

WORKING PAPERS

EAST-WEST CENTER WORKING PAPERS



EAST-WEST CENTER

The U.S. Congress established the East-West Center in 1960 to foster mutual understanding and cooperation among the governments and peoples of the Asia Pacific region including the United States. Funding for the Center comes from the U.S. government with additional support provided by private agencies, individuals, corporations, and Asian and Pacific governments.

East-West Center Working Papers are circulated for comment and to inform interested colleagues about work in progress at the Center.

For more information about the Center or to order publications, contact:

Publication Sales Office
East-West Center
1601 East-West Road
Honolulu, Hawaii 96848-1601

Telephone: 808-944-7145

Facsimile: 808-944-7376

Email: ewcbooks@EastWestCenter.org

Website: www.EastWestCenter.org



Politics, Governance, and Security Series

No. 17, November 2006

Disincentives for Democratic Change in China

Teresa Wright

Teresa Wright was a Visiting Fellow at the East-West Center in the Research Program from June-July 2006. Dr. Wright is a Professor and Graduate Coordinator in the Department of Political Science at California State University, Long Beach.

Dr. Wright's recent publications include *The Perils of Protest: State Repression and Student Activism in China and Taiwan* (Honolulu: University of Hawaii Press, 2001); "The China Democracy Party and the Politics of Protest in the 1980's-1990's," *China Quarterly* (December 2002); and "Contesting State Legitimacy in the 1990's: The China Democracy Party and the China Labor Bulletin," in Peter Gries and Stanley Rosen, eds., *State and Society in 21st Century China: Contention, Crisis, and Legitimation* (London: Routledge, 2004).

East-West Center Working Papers: Politics, Governance, and Security Series is an unreviewed and unedited prepublication series reporting on research in progress. The views expressed are those of the author and not necessarily those of the Center. Please direct orders and requests to the East-West Center's Publication Sales Office. The price for Working Papers is \$3.00 each plus shipping and handling.

Disincentives for Democratic Change in China

Despite nearly thirty years of dramatic economic reform and growth, China seems no closer to becoming a liberal democracy. To the contrary, most urban socioeconomic sectors seem to have developed a clear stake in perpetuating the political status quo. This article seeks to explain why.

Two recent works provide important parts of the answer. In *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change*, Bruce Dickson examines the political beliefs and behavior of China's emerging private entrepreneurs. He finds that the ruling Chinese Communist Party (CCP) has successfully incorporated private entrepreneurs into "the system," such that this rising class sees its interests and goals as being in harmony with those of the ruling party, rather than hindered by it. In *Contagious Capitalism: Globalization and the Politics of Labor in China*, Mary Gallagher examines the lack of demands for political liberalization among Chinese laborers, especially those in state-owned enterprises (SOEs), who have experienced greatly diminished job security and working conditions since the mid-1990s. She finds that China's extensive and early use of Foreign Direct Investment (FDI) has undercut potential political opposition among Chinese laborers by redirecting the ideological debate away from "the importance of state-owned industry" and "toward a debate over the need for Chinese national industry amid ever-increasing foreign competition."¹

Both Dickson and Gallagher conduct careful analyses and include thoughtful comparisons with a variety of other countries. Yet, although each contributes important pieces to

the puzzle of China's post-Mao development, a broader understanding requires further incorporation of findings from the comparative literature. First, in *Stalled Democracy: Capital, Labor, and the Paradox of State-Sponsored Development*, Eva Bellin reaches conclusions that place the findings of Dickson and Gallagher in a broader context, thus allowing for deeper insight into the behavior and attitudes of capital and labor in China. Second, evidence of the influence of socialist legacies on worker attitudes found by scholars of Russia, Eastern/Central Europe, Vietnam, and China, explains not only labor's lack of apparent interest in democracy (which is Gallagher's focus), but also its continued preference for socialist rule. Third, a comprehensive explanation of the decline in popular demands for democracy in China must address the changing views and behavior of intellectuals (broadly defined as college-educated individuals). Given this group's historical leadership of popular movements for political reform, its current turn toward the CCP is particularly striking. By thus broadening the conclusions reached by Dickson and Gallagher, it is possible to gain a deeper and more holistic understanding of popular attitudes and interests in reform-era China. Moreover, such an undertaking provides new insights into the larger literature on the relationship between capitalist economic development and democracy.

