Seven

Prospects for Democracy

Conventional wisdom of reform in China depicts a country that has taken strides in the area of economic reform yet remains steadfast and unbending in the area of political change. In this chapter, I offer a more nuanced view, not only in terms of the reality of change in China, but also in terms of how we should actually think of the issue of democratization.

What do we mean when we refer to the question of democratization? According to the Dictionary of Modern Sociology, the concept of democracy entails a philosophy or social system "based on the principle of [equality], the principle being particularly applicable in political aspects of life … in any social system, rule by majority, usually with regard to certain rights of minorities; a form of government wherein supreme power is held by societal members in general, such members typically exercising their power in a system of representation involving periodic free elections" (Holt 1969). Most observers would agree with this framing of the concept. Yet, it is also important to acknowledge here that the process of democratization is complex. While many observers view political reform as nonexistent (or significantly lagging behind economic reform), in fact, a gradual and measured political transformation has been underway in China for well over a decade. We typically define democracy as the right to freely elect political leaders within a multiparty system, but the institutions that support democracy are significantly more complex than this simplistic democratic ideal. Creating these institutions and implementing democracy at the local level are challenges that Western advocates often assume to be pro forma events in the process of democratic reform. However, democracy is a learned process, just as capitalism is, and implementing the institutions can occur only as these institutions become stable and individuals learn what they actually mean. If we were to break down the critical developments that would lead to a functioning democratic system, what would we want to look for? We might want to examine the free flow of information; the emergence of autonomous associations and organizations; a bureaucratized governmental system in which institutions operate independently of individuals and where the key institutions of democracy can act independently of other branches of government; an emphasis on the rule of law; the grassroots implementation of democratic elections; and elite support. In China today, significant progress has been made on each of these fronts, and as evolution continues in each of these areas, the gradual path toward democratization in

China will become ever clearer.

In the late 1980s, after nearly a decade of economic reform in China, many observers believed that political evolution would be part of an inevitable process. The liberalization of the economy had led to a new and dramatic sense of freedom in Chinese society. New laws brought a new sense of structure to social and political worlds, which only two decades before had been dominated by totalitarian caprice. Although the political elites in China maintained that they were not sure where the reforms were headed, it seemed increasingly clear what the endpoint would be. The direction of the reforms was toward a liberal economy and a democratic political system. And, although the world did not know it (though perhaps many sensed it), 1989 would be a watershed year in the transformation of political systems around the world. After a decade of economic reform in China, the country, like those in Eastern Europe, was poised for a radical transformation, one that would redress the ills that had been visited upon the population by the capricious authoritarian rule of the 1960s and '70s.

In 1989, these visions were crushed by the images of tanks rumbling through the streets of Beijing, unleashing a destructive terror on student activists who had pushed the regime one step too far. In response to their bid to push this regime through the door of democratic reform, the Chinese government showed the students—and the world—that democratic reform was nowhere on the agenda. We were reminded with clarity that this was still a totalitarian regime and that its leaders would do as they pleased on the road to economic and political reform. As victorious images of peaceful regime changes in Eastern Europe followed in the wake of the Tiananmen Square massacre, the world was left to wonder what the fate of political reform in China would be.

When I was living in China in the mid-1990s, I constantly ran up against the contradictions and tensions of a radically changing system built on the foundations of an authoritarian regime. Sometimes, it would seem that I could move about with the same freedom that I could in any democratic society. But then, when my comfort had risen to a level that would allow me to forget that I was living in an authoritarian society, a warning would come from some quarter, that I was being tracked by the Public Security Bureau. These experiences were always profoundly disturbing, as they often left me wondering who among my acquaintances was reporting on my behavior to higher authorities. Most foreign researchers have a similar sort of tale. Yet, I could not deny the fact that the China I was operating in was so much freer than the closed society foreigners had begun to enter in the late 1970s. It was a place where I was able to visit factories without a chaperoning government official, and the authorities would not restrict or limit my behavior. Still, they would watch very closely. It was a society with many new formal laws and regulations, where managers of state-owned enterprises were exhorted to take advantage of new opportunities—to "link up with the international community"—but their actions would be monitored by the watchful eye of the state.

This is the way of reform in China; a gradual

measured process that begins with broad, sweeping changes from above, as the state reshapes the institutional frameworks that govern society. But these broad, sweeping changes are often vague and experimental, and they have always stopped short of a program that might threaten the one-party government. And within the context of these new institutional frameworks, the party-state itself remains conservative and seemingly averse to change. But these institutional changes have also created the space for a gradual and incremental transformation of the world from below. In our desire to see something dramatic, as we did in Eastern Europe in 1989, we have ignored the extent to which, and the ways that, political change has come about in China. In this chapter, I will examine the political changes that are occurring within the country. I will look at the process of democratic reform, in general, but I will be especially concerned with how this process is related to the economic reforms. The economic reforms are, in a very basic sense, the catalyst that set this "quiet revolution" in motion.[1] And while the state took a very strong—and brutal—position against radical political change in 1989, the transformation of Chinese politics and society has continued unabated since the economic reforms began in 1979.

While my focus throughout this chapter will be on the relationship between economic and political change in China, I will begin with a discussion of the Tiananmen movement of 1989, as any discussion of the transition to democracy in China would seem incomplete without a discussion of the Tiananmen movement and the subsequent governmental crackdown. I will follow that discussion with a more general examination of the relationship between economic and political change and will then explore other areas of institutional change, including the emergence of new legal regimes and the emergence of democratic institutions and practices at the local level and, finally, the role of political elites within these processes of change.

POPULAR MOVEMENTS FOR DEMOCRACY IN CHINA

China has a long history of agitation for democratic reform from below. Since the May Fourth Movement of 1919, when some three thousand students organized a protest in Tiananmen Square objecting to the Warlord government's acceptance of the terms of the Treaty of Versailles, public demands for political and social reform have been an integral part of the Chinese political process. Indeed, on the eve of the economic reforms in China, Deng Xiaoping actually rode one such popular movement to power, the Democracy Wall Movement of 1978–79, until the movement turned a critical eye on Deng himself, at which point Deng turned on the movement. As Deng was securing his position of power, the most radical participants in that movement, which included the now-famous dissident Wei Jingsheng, were extending the protest beyond a call for economic reforms to a criticism of China's ruling elite and the political system. While a call for economic reform benefited Deng Xiaoping as he shored up his position of power over Hua Guofeng, a call for democratic reform was a threat, and the radicals of this protest were jailed.

