. In addition, the CCP leadership has moved from tolerating the private sector to embracing it—and has even invited private businesspeople to join the Communist Party. In the process, many of China's private entrepreneurs have become extremely wealthy. At the same time, the restructuring of large state-owned enterprises has resulted in the unemployment of tens of millions of state sector workers, as well as a substantial diminution of the social welfare benefits formerly provided to them by the party-state. Further, increasing numbers of rural migrants have moved to the cities, improving their economic fortune (as well as that of their families back in the countryside) by working in China's burgeoning private enterprises. Meanwhile, since 1992, China has much more fully opened its economy to the international capitalist system, leaving its unskilled laborers more vulnerable to the vicissitudes of the global market.⁴ These factors have influenced popular perceptions of socioeconomic mobility, dependence on the state, relative socioeconomic status, and political options. The result has been greater public tolerance of, and even support for, the existing CCP-led political system.

Socioeconomic Inequality: The Numbers Perhaps the most important overall feature of the late reform period has been the development of an even more highly polarized socioeconomic structure. By 1995, economic inequality had grown to such an extent that China's Gini coefficient stood at 0.462. As of 2007, estimates ranged from 0.496 to 0.561.⁵ By way of comparison, in 2004 the Gini index of the United States was around 0.45, and in 2005, Brazil stood at roughly 0.56.⁶ Thus, within three decades, China moved from a position among the most economically equal countries in the world to the ranks of the most unequal. Reflecting this imbalance, as of 2006 the wealthiest 20 percent of Chinese citizens earned more than 58 percent of China's income, while the poorest 20 percent took in only 3 percent, making for a top-to-bottom ratio of

more than 18 to 1. In contrast, the top 20 percent of the United States' population earned just over 50 percent of the national income, and the bottom 20 percent earned slightly more than 3 percent, with a top-to-bottom ratio of roughly 15 to 1.⁷ Further, in China, this inequality has emerged suddenly, under the same political system that until recently castigated the evils of economic polarization.

The overall result is a socioeconomic structure that resembles an "onion dome," with roughly 15 percent of the population occupying the narrow upper level and the remaining 85 percent forming the wide base. Using the income categories of China's National Bureau of Statistics, in 2007 those in the top level earned 60,000 yuan or more per year. In official statistics, this included both the "upper stratum" and the "middle stratum." With earnings between 60,000 and 500,000 yuan/year, the "middle stratum" represented approximately 12 percent of the population. Those in the "upper stratum" (with more than 500,000 yuan/year in income) included no more than 3 percent of the citizenry.⁸ The remaining 85 percent earned less than 60,000 yuan/year. In reality, most in this group lived on far less, as China's national per capita income in 2006 was only about 16,000 yuan.⁹

Socioeconomic Inequality: Public Perceptions In a 2006 survey, 2.3 percent of China's citizenry described themselves as "wealthy" (*furen*), while 75.1 percent described themselves as "poor" (*qiongren*).¹⁰ A separate 2006 study presented a less stark picture: .5 percent self-identified as "upper class," 5.4 percent as "upper middle class," 39.6 percent as "middle class," 29.1 percent as "lower middle class," and 24.5 percent as "lower class." Still, even in the more moderate findings of the second study, more than half of the respondents considered themselves to be of "lower" economic status. Further, this latter study finds that, between 2002 and 2006, the percentage of the population who perceived themselves to be "middle class" shrank, while the percentage of those who viewed themselves as "lower class" rose.¹¹

The Onion Dome, Sector by Sector In the second phase of China's reform period, the onion dome's narrow "middle" and "upper" strata have included owners of medium and large private enterprises (defined by the party-state as having eight or more employees) and professionals (such as lawyers, medical doctors, accountants, and engineers). As noted earlier, many members of this group have had strong incentives to perpetuate the political status quo. Given the polarized economic structure, as well as the socialist economic preferences

of those at the lower end of China's socioeconomic spectrum, liberal democratic (or majority) rule likely would result in policies (such as higher taxes to support income redistribution) that would threaten the prosperity of well-off individuals. For private entrepreneurs who have garnered their wealth through their connections with the ruling party-state, political change would similarly threaten their economic advantages. In addition, as the perceived gap between the upper- and lower-level tiers of China's socioeconomic structure has grown, those at the top have enjoyed a lifestyle that has increasingly diverged from that of those at the bottom, leading to a diminished sense of commonality in values across socioeconomic strata that has worked against the wealthy group's potential ideal interest in liberal democratic change.