This integrated perspective explains why and how both the "winners" and "losers" of China's economic reform have developed an increased stake in perpetuating the political status quo.² For private entrepreneurs, FIE workers, migrant workers, and younger college-educated urbanites, the "post-Tiananmen" period has brought improved material conditions; beneficial relations with the ruling CCP; and improved status relative to other groups. Meanwhile, for current and former SOE workers, this period has brought new forms of dependence on the CCP;

a privileged yet precarious status relative to other groups; and a heightened desire to retain the socialist guarantees of the past that only the CCP has shown interest in supplying. As a result, both the “winners” and the “losers” have disincentives to support liberal democratic reform. Concurrently, since 1989, only a small group of “disaffected” intellectuals that has completely severed its ties with the CCP has pursued political change. Thus, as economic liberalization and growth have progressed, public incentives to promote liberal democracy generally have diminished.

In many countries around the world, the opposite has been true: capitalist economic development has given urban workers, capitalists and intellectuals increased reason to challenge authoritarian rule. In these countries, capitalist economic development emerged from feudal, agrarian economies, where economic inequality was extreme and the state exercised little direct control over the lives of the citizenry. Under these conditions, capitalism brought greater economic equality amidst substantial social autonomy from the state. Consequently, rising economic sectors had little reason to fear the political equality that democracy would bring, and little dependence on the existing ruling regime. To the contrary, these sectors typically viewed democracy as a means to wrest power from a backward-looking state that seemed only to constrain their economic, political, and social opportunities.

In countries such as China, where the state has played a leading role in economic development, the political calculus of rising economic sectors has been quite different. In these cases, the state has often proven adept at fostering and incorporating the emergent capitalist class, while simultaneously repressing potential political critics. At the same time, the Chinese case represents a more specific sub-type of this kind of state-led development, as the ruling

regime formerly was wedded to socialist ideological precepts. Thus, in China (as well as other post-socialist states undergoing state-led industrialization, such as Vietnam), capitalist economic development has emerged from an industrialized, planned economy characterized by substantial economic equality. In this context, the emergence of capitalism has brought both greater economic inequality and new forms of dependence on the state. The result is that rising sectors—and particularly the capitalist class—have reason to fear that political reform might threaten their economic prosperity and privileges. Meanwhile, declining sectors (such as laid-off state-owned enterprise workers) have reason to support communist and/or socialist political parties. Importantly, this appears to be true even when these parties rule in an authoritarian manner. Thus, it appears that when capitalism emerges in post-socialist states with state-led economies, neither rising nor declining socio-economic groups have a clear interest in making liberal democracy a priority.

Red Capitalists in Post-Mao China

Dickson begins his study of private entrepreneurs by challenging the assumption that “economic reform will ultimately lead to political change in China.”³ Key to this assumption is the expectation that economic liberalization and privatization give rise to an increasingly autonomous and politically demanding civil society. Dickson surveys over five hundred “owners and operators of large and medium private enterprises” and over two hundred “local party and government officials with whom they interact,” across eight counties with varying levels of privatization and prosperity.⁴ What he finds is precisely the opposite of what most observers expect: that successful private entrepreneurs—especially in China’s most privatized and prosperous regions—“do not seek autonomy but rather closer embeddedness with the state.”⁵

They do so because “they recognize that to be autonomous is to be ‘outside the system’ (*tizhiwai*), and therefore powerless. Instead, they seek to be part of the system (*tizhinei*) in order to better pursue their interests and maximize their leverage.”⁶

Here, Dickson draws on the distinction made by Yanqi Tong between a “critical realm” of civil society “that is critical of the state and represents a challenge to it,” and a “non-critical realm” which is primarily concerned with the management and regulation of collective goods and services.”⁷ A union of the “critical” and “non-critical” realms can be a potent promoter of liberal democracy. However, the ruling CCP has successfully prevented this occurrence, by incorporating the “non-critical” realm and repressing the “critical.”⁸

As Dickson relates, the CCP’s friendly attitude toward private entrepreneurs is quite new. Prior to CCP leader Mao Zedong’s death in 1976, private entrepreneurs hardly existed, and “capitalist roaders” officially were scorned and punished. When economic liberalization first began in the late 1970’s, the CCP began to tolerate small-scale private businesses, but continued to portray “capitalists” as politically suspect. As private entrepreneurs became more prosperous in the 1980s, they sometimes chafed at their maligned status. For example, during the massive student-led protests in the spring of 1989, many private entrepreneurs (*getihu*) in Beijing contributed money, transportation, and communications services. Most notable among these was Wan Runnan, the founder of China’s largest and most successful private business at the time. Still, most private entrepreneurs did not support the demonstrations actively, and many openly disapproved of the movement.⁹ Nonetheless, the high-profile actions of individuals such as Wan led the CCP to ban the recruitment of private businesspeople into the Party in the late summer of 1989.¹⁰