In 1989, a protest for democratic reform followed

in this tradition, but it was a protest that substantially diverged from its predecessors. In the spring of that year, as the world's attention turned toward Beijing, we watched, riveted, as a million Chinese students occupied Tiananmen Square in a struggle for democracy.[2] At first glance, this student-led movement looked simply like another movement in a long history of student-led advocacy for democratic reform, dating back to the May Fourth Movement. But the broad participation and sustained activism of this movement was of a different order of magnitude than the recent movements of 1976, 1979, and 1986. More important, beyond the students themselves, this movement engaged millions of "ordinary citizens" (Strand 1990) in ways that previous movements had not. The result was a political movement of unprecedented proportions in the People's Republic of China.[3]

In the aftermath of this movement, as its images spread across the globe—images of the young dead, of bloody students being carried to makeshift ambulances, of giant tanks rolling callously over bicycles and the other articles left behind by the student demonstrators—the world was left to wonder what the events of 1989 meant for China. The issues I raise here are useful starting points for a general discussion of democratic development in the era of China's economic reforms, for several reasons. First, an understanding of this specific social movement is critical for a discussion of the emergence of democracy in China because it was, by its very nature—both in terms of its content and the state's ultimate response to this movement—about the road toward democratic reform. Understanding what happened in this movement brings to bear many of the issues that surround democratic reform in China's transforming economy and society. Many of these issues have been explored by prominent scholars who have studied this moment of social protest. Second, the symbols and images of this movement have become inextricably linked to the struggle for, and transition to, democracy. The images have, for many, been etched in our minds: Tiananmen Square overflowing with more than a million students, all committed to waiting there until the government heard their cries for reform; the students standing by as the "Goddess of Democracy" was installed in Tiananmen Square; the student hunger strikers, tired, ragged, and hospitalized; the People's Liberation Army marching on Tiananmen Square; and a lone student staring down a phalanx of tanks on Changan Avenue. Third, and perhaps most important for my discussion here, this movement itself is a window into the societal transformation that occurred as a result of the reforms that had taken place over the first decade of economic transition in China. A decade after Tiananmen Square, it still seemed, on the surface, that little progress had been made. The summer of 1999 saw the crackdown on the religious movement Falun Gong and the jailing of Democratic Party organizers Xu Wenli and Qin Yongmin. During that decade, China was subjected to the annual wrangling over its trade status with the United States. In many ways, this movement reveals fundamental things about the structural changes in Chinese society over the course of the 1980s and beyond.

A Timeline of the Events of the Tiananmen Movement of 1989[1]

The 1989 Tiananmen movement erupted with the death of Hu Yaobang, a former handpicked successor of Deng Xiaoping and the governmental scapegoat for the 1986–1987 democracy demonstrations. Because of Hu's political demise in 1987, many in China viewed him as a symbol of democratic reform, and his death brought about a groundswell of renewed support for reform. On April 17, two days after Hu's death, a group of students marched to the National People's Congress with a list of demands, which included restoring Hu Yaobang's reputation, guaranteeing freedom of speech, freedom of the press, and the right to peaceful demonstrations, and ending corruption among party officials. Over the next week a number of small demonstrations occurred: one was linked to Hu's memorial ceremony on April 22; one involved a sit-in at Xinhuamen, the governmental compound, and ended in police beating the students; and one was a gathering of some ten thousand students at Beijing University to discuss strategies. On April 27, the movement took on a scale of a different order, as protesters led 150,000 students through police lines to Tiananmen Square; according to some reports, some 350,000 Beijing residents lined the streets offering support for the students (Shen 1990). On May 4, several hundred journalists from several Beijing publications joined the students in a march to the square, calling for freedom of the press; the occupation of Tiananmen Square extended from this point onward. That same day, intellectuals from several universities submitted a written manifesto in support of the movement. On May 13, some three thousand students began a hunger strike in the square, stating that they would fast until the government met them in equal dialogue. Crowds swelled, and by May 17, estimates placed the number of protesters in the square at around one million. The movement at this point was not limited to students, as workers and "ordinary citizens" were now participating in the movement in large numbers. A meeting between Wuer Kaixi and Li Peng, which was broadcast nationally, occurred on May 18. That same day the independent Workers' Autonomous Federation officially declared itself part of the movement. Li Peng declared martial law on May 20, and on May 22, journalists and intellectuals demonstrated in the square, calling for Li Peng's resignation. On May 26, Zhao Ziyang was labeled an instigator of the movement and dismissed from all of his Communist Party positions. On May 29, the students brought "The Goddess of Democracy" statue into the square, and on May 30 the government issued an official statement that condemned the statue and the movement as a whole. On June 3, the government issued an ultimatum saying that if the people did not leave the Square, they would suffer the consequences. The government carried out a military crackdown on the night of June 3 and in the early hours of June 4.

[1] This description of events is taken primarily from Shen Tong's *Almost a Revolution* (1990), which, along with Craig Calhoun's *Neither Gods Nor Emperors* (1995), is the best firsthand account of the movement available.

INSTITUTIONAL CHANGE AND THE DECLINE OF PARTY POWER: UNDERSTANDING THE TIANANMEN MOVEMENT OF 1989

While the events of the Tiananmen movement are fairly straightforward, understanding the underlying societal changes that caused this movement—or, rather, that allowed such a movement to emerge on

such an unprecedented scale—is ultimately a much more fruitful task for our understanding of the changes occurring within Chinese society. The scale and scope of this movement were intimately tied to the changes that had been occurring over the course of a decade of economic reforms in China. Andrew Walder's (1994) essay articulating an institutional theory of regime change in transforming communist societies is relevant to the discussion here. Walder points out that while the emergence of civil societies, public spheres, economic grievances, and political instability may have contributed to movement activity in communist societies in the late 1980s, these phenomena were nothing new to these societies. And while these elements were important for the groundswell of support for movement activities in these societies, deeper changes were occurring that made these movement activities possible in the first place. As Walder puts it,

> [A] theory of political order is a necessary starting point for any theory of change. There must have been institutional mechanisms that served to maintain order in the old regime in spite of longstanding and obvious economic problems and political liabilities; and these institutions must have been eroded in ways we do no yet understand. The current emphasis upon the triumph of 'society' over 'the state' tends to obscure the logically prior question of how such a triumph, if it is that, could occur. … [W]hat changed in these regimes in the last decade was not their economic difficulties, widespread cynicism, or corruption, but that the institutional mechanisms that served to promote order in the past—despite these longstanding problems—lost their capacity to do so. (1994, 298)

Economic grievances and political struggles have played long-standing roles in communist societies, and they therefore cannot be viewed as causal agents in unprecedented movement activity or social change. The point here is that an analysis of regime change must begin with the underlying mechanisms that kept these regimes stable and, as they changed, eventually allowed for large-scale social upheavals. Walder goes on to specify the mechanisms that were crucial for maintaining order in communist societies as (1) hierarchically organized and grassroots mobility of the Communist Party and (2) the organized dependence of individuals within social institutions—particularly workplaces. With the beginning of the economic reforms in China, both of these institutional bases of power began to erode. In the first case—the decline of party power—there are two ways this change had profound implications for the organization of Chinese society. First, the party no longer had strict control over its own agents. Party cadres operated with an autonomy that increasingly grew in scope throughout the 1980s. This was, in large part, a direct consequence of the movement away from the central planning of the command economy. As the reforms progressed, the new economic policies of the 1980s essentially mandated that local-level bureaucrats assume administrative and economic responsibilities for the firms under their jurisdictions (Walder 1995; Guthrie 1997, 1999). As administrative and economic responsibilities were pushed down in the hierarchy of the former command economy, local-level bureau-

crats exercised more and more power in the struggle to control resources and survive in the markets of China's transforming economy. In many cases, local-level bureaucrats abused this new autonomy, leading to the corruption that was one of the central problems in what has been called the crisis of succession (Calhoun 1995); this corruption was a central complaint of the student leaders in 1989. Thus, the institutional changes of the reform economy led to the decline of central party control over its own members.