At the bottom of China's onion dome-shaped socioeconomic structure have been rank-and-file state and private sector workers, self-employed small-scale entrepreneurs, and farmers. Given their relatively poor economic conditions and their majority status, these groups might be expected to find mass political enfranchisement desirable. Yet, as noted above, many in this group do not feel the need to press for systemic political change. Those at the lower level of the onion dome have tended to support socialist economic ideals, including greater equality and strong labor protections. Even as the ruling CCP has promoted economic privatization and marketization, it has retained at least some commitment to socialist economic values. Consequently, without alternatives that do a better job in upholding these economic priorities, those of limited economic means have had little reason to believe that a change in the political status quo will improve their material circumstances. On the contrary, they have had cause to fear that such change would unseat the only entity that appears to have the commitment, power, and economic resources to improve their daily circumstances—the central government. This perception has been strengthened by the widespread belief that socialist economic policies are “right” and moral. Thus, when relatively poor citizens have engaged in protest in the late reform period, rather than calling for an end to CCP rule, they have urged the party to live up to its socialist rhetoric.

Particular segments of China's lower economic group have had further reason to tolerate the political status quo. For most state sector workers—especially those employed in state-owned enterprises (SOEs)—the second phase of the reform era has been jarring. Although in the early 1990s, SOE employees continued to enjoy secure employment and pay, relatively lax working conditions, and high social status, since the mid-1990s SOE workers have been

laid off or forced to retire in droves. Subsequently, they have been forced to compete with unskilled rural migrants (whom most city dwellers view as social inferiors) for jobs with low and often delayed pay, extremely long hours, and draconian working conditions. Furthermore, even SOE employees that have retained state-owned enterprise employment typically have faced job insecurity, reduced pay and/or benefits, and more demanding working conditions. At the same time, both current and former SOE workers have remained dependent on the state for their livelihood. Despite their somewhat diminished privileges, those who still are employed by SOEs hold the most desirable jobs available to unskilled workers. They also continue to receive some state-provided benefits, such as subsidized education, medical care, and pensions. Even those who have been laid off are eligible for state-provided privileges that are unavailable to other unemployed workers, including job training, employment assistance, and even small loans.¹² Because the livelihood of current and former SOE workers has rested largely on their continued connection with the party-state and their privileged status relative to other workers, they have had reason to support the existing CCP-led political system and to oppose the political empowerment of those who do not enjoy similar state-provided benefits. Consequently, even when retrenched SOE employees have engaged in public protest, they have evidenced little desire to replace the CCP-led political system with liberal democratic rule. Instead, they have voiced their criticisms from the left, calling for the socioeconomic benefits and protections that they feel that they—as workers—deserve.

Also at the low end of China's socioeconomic hierarchy have been former rural residents who have migrated to the cities in search of employment—most of whom are private sector workers or are engaged in individual enterprises such as street-side sales and services. Just as former SOE workers have done, former rural residents have endured exacting working conditions and received minimal income. Yet unlike retrenched SOE employees, rural migrant workers have been rising in socioeconomic status and have not received special benefits from the party-state. To the contrary, the government often has discriminated against rural migrants. Yet at the same time, China's still nominally socialist regime has ensured the basic survival of these rural migrants by granting them land in their village of origin. Further, because central authorities have made some attempts to address the work-related grievances of rural migrant workers (for example, by requiring that private business owners sign contracts with their employees and provide some job security