Yet in the years that followed, many local officials skirted or ignored the ban. As Dickson explains in a later work, “because promoting economic growth was a key criterion for evaluating the work performance of local officials, many were eager to cooperate with the entrepreneurs who could provide that growth.”¹¹ Moreover, many Party officials themselves went into business. Consequently, by 1993, 13 percent of all private entrepreneurs were Party members. Recognizing this reality, in 2001, CCP leader Jiang Zemin proposed that “advanced productive forces” (a term that includes private businesspeople) be admitted to the Party. In late 2002, the ban formally was ended.¹² As Jiang himself confirmed, this change in policy was intended “to prevent [private entrepreneurs] from aligning themselves with the pro-democracy political activists,” thereby pre-empting the potential unification of the “non-critical” and “critical” realms of civil society.¹³

The results have been nothing less than “astounding.” Dickson finds that 40 percent of those surveyed were already Party members, and more than 25 percent of the remainder had been targeted by the CCP and wanted to join.¹⁴ These numbers are much higher than those reported by Andrew Walder, who found in a national survey that roughly 20 percent of private entrepreneurs are Party members. Dickson suggests that Walder’s lower figure derives from his inclusion of smaller private entrepreneurs, whereas Dickson surveyed only large and medium-sized businesses.¹⁵ This indicates that more successful businesspeople are more likely to join the CCP. Similarly, Dickson finds that those who had already become CCP members were better educated, and had been in business longer than those who had not (yet) joined the CCP.¹⁶ Perhaps even more interestingly, Dickson finds that over 40 percent of those who had been successfully recruited by the Party had run as CCP candidates in village elections.¹⁷ Conversely,

members of China's budding capitalist class show little interest in joining China's current political opposition. For example, among the 151 most prominent actors within the opposition China Democracy Party that formed in 1998, only three were private entrepreneurs.¹⁸

Coupled with these official recruitment efforts, the CCP has created new corporatist institutions designed to "give the state control over organized interests in society, and also to represent their members' interests."¹⁹ As Dickson documents, these organizations are quite popular with private entrepreneurs: nearly 70 percent of those surveyed are members of at least one CCP-created business association.²⁰ Moreover, Dickson finds that private entrepreneurs do not see any incompatibility between the associations' dual functions of state control and member representation. The reason: businesspeople "see themselves as partners, not adversaries of the state."²¹ Moreover, this view among private entrepreneurs is *more* pronounced in more privatized and prosperous regions.²²

What accounts for this great desire to join the Party and its affiliated organizations? At base, Dickson argues, are the perceived economic advantages of membership. Specifically, he finds that "there is a strong belief that...Party membership gives [private entrepreneurs] easier access to loans, official discretion, and protection from competition and unfair policy implementation."²³ Thus, Dickson concludes that as economic reform advances, private entrepreneurs are likely to become more supportive of the CCP's leadership of the state.²⁴

Still, Dickson ends with an important cautionary note. Acknowledging that the CCP's "rhetorical reference to [socialist] party traditions" is hypocritically coupled with behavior that is "more in keeping with the priorities of economic reform," Dickson argues that "it is unlikely the party could survive a challenge were it to end this hypocrisy...remaining hypocritical may

sustain the CCP, at least in the short run.”²⁵ With this, Dickson has hit upon the larger reason for the lack of public calls for liberal democracy in the late reform era: the “winners” of the reform are happy with the CCP’s behavior, while the “losers” cling to the CCP’s rhetoric, and have nowhere else to turn.

Quiescent Laborers

Like Dickson, Gallagher seeks to explain how, under some circumstances, economic liberalization can strengthen political authoritarianism. Specifically, Gallagher explores why China’s workers have not engaged in widespread calls for political reform. Labor’s political quiescence is particularly perplexing given the often horrific working conditions of laborers in the private and foreign-owned sector, as well as the severe decline in job security and benefits among laborers in SOEs. It also presents a clear contrast with Russia and Eastern/Central Europe, where the state was unable to “extricate[] itself out of the ‘social contract’ with the urban working class without losing its grip on political power.”²⁶

Gallagher’s explanation lies in the nature and sequencing of economic reform: in China, massive FDI was welcomed into the country before the development of the domestic private sector, and before large-scale SOE reform.²⁷ Beginning in the early 1990’s FDI literally flooded the mainland. From 1990 through the early 2000’s, China attracted 430 billion in FDI.²⁸ Yet in China extensive SOE reform did not begin until the late 1990’s, after Foreign Invested Enterprises (FIEs) had become both established and highly successful. The stunning economic performance of FIEs pressured domestic firms (both private and public) to institute the labor practices that were proving so successful in FIEs. For example, FIEs were the first to introduce and implement employment contracts, which gradually spread to workers in SOEs.²⁹ In addition,

huge numbers of small and medium SOEs were sold off to FIEs, whereupon the former SOE workers became subject to the stringent capitalist practices of the FIEs.³⁰ The result, Gallagher states, is that capitalist labor practices have come to permeate all Chinese firms.³¹