Second, and perhaps more important, the party no longer exercised grassroots control over individual citizens. In prereform China, the party meticulously exercised grassroots control through local party meetings, usually conducted through an individual's work unit or neighborhood association (Whyte and Parish 1984; Walder 1986a). In the reform era, this centrally mandated practice eroded quickly. Managers and administrators no longer required their workers to attend meetings for the dissemination of party ideology. This change is closely related to the institutional changes of the economic transition described above: as economic imperatives replaced strict compliance with detailed directives of the party, managers and administrators began to run their organizations less around the dissemination of party ideology and more around the ideals of performance.

Dingxin Zhao (1997) makes a similar point in his study of the 1989 Chinese movement. Arguing that it is problematic to place causal primacy on China's nascent civil society, Zhao, like Walder, pushes the analysis to the underlying mechanisms that allowed a civil society to emerge in the first place: the declining control of the party on university campuses, as well as in the workplace.[4] Zhao argues that "the political control system in Chinese universities was greatly weakened between the mid- and late 1980s. This weakening had changed patterns of student interaction and the nature of the control system itself; in turn, it facilitated the rise of the 1989 [movement]" (1997, 161). Craig Calhoun (1995), a firsthand observer of the movement, notes that the university campuses themselves had become an important part of the "free space" that facilitated the students' organizational activities—a situation that was very different from the era before the economic reforms began. It was only through the institutional shifts, of which the declining power of the party-state apparatus were a part, that the use of such state-controlled spaces as "free spaces" could be possible. An emphasis on the structural decline of party control over students' lives is not to eschew the importance of student agency in this movement: central to the students' understanding of democracy was an active rejection of the Communist Party's invasion into private life, and, chafing under the lingering (though much diminished) effects of party control, the students rebelled against it.

In addition to the declining role of the party on university campuses, one of the major mechanisms weakening the sanctioning power of the party was the rise of alternative paths to status attainment, which came with an expanding economic sphere (Walder 1994; Zhao 1997). Under the command economy, students entering the labor market were assigned jobs by their municipality's labor bureau, an administrative office of the party-state. The system was highly

political, and the most prestigious jobs were jobs in the party-state bureaucracy. This included upper-level management jobs in enterprises, as virtually all organizations in the command economy were state-run and university appointments; prestigious jobs across all of these sectors were essentially political appointments. Thus, the party not only had a highly functioning monitoring system on university campuses, but the incentives against rebellion were very strong: consequences were nothing less than a blocked career path for life, regardless of a student's academic performance.

With the economic reforms came alternative paths to status attainment. The growth of private, foreign, and joint-venture economies offered students many options for employment, and the managers of these organizations cared little about a student's adherence to political norms. Of the six movement leaders jailed after the Tiananmen Square protest who were interviewed in Zhao's study, none reported difficulties in finding jobs in the aftermath. In addition, Zhao reports that many other student leaders had simply left Beijing and moved to the prosperous southern provinces to find work.[5] In another example, Shen Tong (1990, 142–45, 209), a student leader in 1989, who wrote a confessional statement for his participation in earlier political activities and fretted about the effects of his political activities on his career, openly defied the government's attempt at controlling his activity in the 1989 movement. The main point here is that with the declining monitoring capacity of the Communist Party and the erosion of the party's sanctioning power, the primary incentives against political activity were largely gone by 1989.

Thus, the causal mechanisms through which we should understand the explosion of this protest for democracy are broad-based institutional changes that came with economic transition. Turning administrative and economic responsibilities over to the individual managers and workers, a coinciding decline of grassroots party organization and surveillance, and the rise of alternative paths to status all changed the equation of protest participation. In other words, while the content of this movement—the demand for democratic reform—is important and noteworthy, the very size, scale, and form that the movement could take on in its cry for democracy were intimately tied to economic reforms themselves. With these fundamental institutional changes came a few other ancillary changes, which were critical facets of the movement that emerged.

ALTERNATIVE FORMS OF ORGANIZATION

In a tightly run command economy such as that of prereform China, the party-state apparatus pervades society. As the party-state receded from economic and social control, it is in the void left by declining Communist Party power that we began to see autonomous organizations and the makings of a civil society. In other words, it was a many-year trend of declining Communist Party power that led to increasingly autonomous organizations among students and citizens alike. Since the mid-1980s a number of different informal student organizations emerged to chart the path to democratic reform. "Democracy salons," "democracy associations," and various "action

committees" were proliferating on college campuses at least as early as 1986; informal "conversation associations" began emerging even earlier (Shen 1990, 113–50). These informal organizations served to create an indigenous organizational structure that would allow this movement to mobilize much more rapidly and gather much greater momentum than had movements of the recent past. Beyond helping to foster a type of civil society that stood outside of the party structure, these organizations prepared students for more concrete organizational activity when the movement began. And at the movement's beginning, many of the students who were involved in these informal networks and organizations stepped into leadership roles in the Beijing University Student Association, the Dialogue Delegation, the United Leadership Federation, the preparatory committees from numerous university campuses, and the student-run journalism bureau (Shen 1990; Guthrie 1995). Further, these organizational structures not only allowed the students to conduct crucial practices such as fundraising but also allowed them to strategize and deploy symbols and signals that fostered a more widespread mobilization among the citizens of Beijing (Guthrie 1995).

The rise of private entrepreneurs and enterprises also played a crucial role as organizational forces outside of the party-state apparatus. The state's decision to allow private enterprises and entrepreneurs to enter the economy in the reform era also helped foster the autonomous public sphere that was emerging in the mid-1980s. These individuals stood outside of the party-state and they were prepared to support and foster movement activity when the opportunity arose. The state had no control over their resources, and there were no disincentives against this group maligning the state, as they had already rejected the mechanisms and channels through which individuals are typically rewarded by the party-state. As the movement got under way, private corporations, such as the Stone Corporation, one of the largest private enterprises in Beijing, contributed significant material resources—money and electronic equipment—that proved crucial to the widespread mobilization that occurred (Perry 1992).

THE FREE FLOW OF INFORMATION

In any society, access to information has a significant impact on general perceptions of the social and political world. In a one-party system such as China's, where an authoritarian party-state kept strict control over the media, information did not flow freely. On the contrary: in the years before the economic reforms began, the state controlled all media, so the only information available was the information that the government wanted its citizens to know. Over the course of the 1980s, the state's grip on the media—and therefore on information—began to loosen. In the Tiananmen movement, access to information proved to be pivotal in the large-scale mobilization that occurred in the spring of 1989.