As this has transpired, the CCP has been able to dodge the ideological debate over privatization of the public sector that proved fatal to the Soviet communist leadership.³² Instead, the public has been inundated with the notion that capitalist labor reforms are simply unavoidable if China wishes to compete in the global economic marketplace. Gallagher concludes that this “nationalist perspective has replaced a socialist perspective and shielded the Chinese leadership so far from accusations that it has sold socialism down the river.”³³

Yet this is more than simply a nationalist perspective; as Gallagher discusses, intertwined with this new perspective is the fundamentally Western liberal notion that individual merit is the basis of economic success. Official propaganda now inculcates the notion that the market is infallible, and does not fail the worker; rather, the worker fails the market. Workers are criticized for “waiting, relying, and demanding” (deng, kao, yao), and told to take individual responsibility for their fate.³⁴ As one Party paper states, “the market economy doesn’t pity the weak. Facing up to unemployment, what should Chinese workers do? Straighten up one’s back, become one of the strong! As long as one is willing to endure hardship, the ground will be beneath your feet. As long as you use your head, work isn’t hard to find.”³⁵

Yet do Chinese workers really buy this new ideological formulation? Although Gallagher does not state outright that they do, her argument implies that this is the case. However, the evidence is far from clear. In a footnote, Gallagher cites Marc Blecher’s finding that displaced workers do tend to accept the notion that their economic plight is their fault, and not that of the

regime or system.³⁶ Still, there is even more evidence to suggest that Chinese laborers not only contest, but are actively opposing, this new mentality. As Gallagher herself notes, the number of labor disputes in China is extremely high, even in comparison to other countries at similar stages of economic and political development.³⁷ This, Gallagher states, “seems to point to increased societal conflict and rising rights-consciousness among Chinese workers.”³⁸ Thus, Gallagher suggests that workers are not resignedly blaming themselves for their fate, but rather are struggling to alter the new systemic factors that are causing them pain. Indeed, Gallagher concludes her book by stating that “the staying power of socialism is revealed in the resistance of China’s urban workers to this new moral economy of competitive capitalism and insecurity...workers [are using] new legal institutions to oppose the demise of the old institutions of socialist equality and employment guarantees.”³⁹ Although she does not probe this thought any further, the implication is that Chinese workers still cling to the socialist order of the past. If this is true, then the real reason that they do not oppose the CCP is not that they accept the Party’s new nationalistic perspective, but that they have nowhere else to turn in their quest to protect their economic livelihood. In other words, the CCP is the workers’ only bulwark against the harsh dictates of foreign capital and the global marketplace. Given this, it is no wonder that workers are not enthusiastic about political reforms that might lead to the Party’s demise.

State-Sponsored Late Industrialization and “Stalled” Democracy

Bellin provides a third, and broader, perspective on the question of why economic development does not always bring democracy. Using Tunisia as a case study, Bellin argues that state-sponsored development in late industrializers can cause capital and labor to support the existing authoritarian regime. Bellin begins with the general scholarly consensus that economic

development creates new socio-economic classes that struggle for political reforms that will serve their material interests.⁴⁰ Beyond this agreement, she continues, scholars such as Moraze, Hobsbawm, and Moore see the capitalist class as the key agent of democracy, while Marshall, Thompson, Bendix, Therborn, and Rueschemeyer, Stevens and Stevens argue that the working class has most often played this role.⁴¹ Although Bellin does not mention this, Rueschemeyer et al. also emphasize that the working class needs allies, especially in late-developing countries with smaller and weaker urban working classes. Historically, other sectors whose interests have been harmed by an authoritarian political structure hostile to capitalism and/or economic modernization—especially capitalists and intellectuals—have played this role.⁴²

Accepting the scholarly agreement that pressure from the capitalist class and/or the working class is the key causal linkage between economic development and democracy, Bellin emphasizes the contingent and variable attitudes of capital and organized labor, especially among late industrializers where the state plays a leading role in development. Under these conditions, private capital and labor tend to lack power and autonomy relative to the state. As a result, they are dependent on the state for their material prosperity.⁴³ Of equal importance, in late-industrializers, the gross rise in GDP often coincides with a rise in economic inequality.⁴⁴ In contrast to early industrializers, later industrializers face a world that is already industrialized, commercially integrated, and highly competitive. In addition, later industrializers typically must import capital-intensive technology. The combined result is the creation of a huge “reserve army” of labor, accompanied by a rise in poverty and a decline in working conditions.⁴⁵ This reality further drives capital and organized labor into the arms of the state. For the capitalist class, fear of the empowerment of the propertyless breeds opposition to democracy, even when

the economy is growing and prosperous.⁴⁶ With regard to organized labor, dependence on the state for precious benefits and protections against the global capitalist marketplace causes hesitation to oppose the ruling regime. This is especially true when the state does not grant similar privileges to unorganized workers.⁴⁷ In this way, the state's control of key economic resources and the reality of late-industrialization can cause capital and organized labor to believe that their material interests are best served by the existing regime. As a result, they are at best "diffident about democratization."⁴⁸