The 1980s saw a dramatic rise in alternative sources of information. Access to information is important because it allows individuals to find and adjudicate among different accounts of events. More than this, however, access to alternative sources of infor-

mation encourages opinions. The fact that individuals had access to accounts of the student-led democracy movement that varied from the accounts portrayed in the state media allowed citizens to decide for themselves whether they believed the students' intentions were noble and good. In this particular movement, there were two additional instances of the free flow of information that proved pivotal. First, in the 1989 movement, the state-controlled media itself was not unified on its reporting. As elite factions within the party leadership struggled over how to deal with this movement—one faction, led by reformer Zhao Ziyang, sought to use this event to accelerate the pace of reforms, while another faction, led by hardliner Li Peng, sought to use this event to roll back the pace of reforms—the media were paralyzed over which party line to follow in their reporting. The result was, for a brief moment, a state press that reported as objectively and sympathetically as possible. As Walder (1989, 38) has noted, the media's "detailed and sympathetic reporting" on the hunger strikers "riveted the city's attention on the drama … building a huge groundswell of popular support." Second, and perhaps more important, there was, quite coincidentally, a large contingent of foreign media present in Beijing to cover the summit meetings with Russian premier Mikhail Gorbachev and the Asia Development Bank meetings. These members of the media played a critical role not only in broadcasting the images of the movement to the world but also in spreading information and images of the movement to people throughout China. In that sense, the presence of a global media machine played a crucial role in facilitating the flow of information about the movement, thus allowing the movement itself to spin beyond the control of party officials.

While the causal roots of this movement lay in institutional changes that had been occurring for a decade, the free flow of information was also important in the evolution. In a certain sense, though, by allowing foreign media to cover the Gorbachev summit and the Asia Development Bank meetings and by giving the population access to technology—fax machines, telephones, and so on—the Chinese government had inserted itself into a global information network, and its inability to control the flow of information had important consequences for the extent to which it could control the movement. The Chinese government had, in effect, armed its opposition with the tools of resistance, and when the movement occurred, the government could not stop the flow of information beyond its borders, a fact that had profound consequences for the scale and scope of this movement.

More recently, a number of social and political occurrences involving the Internet have illuminated the new role that this form of information technology (IT) might play in the state's ability to control information. In one incident, when China's top official from the State Administration of Foreign Exchange apparently jumped from his seventh-story window on May 12, 2000, government officials were caught completely off guard as the story was posted almost immediately on a bulletin board on the widely visited Sina.com website. According to Elisabeth Rosenthal's report in the New York Times, "The government was clearly not prepared to release the news today, and confusion

reigned for much of the day. …"[6] A similar incident occurred when the story of a Beijing University student who was murdered appeared on a Sohu.com bulletin board on May 19, 2000. In the latter incident, students from all over the country staged a "virtual" protest, forcing officials to allow them to openly mourn and memorialize the student, despite the disruptions officials feared the event would cause. In both of these cases, it was clear that the government's mentality regarding control over the flow of information was lagging significantly behind the current reality in this realm. This is a new frontier for outright resistance, and it will be interesting to see, over the coming decade, what role the Internet plays in the government's ability to control the spread of information and the organization of popular movements.

ECONOMIC CHANGE OF POLITICAL REFORM IN CHINA: LESSONS FROM TIANANMEN SQUARE

What, then, does this movement tell us about the prospects for democracy in China and the extent to which these changes are connected to the economic reforms? While the majority of scholarship on this movement has focused on what it reveals about divisions within the government and the ways that the students mobilized on such a massive scale, I find the movement most revealing about the nature of the economic reforms themselves. These reforms have laid the groundwork to make political reform all but inevitable.

First, as I discussed in Chapter 2, economic decision making and autonomy in markets had to be handed over to economic actors in China's newly emerging marketplaces. This was a necessary step in the reform of the command economy: if managers of state enterprises were ultimately going to survive in markets without the insurance and expectation of state subsidies, they would have to learn to make economic decisions themselves. A corollary of this economic necessity, however, was that the party was forced to remove itself from the micro-level political control it carried out in workplaces. Managers could not be expected to take seriously the notion of economic independence from the state if party officials remained present in the workplace, looking over their shoulders at every step. The thinking in Beijing was that the party's function and capacity as the nation's political institution would remain as before—that economic reform need not lead to political reform. However, a declining role of the party in workplaces meant a declining capacity of the party for micro-level social control.

The declining role of the party as an agent of social control was also a necessary precondition for the emergence of a civil society in China. Calhoun's analysis of the emergence of civil society in China prior to 1989 makes a compelling case for the inverse relationship between civil society and state control. According to Calhoun (1995, 167), "The 1989 protest movement was possible because students were able to deploy existing organizational networks for purposes quite contrary to official policy. They were able to do so partly because individuals and groups within the government and party encouraged them, protected them, or turned a blind eye to their activities. … These middle-level officials were central to the or-

ganization of society." But in the years preceding this movement, the students not only benefited from the existing organizational structure of Chinese society but also created civil society through alternative forms of organization. Student leader Shen Tong's report of the movement tells of many organized groups that fostered the insurgency that occurred in 1989: there were the Beijing University Student Association, the Dialogue Delegation, the United Leadership Federation, and Preparatory Committees on numerous university campuses. Perhaps more important, there were "democracy salons," "democracy associations," and "action committees" that were emerging at least as early as 1986 (Shen 1990). The gradual recession of the party-state apparatus left an opening that allowed citizens of China to create this kind of civil order.

Second, a central component in the course of China's economic reforms was the emergence of a private economy (also discussed in Chapters 2 and 4), and with the emergence of a private economy came alternative career paths for individuals (see also Figure 6.3). People no longer had to rely solely on the state for the allocation of prestigious jobs; instead, they could look to the private sector for opportunities. This change further eroded the party's capacity for social control, as it struck at the primary mechanism through which the party exercised that control. To be sure, terror has played an important role in the party's capacity for social control in China. Indeed, every decade since the founding of the People's Republic of China has been marked by at least one campaign in which innocent individuals have been crushed by the government for showing even nominal opposition to the party-state. However, the deeper level of control within the system came not from terror but from everyday incentives that worked at the individual level. Thus, when people chose not to rebel within this system, they were choosing not to sacrifice their path or opening into the institutions of the party-state system, such as employment and lifetime security. But as the party-state's monopoly over paths to employment eroded, the government lost another critical node of micro-level social control. As individuals began making money within this new private economy, we eventually saw the emergence of what amounts to an economically secure, autonomous middle class (Goodman 1999).

The final element that was crucial in the Tiananmen movement, but is also fundamental on a more general level, is access to, and the free flow of, information. In a tightly controlled command economy such as China's before the economic reforms began, the party-state's control over the flow of information is absolutely crucial to its monopoly as a political system. However, a market economy cannot exist without the free flow of information: people not only need access to multiple sources of information to make choices and comparisons in the marketplace but also must understand that the free flow of information has become institutionalized as a feature of the social system in which this newly emerging market is embedded. But as the party-state's monopoly over information erodes and the free flow of alternative sources of information becomes institutionalized, a third crucial element of the party's program of social and political

control becomes compromised as well. Over the last two decades of reform in China, there has been a dramatic proliferation of alternative sources of information. Table 7.1 shows not only the rise in access to alternative forms of information outside of the party-state's control, but also in the types of information and media that are available in China today. It is striking to note that as television news programs have increased significantly in Chinese society (from 7,000 in 1985 to 638,000 In 2005), access to these programs has increased in the same dramatic fashion.