Bellin's framework places the findings of Dickson and Gallagher in a broader context. Moreover, Bellin's argument suggests that the lack of popular calls for political liberalization is not unique to China, but rather is the result of state-led late industrialization. First, Bellin's analysis adds depth to Dickson's explanation of the lack of apparent interest in democracy within China's budding capitalist class. To begin, as in other late industrializers, in China private business profits derive largely from cheap labor and deplorable working conditions. Mass political empowerment would likely lead to demands for higher wages, the satisfaction of which would eat into profits. In addition, the success of China's new capitalists relies on beneficial connections with the state. As Gerschenkron elaborated years ago, this is true in many late developing states.⁴⁹ Bellin adds that this kind of "cozy" relationship with the state makes capitalists in late-developing countries happy with the authoritarian political status quo.⁵⁰ In fact, in China, the relationship between private entrepreneurs and the CCP is almost identical to that identified by Bellin in both Tunisia and Indonesia, where capitalists have been "consistently reluctant to embrace democracy."⁵¹ In all of these countries,

officials doubling as entrepreneurs used their control over allocation of licenses, concessions, and credit to promote their own companies, blurring the boundary between

the public and private sectors. Still, the private sector grew and flourished. This made private entrepreneurs wise to nurture cozy relations with state elites. The fact that much of the interaction between entrepreneurs and state officials was shady or corrupt made political transparency (typically associated with democracy) less attractive. Also, the fact that many state officials doubled as entrepreneurs reassured the business community that state elites would anticipate private sector interests when formulating public policy, obviating the need for more formal mechanisms of accountability. So long as the state continued to deliver economic prosperity, the capitalist class had little incentive to push for political reform.⁵²

In this way, Bellin's analysis provides a broader framework for understanding Dickson's finding that private capital's support for state leadership is positively correlated with economic development and privatization. Overall, her argument suggests that this lack of interest is due to the fact that these "winners" of economic reform have experienced improved material conditions, especially relative to other sectors, and that their prosperity derives from their dependence on the state.

Bellin's argument also contextualizes labor's apparent interest in maintaining the political status quo in China. Still, in order to gain a comprehensive understanding of labor's views of liberal democracy, it is necessary to integrate the crucial effect of China's socialist past. For, especially with regard to labor, the legacy of socialism has a profound impact on views of reform.⁵³ To assess this impact in China, the experiences of post-socialist Russia, Eastern/Central Europe, and Vietnam must be addressed.

The Legacy of Socialism

Many have investigated whether or not the general scholarly findings regarding capitalist economic development and democracy apply to post-communist settings. As noted above, unlike most countries, capitalism and democracy in these states are emerging not from feudal, agricultural economies, but industrialized, communist ones. Consequently, it seems highly likely

that the interaction among economic development, capitalism, and democracy will not be the same.

Indeed, the emergent literature on post-communist transitions reaches some interesting findings that are echoed in the Chinese case. Looking at Russia in 1999, Kullberg and Zimmerman find that common people do not “embrace Western liberalism, but rather opt[] for socialism or authoritarian nationalism.”⁵⁴ This is because the “Soviet social structure...produced mass publics whose economic interests were tightly interconnected with socialist institutions. Millions are still painfully attached to and dependent upon these institutions and the disintegrating state.”⁵⁵ Recognizing their long-term inability to succeed under the new “structure of economic opportunity,” the masses are rejecting the new political order—including, possibly, even democracy.⁵⁶ Fuller’s review of the literature on Eastern and Central European transitions reaches similar conclusions. She finds that even though workers had complaints about the communist economic system, overall, they “spoke with pride about innovations at their workplaces, the new skills they had acquired, the quality of their products, and high productivity levels...[They also] praised job-related benefits such as paid sick/maternity leave, cheap meals, vacation sports, emergency financial assistance, high employment levels, and the availability of affordable and varied public services.”⁵⁷ Similarly, substantial evidence shows “widely-held post-socialist preferences for reducing the gap between rich and poor.”⁵⁸ Consequently, in Eastern Europe and the Soviet Union, common citizens remain disillusioned and skeptical about the transition to liberal capitalist democracy, and nostalgic for the socialist guarantees of the past. Similarly, in Vietnam, it is widely recognized that “when people say they want more democracy...they are not for the most part calling for political pluralism but for a more open and

responsive Communist Party leadership.”⁵⁹

The potent socialist legacy described in the literature on post-socialist transitions also profoundly shapes the attitudes of Chinese laborers toward economic and political reform. Simultaneously, the popular views and values that have been imbued by this legacy interact with the conditions of workers in state-led late-industrializers, as described by Bellin. By integrating Bellin’s insights with the literature on post-socialist transitions, it is possible to reach a fuller understanding of the status and attitudes of workers in reform-era China.

Quiescent Labor Revisited

The attitudes and behavior of China’s workers in the reform era have changed over time, and vary by sector. Still, they have some things in common. Overall, as Bellin argues, their attitudes toward political reform have been contingent upon their consistent attempts to defend their material interests (154). As their perceived interests have changed, so have their attitudes toward the ruling regime. Further, variations in the material conditions of laborers in different sectors correlate with variations in attitudes toward the ruling regime. In general, improved material conditions breed support for the existing political system. Further, a sector’s material prosperity is conditioned by its relationship to the ruling CCP, and to workers in other sectors. Specifically, sectors that are more dependent on the state for their livelihood, and that enjoy an “aristocratic” status relative to other sectors will be more supportive of continued single-Party rule. Finally, disgruntled laborers across sectors and throughout the reform period have evidenced a continued commitment to, and preference for, socialist economic guarantees. Thus, even when they are unhappy with their economic plight, rather than publicly criticizing the CCP, they turn to it, calling on the Party to live up to its socialist claims. Thus, overall, economic

reform has given labor reason to support continued CCP rule, and disincentives to oppose it. In the pages that follow, I show how these factors have been manifested in China's major urban labor sectors.

SOE Workers

Looking first at SOE workers, public support for democracy correlates with the interests that have resulted from their material conditions and prospects, relations with the CCP and other labor sectors, and socialist expectations. Compared with today, SOE workers seemed more openly supportive of democratic reform in the late 1980's, *before* large-scale SOE privatization and marketization began. This reality buttresses Bellin's findings about the sources of a group's material prosperity. In China, as in most socialist states, all workers in SOEs automatically received a variety of attractive non-wage benefits, including subsidized housing, medical care, and food. In this way, the CCP was quite literally the source of SOE workers' material prosperity from the 1950's through the early 1990's. According to Bellin's schema, this should have undercut SOE workers' interest in democracy. Yet before large-scale SOE reform began in the mid-1990s, organized labor did not enjoy any clear benefits that the rest of the urban population did not. This is because the majority of urban residents worked in SOEs, enjoying continued guarantees of lifetime employment and the "iron rice bowl" of non-wage benefits.⁶⁰ Consequently, few SOE workers felt compelled to guard their "aristocratic" benefits jealously from others. Moreover, by the late 1980's economic reform had resulted in double-digit inflation, which dramatically impinged on the material well-being of all workers. Moreover, SOE workers believed that rampant corruption within the CCP was unfairly allowing those with Party connections to prosper while common workers saw their real incomes evaporate. Taken

together, these developments gave SOE workers reason to believe that economic reform was undermining their material prosperity. These fears were further fueled by SOE workers' increasingly distant relationship with the CCP. In the 1980's, efforts to "modernize" the Party targeted "technocrats" and "experts" for recruitment. As a result, Party membership among SOE workers declined. For example, "a 1990 study of over 30,000 workers in 50 enterprises found that 8.3 percent of front-line workers were Party members, less than half of the 17.9 percent found in a 1982 survey."⁶¹ Together, these factors made many SOE workers dissatisfied with the economic and political status quo.

Still, SOE workers did not initiate any political opposition to the regime. As Rueschemeyer et al. note, workers typically have needed allies in the pursuit of political liberalization. In the late 1980s in China, university students led the charge for reform, and SOE workers followed. The student protests of 1989 began in April. Approximately one month later, SOE workers began to form their own dissident organizations. By June, some 20,000 SOE workers had joined non-Party "Worker Autonomous Federations" (WAFs) in over twenty major Chinese cities. The WAF's were led by workers with limited formal education, though a few university students also worked with the organizations. WAF participants showed interest in liberal democratic political principles such as freedom of association and the rule of law, but they also exhibited a clear commitment to socialist values. As one WAF handbill laments, "we have calculated carefully, based on Marx's *Capital*, the rate of exploitation of workers. We discovered that the 'servants of the people' [ie., CCP leaders] swallow all the surplus value produced by the people's blood and sweat."⁶² Another document argues that workers must "become the real masters of the enterprise."⁶³ Nonetheless, as the regime resolved to crush the

various organizations that had formed in the spring of 1989, all major worker leaders of the WAFs were detained and arrested.