Another example of the politics surrounding the evolution of information in China has to do with the extent to which this sector has remained under tighter control than in other rapidly developing industries. This sector is monitored closely by the central government for a variety of reasons. First, it is a sector in which very significant technological transfers are occurring in joint-venture deals between foreign and Chinese firms. The Chinese government knows all too well that as big as the Chinese market for IT portends to be, it is this market that foreign investors are after. Hard-line leaders would like to limit the extent to which foreign producers, such as Motorola and Nokia, are able to control that market, and the state's plan is for Chinese companies, such as Huawei and ZTE, to eventually be able to compete with these foreign companies. Yet, the government also knows that it needs the technology that companies like Motorola and Nokia can deliver. As a result, the close monitoring of this sector has become a central part of the process of development occurring within it. And when it has become apparent that certain companies are doing too well, it has not been beyond the government to step in and level the playing field some.[7] Second, and perhaps more important, because the telecommunications industry provides an infrastructure for the spread of information, the government is clearly afraid of completely losing control over individuals' access to information. Accordingly, telecommunications is the last sector to be closed to foreign capital, as Chinese law still forbids foreign capital in this sector.[8] It is for this reason that exceedingly complicated deals have been worked out in the establishment of companies in this sector, as in the case of Sina.com.[9] In addition, telecommunications is the sector that has been the target of the most aggressive regulations, the most recent occurring in October 2000.

There has unquestionably been a great deal of activity in the IT sector in recent years. However, before looking at the development of new information technologies, per se, let us first take into account the spread of information more generally. Table 7.2 presents some indicators of the growth in access to information in China over the last two decades. For both newspapers and magazines, the growth has been exponential over the two-decade time frame, with the number of newspapers expanding from 186 in 1978 to 2,038 in 1999 and magazines expanding from 930 to 8178 over the same period. Television programs have seen greater than exponential growth over this period, with 38,056 programs in 1985 growing to 526,043 programs in 1999. While these media are not typically placed in the category of new IT, they are indicative of an important trend of growing access

to information and thus relevant for any discussion about information and social change.

Table 7.3 shows the growth in IT since the economic reforms began two decades ago. Use of pagers, mobile telephones, e-mail, and the Internet, and the development of optical and digital cable lines—all important aspects of a growing IT economy in China—have expanded dramatically in this period. The growth in pager and mobile phone use has been rapid in the last decade: both of these forms of technology were basically nonexistent in China in the mid‐1980s and have grown to forty-six and forty-three million registered users in 1999, respectively. The use of mobile telephones has undergone another period of extreme growth since 1999, growing to approximately 116 million subscribers as of June 2001, according to Lou Qinjian, vice minister for China's information industry.[10] The penetration of these technologies, while dramatic, is not surprising: in developing societies around the world, as mobile technology has grown, it has been much faster and easier to implement mobile technology as the primary form of communication than it has to lay grounded lines. Given the recent introduction of mobile phone technology into China, the growth in this area has been truly dramatic—25 percent of the 175 million phones in China are mobile phones—and virtually all industry experts agree that the country will very soon become the largest market in the world for mobile telephones. It is also likely that the figures for mobile phones are underrepresented, as the numbers listed here are those of subscribers to official services, and the unregistered mobile phone market is huge in China. Estimates on just how big this market is do not exist, but one need only go through the process of buying a secondhand phone and setting up an unregistered account to understand just how popular this practice is.

With the relatively low level of personal computer use in China, it is somewhat surprising that there are more than three million registered Internet users. Yet, as with the mobile phone reports, it is also likely here that the figures on the Internet are underrepresented, as the most popular Internet web sites in China are those that do not require subscriber registration.[11] Instead, the majority of Chinese gaining access to the Internet today do so through a pay-per-minute service provided by their phone company, in which a user can log on anonymously from any phone and access the Internet or publicly maintained e-mail accounts on one of the main Internet portals. For example, "163," "263," and "169" all allow users to gain access to the Internet without establishing a subscriber account. Table 7.3 also shows the developmental trends of the infrastructure that supports such IT as the Internet and optical cable and digital lines; the growth has been from nothing to more than a million lines each, in just over a decade.

The bird's-eye view of the information presented above tells us quite a bit. First, the spread of information more generally in China has occurred in dramatic ways over the course of the economic reforms; second, IT itself is spreading in significant ways in Chinese society, and this spread includes both individual users' access as well as the hardware and infrastruc-

ture that is necessary for the further development of the industry. Taken together, this means that access to information and the high-tech vehicles that facilitate communication and the sharing of information are significant forces in Chinese society. In addition, the high-tech sectors of the economy, including telecommunications, are among the most active in terms of foreign investment. The question before us now is what, if any, implications do these changes have for Chinese society, for the capacity of the Chinese state to control its population, and for the process of democratization in China?

OTHER ELEMENTS OF INSTITUTIONAL CHANGE

To this point, I have described the critical elements of the economic reforms that have led to a decline in the level of political and social control that China's one-party government is capable of. To summarize these: (1) economic autonomy yielded to enterprise managers led to a necessary decline in the Communist Party's capacity as an agent of microlevel social control; (2) the emergence of a private economy allowed for alternative career paths outside of the system of state allocation; and (3) the free flow of information allowed individuals to have access to images and knowledge from the world outside of China's borders. These key changes have had cascading effects that have led to changes in the composition of society, all of which make the continuing evolution toward political reform inevitable at this point. However, other major institutional changes have also worked hand in hand with these economic changes, and they, too, have been a necessary part of the reform process. In the sections that follow, I will discuss these critical changes and their role in what Minxin Pei (1995) has called "creeping democratization in China."

BUREAUCRATIZING GOVERNMENT INSTITUTIONS

The National People's Congress (NPC) and its local branches, the People's Congresses (PCs), are China's legislative organizations. In a democratic system of checks and balances, like that found in the United States, the legislative branch operates autonomously from the executive branch, a key factor in the balance of power that defines the system. One question we might be concerned with in the gradual evolution of a democratic system in China is whether governmental organizations are operating with more autonomy than in years past. Founded in 1954, the NPC was a central institution of China's governmental system, and in the early years of the reforms, the NPC was little more than a rubber stamp for the party, much the way legislatures often behaved in Leninist political systems. Indeed, the NPC became such a pro forma institution, passing whatever legislation was brought before it by the party, that Chinese people referred to it as a "hand-raising machine" (Tanner 1999), and it seemed to operate in much the same way that it did prior to the reforms. In the 1990s, however, we saw the maturing of this institution in its capacity to operate independent of—and sometimes in opposition to—the party government. Debate has become so common in the workings of this institution that it seems, in fact, to operate in many ways like a legislature of a full-fledged democracy (O'Brien 1990; Pei 1994, 1995; Tanner 1998, 1999).