Although worker outrage at the harsh punishment of WAF leaders might have been expected to cause further agitation for political reform, changes in CCP policies in the 1990s gave still-employed SOE workers a new “aristocratic” status that seems to have trumped their earlier interest in political reform. Looking at material conditions, as SOE privatization and marketization were stepped up in the 1990’s, still-employed SOE workers who were middle-aged and older held on to coveted resources that were denied to others. Prior to the mid-1990s, SOE reform affected only new SOE workers, who were hired without guarantees of lifetime employment or “iron rice bowl” benefits. These younger workers had no experience or expectation of receiving such benefits, and thus displayed little discontent with the terms of their employment. Indeed, many younger workers welcomed the increased job flexibility. In addition, when small and medium-sized SOEs first were encouraged to engage in marketizing reforms in the early 1990’s, most did little to reduce employee benefits and job security.⁶⁴ But in the latter half of the 1990’s, a momentous policy change dramatically altered the position of SOE workers. Though the writing had been on the wall for a few years, in 1997 the Fifteenth Party Congress introduced a “cooperative share holding system” to privatize SOEs. Even more boldly, in 1998 CCP Premier and “economic czar” Zhu Rongji announced that all SOE’s would have three years to become profitable. Massive layoffs ensued, leaving many middle-aged and older SOE employees without a job. Although severance and pension packages legally were required, in most cases laid-off SOE workers received only a fraction of what they had been promised, if anything. As these changes transpired in the later 1990’s, still-employed SOE workers came to

occupy an “artistocratic” status relative to their former co-workers. Meanwhile, in the aftermath of 1989, aside from a small number of WAF leaders who were severely punished by the CCP, virtually all SOE workers saw their relations with the CCP improve. As Dickson notes, beginning in the summer of 1989, “the CCP changed its recruitment policies...[paying] new interest to recruiting ‘workers at the forefront of production.’”⁶⁵ Consequently, SOE worker membership in the Party rose substantially.⁶⁶

As a result, public criticism of the economic and political status quo among still-employed SOE workers has declined since 1989. Indeed, since the large-scale SOE reforms began in the late 1990’s, still-employed SOE workers have been notably absent from the ranks of the hundreds of thousands of protesters who have taken to the streets. Along with the fear of job loss should they engage in public dissent, political change might imperil the continued economic strength of the ruling CCP, and thus take away the precious—and precarious—economic security of current SOE workers. Indeed, rather than improving the lives of SOE workers, liberal democracy likely would only more thinly re-distribute the scarce benefits that SOE workers continue to enjoy.

Laid-off SOE Workers

In contrast, laid-off SOE workers have been quite restless since the late 1990’s. This is no surprise, given that their economic status has declined precipitously during this period. Yet at the same time, their continued dependence on the state; somewhat privileged status relative to other unemployed workers; and socialist expectations make them cling to the CCP despite their diminished material status.

As Solinger astutely observes, former SOE workers are perhaps the most clearly

“downwardly-mobile” citizens in China today.⁶⁷ Since the large-scale SOE reforms began, nearly one third of all SOE employees have been laid off, making for a total of roughly 55 million persons.⁶⁸ Solinger notes that “this is a group of mainly unskilled workers who, summarily dismissed from the plants where they had toiled for decades, have had to discover new modes of livelihood from scratch in the midst of middle age.”⁶⁹ Consequently, their material conditions and prospects are bleak. Most have sunk into poverty, and have little hope of financial improvement.⁷⁰ Moreover, as they have lost their jobs, the regime has been retracting its previously free provision of benefits, including pensions, education, health care, and housing. To use Bellin’s schema, these former employees are now relatively independent of the state. And, unlike their still-employed former co-workers, they have been largely ignored by Party recruiters, resulting in an increasingly estranged political relationship with the CCP. On top of this, these individuals have suffered a huge decline in status. Once heralded as society’s “heroes” and “masters,” and praised for building China’s productive capacity, they have been brutally cast aside, forced to compete against migrant laborers from the countryside in menial jobs with exceedingly low pay, often terrible working conditions, and no employment security.⁷¹ Further illustrating “the current collapse of status hierarchies,” Solinger relates that laid-off SOE workers have even been called “*mingong*,” a term connoting the low status of casual laborers that previously referred only to migrant workers from rural areas.⁷²

The combination of these factors has made laid-off SOE workers highly restive. As Solinger summarizes,

In the twenty-odd years before the restructuring of the economy began in the late 1970s, urban Chinese workers, especially those on the payroll of state-owned firms, could count implicitly upon a kind of covenant with the state that employed them, to provide for the bulk of their basic needs. With the coming of the capitalist market order, that connection

workers used to draw between their jobs and their government has now led some to blame the state—which they view as having thrown them aside—for their current jobless plight.⁷³