While the evolution of the NPC as a democratic institution has been gradual and incremental—as has the evolution of the Chinese economy—the changes are fundamental and real, and they amount to nothing less than the gradual transition to a democratic legislature in China. As political scientist Kevin O'Brien (1990, 11) puts it, "A changing legislature attests to a changing polity. … Altered legislative involvement in law making, supervision, representation, and regime support signals a system-wide redivision of political tasks." The first major change in the NPC relates to the liberalization of the legislature from the broader political system. This is a crucial step in the democratization of a country, because a democratic government must have independent branches that act as a system of checks and balances on the decisions of any powerful group within the government. In the case of China, this transformation is essential for the continued evolution of the political system, because the party has traditionally wielded so much power in the structure of the nation's society and that power has been completely uncontested in the past. As the economic reforms have progressed, the NPC and the local PCs have slowly moved away from blanket support of the party. At the Third Session of the Eighth NPC in March 1995, fully a third of the deputies voted against or abstained from voting during the passage of the Central Bank Law, "feeling that the law would give the State Council too much power over the Central Bank and the country's monetary policy" (Pei 1995, 72). Similar numbers refused to approve the Education Law. The NPC has also, in recent years, taken a more activist approach to legislation. NPC officials have been instrumental in passing laws that protect individuals and the lawyers that defend them. In some local areas, PC officials have helped push through environmental legislation (O'Brien 1990; Pei 1995). In the 1990s, the NPC became very much a "legislative agenda-setter" and "reform activist" (Tanner 1999, 109), particularly in the area of economic reforms. The more this institution acts like a legislative body—allowing debate of legislation and setting a legislative agenda that is independent of the party leadership—the further the government will evolve toward a collection of democratic institutions.

A second major change in the NPC as a democratic institution also relates to autonomy from the party government but extends beyond the realm of legislation into the realm of elections. If the litmus test of true democratic liberalization is a regime's willingness to permit multicandidate and multiparty elections among the general electorate, China is not yet there. However, the NPC has helped to push the country in the direction of fair and open elections—while at the same time asserting its independence from the party—by encouraging the election to government positions of candidates who were nominated by the local PCs rather than the candidates designated by the party. In the highest-profile cases, candidates nominated by local PCs defeated two party-nominated candidates for provincial governor (in Guizhou and Zhejiang). It has done the same by encouraging local PCs to nominate their own candidates for membership in the NPC rather than simply relying on those individuals who were handpicked by the party (Pei 1994, 1995). These changes should not be

mistaken for a truly open democratic system; members of the NPC and the local PCs are very much entrenched members of the government, and this system is far from one that allows for fair and open multiparty elections. However, it is one in which the NPC is, in a variety of ways, establishing itself as a governmental body that is independent of the once-ubiquitous Communist Party, and this step is a critical one in the gradual evolution of this system.

SELF-GOVERNANCE AND GRASSROOTS DEMOCRATIZATION

Beyond the transformation of the NPC, there have been other fundamental changes in the institutions of governance, especially at the village level. Outside of the urban centers in China, there has been an extreme breakdown of party-state institutions. Corruption among local officials—which has followed somewhat naturally from the lack of party control—has been rampant, and the general characterization of the Chinese countryside is one of chaos rather than reform. However, two things have occurred in the Chinese countryside to make this part of the society worthy of special note in an analysis of social and political reform. First, full economic autonomy has been a transition that has come much more quickly in the countryside than in the urban areas. When decollectivization occurred in the early 1980s, individuals were given direct control over the means of production on their land.[12] As a result, self-governance has rapidly become a way of life for Chinese farmers, who have control over what they produce, what prices they will sell their goods for, and what they choose to do with their land—all with little or no intervention from the state. They are still, in many cases, bound to selling some portion of their agricultural goods to the government, but anything they produce beyond this amount is theirs to use as they please.[13] This notion of self-governance in economic activity—along with the collapse of the institutions of the party infrastructure—has had a large spillover effect for the operation of political institutions in rural areas as well.

Somewhat in response to (and somewhat in anticipation of) the rise in corruption that has followed the breakdown of party institutions in rural areas, in 1987 the NPC established the Organic Law of Villagers' Committees, which effectively gave adult villagers the right to vote, stand for election, and run committees of self-governance (Lawrence 1994; O'Brien 1999). This was a necessary step in cauterizing the wounds left by the failing party infrastructure in rural China. Placing accountability and control in the hands of rural dwellers, it was hoped, would lead to a more transparent and stable political system. For example, Article 22 of the Law on Villagers' Committees requires that elected officials openly publish financial accounts every six months. This type of institutional change forces local officials to be accountable for the ways in which they are spending local funds. The fact that they are now elected rather than appointed means that their actions must be accountable to an electorate. In many villages across rural China, individuals are forcing elected officials to participate in open planning processes. In November 1998, after eleven years of practice and experimentation with village-level elections throughout China, the Law of Vil-

lagers' Committees was given the status of permanent law. No accurate numbers are available on how many villages have held genuinely competitive elections; however, with about 930,000 villages in China, some official estimates state that half of the country's villages have implemented elections in accordance with Chinese law (Jakobson 1999). Today, village elections occur in some 700,000 villages across China, reaching 75 percent of the nation's 1.3 billion people. Twenty-five of China's thirty-one administrative regions have promulgated local laws and regulations to facilitate implementation of the law on villagers' committees.

International institutions also play an important role in this transition. For example, the Ford Foundation provided a grant in 1993 to China's Ministry of Civil Affairs to help develop and monitor fair elections. Following the Ford grant, grants also came from the United Nations, the European Union, the Carter Center, and a number of other foundations. In 1997, the Carter Center signed an agreement to observe village election procedures; to provide assistance in gathering election data, educating voters, and training election officials; and to host Chinese officials to observe U.S. elections. After the center's completion in 1999 of a successful pilot project, the Carter Center and the Ministry of Civil Affairs signed a three-year cooperation agreement. The Carter Center also began observations of township elections—that is, elections above the village level—in conjunction with the National People's Congress in 1999. In December 2002, the center observed elections at the county level for the first time. This observation followed a Chinese delegation's visit to the United States in November 2002. The impact has been dramatic: in parts of rural China, village elections have become commonplace in the 1990s; villagers have concrete experience with the process and demands of self-governance; and the gradual movement toward democracy has led to a stable learning process and an institutionalization of the norms of a democratic society.

Compared to those in rural China, the political reforms in urban areas have been much more limited.[14] This is largely because the central institutions of social control in urban areas, the industrial work unit and the neighborhood association, have remained intact throughout the economic reforms. Yet, major changes are occurring in this sector of Chinese society as well, though they are more subtle changes in the political realm than are the fundamental political reforms occurring in rural areas. First, while the rise of self-employment, private enterprises, and other forms of employment outside of the state sector have eroded the centrality of the industrial work unit in the organization of urban life in China, this institution is still one of the pillars around which urban society is organized. This fact makes the changes that are occurring within and around the industrial work unit all the more important. Within the work unit, labor relations have been formalized, as work units have adopted formal organizational rules, formal grievance-filing procedures, worker representative committees (which create a democratic process in the restructuring of the firm), and formal hiring procedures. Many state-operated enterprises—the old work units that were at the core of the social security system that was constructed un-

der Mao—have placed all of their workers on fixed-term labor contracts, which significantly rationalize the labor relationship beyond the personalized labor relations of the past. Outside of the work unit, these internal changes are supported by new institutions, formed in the late 1980s, like Labor Arbitration Commissions. This bundle of changes, which includes fundamental changes to the nature of the labor relationship (they are now formal and rationalized through labor contracts) and the mechanisms through which authority can be challenged (grievance-filing procedures and mediation committees within the firm), teaches democracy and democratic processes from the ground up. It is now possible in China for workers to file grievances against superiors and have these grievances heard at an institution outside of the workplace. In 1997, out of 51,551 labor disputes that were settled by arbitration or mediation, 40,063 (78 percent) were decided in favor of the workers filing the suits. This is a truly radical change.

Second, there are also more general changes afoot within the urban population outside of the work unit. In the only systematic study conducted on democratic participation in urban China, Tianjin Shi (1997) finds that urban residents are anything but removed from, or apathetic about, politics and political participation. After a decade of reform, Chinese citizens clearly recognized that they were participants in a slowly changing system, but that they were willing and active participants in such a system. Forms of political participation that can be found in urban China today, according to Shi, include participation in elections (of local PC deputies and village or work-unit leaders); boycotting unfair elections; appeals through the bureaucratic hierarchy; complaints through political organizations, trade unions, or to deputies of the PCs; and letter writing to government officials. Shi finds strong evidence for high levels of participation in all of these acts and many more. The changes that might help explain the political assertiveness that Shi finds surely include the growing middle class, which can increasingly afford to act independently of state directives and demands. As was discussed earlier, the changed career choices available to individuals in urban China make this population ever less reliant on the good will of the government for life and livelihood. But beyond these changes in material reliance on the government, after two decades of economic reform in China, there is a deepening culture of democratic participation and gradual political reform there.

REFORM-MINDED ELITES IN THE GLOBAL ECONOMY

Any discussion of economic and political transformation in China would be incomplete without a discussion of the role of political elites in this process. Indeed, this process would not have begun were it not for Deng Xiaoping's political will in steering China onto the road of economic reform.[15] Yet, in the wake of Tiananmen, few would claim that Deng Xiaoping was a backer of political reforms. In addition to Deng, however, other critical players in the government, such as Jiang Zemin, Li Peng, Zhao Ziyang, and Zhu Rongji, as well as the elite political actors below them, have all been instrumental in the pace and direction of economic reform. The struggles among political elites

always seem to circle around basic ideas about the nature and pace of economic reforms in China, with liberals ("reformers") championing radical change in the organization of the economy and conservatives ("hard-liners") attempting at every stage to hold back the process of change. Elite politics certainly matter in the course of economic reforms in China.

However, as we are particularly interested in the relationship between economic and political reform here, it is relevant to ask who among these elites has had any impact on political reform. On the surface, while party elites in the National People's Congress are pushing for gradual political reform, it seems clear that the true elites of the government are united in their resistance to political reform. Historically, when party elites have gotten too close to explicitly supporting political reform, the rest of the elite circle has closed ranks on them, immediately purging them from their positions and stripping them of any political power whatsoever. Hu Yaobang and Zhao Ziyang both suffered this fate when they became associated with the democracy demonstrations in 1986 and 1989, respectively. Yet, I would like to argue here that reading China's economic reforms as a case in which political elites are willing to induce economic change but unwilling to implement changes in political realms is a simplistic understanding of the process of political reform in China. It also dramatically oversimplifies the relationship between economic and political reform and the extent to which political elites in China are using economic reforms as a way of accomplishing political reform. There have been repeated messages from antireform elites within the party that explicit suggestions about political reform will lead to retribution from the party, and the cases of Hu Yaobang, Zhao Ziyang, and, more recently, the jailing of Democratic Party founders Qin Yongmin and Xu Wenli, have made this point clear. However, certain reform-minded elites have brought about significant political change without ever mentioning political change directly. They have accomplished this through global integration and the rationalization of the Chinese economy and society.

Deng Xiaoping and Zhao Ziyang brought about radical economic change by pushing the country toward constitutionality and the emergence of the rule of law. This process, which was marketed ideologically as a set of reforms that were necessary for economic development and change, fundamentally altered the role of politics and the role of the party in Chinese society. In regularizing the economy and the state's relation to it, the architects of China's reform set in motion changes that are forcing the emergence of a more rational political system. As Joseph Fewsmith explains it, "The recognition, even in principle, that there were laws and principles that even the party had to obey implied the end of solipsistic knowledge as a legitimating principle. It also laid the basis for later efforts to separate the party from the government, an effort that has gone forward only with great conflict and tension precisely because the principle inherent in bureaucratic rationality conflicts with the privileged claim on truth on which the party originally based its legitimacy" (1999, 55–56). In other words, as reform-minded elites emphasized the need for a rational economy for economic development, they

were also altering the politics of the party system. The rationalization of the economy and society led to a dramatic decline in the party's power to rule as an authoritarian government.

In recent years, the next step in this process has come from global integration and the adoption of the norms of the international community. The emphasis here is still always on economic norms of the international community, but many social and political norms also come with this project. Zhu Rongji stayed away from discussions about democratization. However, by championing global integration and the rule of law, Zhu brought about gradual political change in China, just at Zhao Ziyang did in the first decade of economic reform in China. Zhu's strategy has been to ignore questions of political reform and concentrate instead on the need for China to adopt economic and legal systems and norms that will allow the country to integrate smoothly with the rest of the international community. Yet Zhu clearly recognizes that the adoption of the norms of the international community will continue to push China down the road of general societal transformation. In other words, Zhu's objective is to deepen all of the reforms that have been discussed above, all of which have, and will continue to, reform China's political system in significant ways. This view has many skeptics among Western academics. However, it is important to note that many of the laws passed under Zhu Rongji's watch, while purportedly about global integration, had at their core an emphasis on individual civil liberties. The Chinese Company Law (1994), for example, is in many areas more aggressive on affirming workers' rights vis-à-vis the corporation than American corporate law is today. Zhu avoided marketing this aspect of the reforms, at least in part, because his political career unfolded in the shadow of Zhao Ziyang's fate. However, it is undeniable that Zhu Rongji and Jiang Zemin, who incorporated entrepreneurs into the Communist Party (discussed below), have pushed forward reforms that have had an impact on political reform in China.

With his seemingly authoritarian stances on a number of issues, many have worried that Hu Jintao would leave his once-liberal image behind, showing instead his true colors as the leader of "China's new authoritarianism." But under Hu Jintao we have seen a fundamental transformation of private property rights and the right to form independent unions, two issues which have been central to criticism of China's political reform process. And, perhaps, most profoundly, it was under Hu Jintao that the Party, in the fall of 2006, literally wrote Mao out the history of the PRC: as Shanghai's high school students returned to class that fall, Mao had been reduced to little more than a brief mention. And, contrary to his predecessors of the 1990s, Hu is not afraid to talk about democratization, as he showed in his speech for the 17th Party Congress in October of 2007. The main point here is that, in the post-Zhao Ziyang era, an outwardly conservative façade has allowed Zhu Rongji, Jiang Zemin, and now Hu Jintao to push forward a reformist agenda of institutional change. As each of these reform-minded elites emphasized the need for a rational system for economic development, they were also altering the politics of the party system.

BUSINESS AND COOPTATION

In 1988, the Chinese government began to exert control over social organizations, including various business associations, by creating an official registration system for such organizations. A newly established Social Organization Management Department within the Ministry of Civil Affairs would enforce it. One year later, the Regulations on Registration and Administration of Social Organizations were issued by the State Council, along with the Measures on Management of Foundations and the Interim Rule on Management of Foreign Chambers of Commerce. These guidelines essentially stipulate that all social organizations must be sponsored by government or party organizations, even though they all have the right to independent legal status. After a period of rapid proliferation, by the end of 1992 the number of established and registered social organizations settled at around forty thousand. In 1998, two new sets of regulations were issued—the Regulations on Registration and Administration of Social Organizations, and the Interim Regulation on Registration and Management of Private Nonprofit Organizations.

The 1990's laws on social organization aimed to incorporate governmental supervision and control while transferring the function of governmental monitoring to a separate governing body. A large body of work on China's reforms has emphasized the "corporatist" model of social organization and control or "embedded" relations between social organizations and their governing agencies.[16] And beyond the formal ties between business associations and the governing system stipulated by law, there are various informal ties between entrepreneurs' groups and the state officials that directly influence the ways such business associations are run.

It is still too early to draw conclusions about the degree of independence of entrepreneur groups and business associations that are emerging in China's reform era. The reality of China's position as a still-authoritarian regime and the Chinese Communist Party's (CCP's) status as the most powerful organization in China suggests significant limitations on the relative autonomy of these groups. However, the emergence and growth of those new social groups have brought about social and political implications that cannot be ignored in today's China. While the wealth attached to the economic elites running new business organizations has not led directly to democratic values or to pressure on the CCP for radical political reforms, these economic elites have become one of the most important social groups that have begun to exert pressure on China's political regime.[17] Perhaps the most critical evidence of the importance of this social group comes from the government's embracing of Jiang Zemin's "three representatives" policy, discussed in Chapter 4, which permits private entrepreneurs to be members of the CCP. Proposed by Jiang in 2001, this policy was incorporated into China's Constitution at the Sixteenth Party Congress in 2002. This policy is a direct outcome of the rapid growth of private economy in the 1990s. Thus, the cooptation model becomes clear: a major part of China's economic growth and transformation has been to bring the private economy and democratic reforms into the

fold of the current one-party system. By incorporating private entrepreneurs into its political camp, China's only ruling party is now announcing that it not only continues to represent the workers and peasants but all of the people's interests, including those of the capitalists, the so-called advanced social productive forces. In doing so, the CCP has ended a half century of exclusionary policies aimed at private entrepreneurs. While these entrepreneur groups only occupy a small part of the Chinese population, the inclusion of private entrepreneurs is a clear statement by the CCP and the Chinese government that the business groups can no longer be ignored within the political community.

CONCLUSIONS: IS DEMOCRACY AN INEVITABLE OUTCOME OF ECONOMIC REFORM?

A decade after the Tiananmen Square massacre of 1989, several relatives of students who were killed in the early hours of June 4, 1989 decided to sue the government for the slaughter of their children. They invoked two relatively new laws, the Administrative Litigation Act, passed in 1990, and the National Compensation Law, passed in 1995, the latter of which effectively allows Chinese citizens to sue the government for compensation for restitution for past wrongs. Passage of this law seemed to occur as a matter of course, as the National People's Congress passed many rights-based legal institutions in the mid-1990s in China, including the Labor Law, the Prison Reform Law, and many other laws. Yet while the government may not have anticipated such an employment of these laws, the event marked a dramatic step forward in the evolution toward a rational legal system in which the government is held accountable for its actions, just as individual citizens are. A decade ago, the participants in the Tiananmen movement were operating completely outside of the institutional system they were criticizing; they were branded "counter-revolutionaries," "hooligans," and "enemies of the state." A decade later, their relatives were employing the legal system to criticize the state for its actions.

These events are important for two reasons. First, it is important to acknowledge and understand the extent to which this society is indeed evolving in a dramatic fashion, despite the fact that the evolution (instead of revolution) makes changes seem all too slow to come about. That individuals can now sue the government for past wrongs stands in stark contrast to the society that existed even a decade earlier. Second, the creation of a predictable, rational legal system has been a central part of the Chinese government's path toward the creation of a market economy; it has been a necessary part of China's transition to a global market economy. A number of scholars have argued that the construction of a rational legal system to ensure market transactions that match the standards of the international community is a necessary precondition to participation in the global economy. It is possible to have an economic system that is not based on rational legal principles—for example, an economy could be based on social ties and particularistic relations—but this type of economy is unlikely to attract significant amounts of foreign capital, as investors from overseas will be at a disadvantage in this type of market. Enter the rule of law. In the mid-

1990s, the National People's Congress adopted a certain urgency with respect to legal reforms, affirming that such reforms would be the backbone for a stable and regulated marketplace. As Pei (1995, 68) puts it, the rule of law is "the institutional foundation of a market economy and a constitutional government," and China is hurtling headlong toward this type of institutional system.

In this chapter, I have argued that China has moved down the path toward democratic reform on two levels. First, the basic economic changes that the party government set in motion at the beginning of the economic reforms moved the society toward a level of autonomy that undercut the party's ability to exert the control it did in the pre-reform era. This package of changes, which was enacted in an effort to "marketize" the Chinese economy (but not necessarily for the goal of political reform), was a necessary precondition for political reform. Autonomy from the party came in a number of different forms, but most important among them were economic autonomy in the marketplace and within firms (and on university campuses) and the opening of alternative career paths. As the party receded, alternative forms of organization emerged, and information began to flow more freely. All of these factors followed on the declining power of the party, and all were important preconditions for gradual change—referred to as the "quiet revolution" from within China's existing system.

Working in concert with what may very well have been unintended consequences of economic reform in China are more explicit institutional changes that are working in a gradual way across the country. These include the growing autonomy of China's main legislative body (the National People's Congress), the increasing emphasis on governance by the rule of law, and experiments with democratic participation at local levels across urban, and especially rural, China. These changes have been gradual, but their aggregate effect over the last two decades has been dramatic. Even as China's Communist Party government has been apparently (and austerely) averse to political reform, it has allowed the "creeping" democratic changes from below. The contrast between what has actually occurred in China over the last two decades and what is often depicted as a complete lack of change is so stark at this point that the two pictures appear to have little in common. While democratic reform may not in all cases be an inevitable outcome of economic reform, it is, at this point, an inevitability in China. A truly democratic political system may be decades down the road, but the party is now at a point where there is no turning back. In Chapter 8, I will examine the implications of this argument for human rights in China and for China's role in the global economy.