Indeed, there have been tens of thousands of reported *yearly* protest incidents in China since the mid-1990s, and a large proportion of these have involved laid-off SOE workers.⁷⁴ Moreover, demonstrations by this group typically have been the largest. In 2002, for example, two protests in the Northeastern industrial cities of Daqing and Liaoyang drew tens of thousands of laid-off workers from state-owned oil plants. Since the late 1990s, at least ten of China's twenty-three provinces have witnessed similar large-scale and protracted protests by former SOE employees.⁷⁵

Yet, even the most extensive, lengthy, and conflict-ridden protests by former SOE employees have not featured calls for an end to CCP. Rather, most have aimed their criticisms at local state, union, and Party officials, while appealing to central Party elites to make good on their socialist promises to the working class. For example, leaders of the 2002 Liaoyang protests “used highly respectful language that in no way challenged the dominance of the Communist Party. Instead, they represented themselves as allies of Party central and as guardians of socialism.”⁷⁶ As the protest leaders wrote in a letter to Jiang Zemin, “Respected and beloved Secretary General Jiang, we do not oppose the leadership of the Party or the socialist system...[O]ur efforts [are] aimed to help the country...eliminate all the corrupt worms boring away at and ruining our socialist economic system.”⁷⁷ Feng Chen documents similar language among protesting former SOE workers. At one factory, activists “proudly called their resistance to privatization a ‘proletarian movement.’”⁷⁸ Others claimed that “the Chinese working class joined the revolution in order to control the means of production, factories and equipment.”⁷⁹ In

the same way, another leaflet argued that the factory's value "was accumulated through [the workers'] toil over several decades."⁸⁰

At first glance, this rhetoric may seem puzzling, given that the severe decline in living conditions among former SOE employees is the result of central CCP policies. And, it may be that the respectful language of these protestors is simply a self-protective tactic designed to obscure their true political desires. Yet it seems clear that even if these individuals are deeply cynical about CCP rule, their desired outcome is not the demise of the Party, but rather its recommitment to the social guarantees, equality, and values of the past. The same nostalgia for the old socialist economic system is apparent in the former Soviet Union and Eastern/Central Europe. And, in Russia and Eastern/Central Europe, this nostalgia has led many to support former communist political parties in popular elections. Similarly, in China, laid-off SOE workers do not seem to want to end CCP rule; rather, they want the CCP to govern in a more truly socialist fashion. Further, they seem to recognize that, should the CCP fall, the regime that replaces it is likely to be even less committed to socialism than is the CCP.

As Dickson argues, this will remain true only as long as the CCP retains at least a rhetorical commitment to socialism. This point is further emphasized by Feng, who notes that "Party leaders have continued to maintain their verbal commitment to socialism and stressed on several occasions that the reform did not amount to privatization."⁸¹ As a result of this official "lip service to socialism," "workers believe that privatization is something they can openly oppose."⁸² Moreover, the socialist legacy has given China's working class the language and values that enable them to identify and oppose the cause of their material plight. As Feng states, "as a class indoctrinated with socialist, anti-capitalist ideology for so many years, Chinese state

workers do not have to experience capitalism before making sense of it and identifying their class rival. As soon as they encounter capitalist projects they are able to define their opposition to privatization in class terms.”⁸³

At the same time, Bellin’s findings also help to explain the stance of laid-off SOE workers toward the CCP. For, despite their diminished economic situation, former SOE workers still hold something of an “aristocratic” status relative to other unemployed urban residents.⁸⁴ In addition, they remain at least somewhat dependent on the Party for their material well-being. Indeed, even as the large-scale SOE reforms proceeded in the late 1990’s, top CCP leaders began to undertake a variety of policies designed to ease the economic plight of former SOE employees, and thus maintain the allegiance of this restive sector.⁸⁵ For example, some cities have enacted rules that reserve some unskilled jobs for laid-off SOE workers, denying access to their potential competitors within the rural migrant population.⁸⁶ At the national level, since 1995, former SOE workers whose former firms remain solvent have been eligible for a “basic living allowance,” and from 1997-2003 a “Reemployment Project” for such workers was in effect. For other laid-off SOE workers, unemployment insurance payments are supposed to have been made available.⁸⁷ At present, these national policies remain woefully unrealized, mostly due to a lack of funds.⁸⁸ Nonetheless, for several reasons official efforts such as these have helped to undercut the budding political discontent of former SOE workers. For, despite their inadequacies, these policies have helped to ameliorate the economic hardship of at least some laid-off SOE employees.⁸⁹ Given these factors, pro-CCP rhetoric among protesting former SOE employees may partially result from a hesitance to endorse political reforms that would empower those who currently are ineligible for the small, but often essential, measures of

government support that have been given to laid-off SOE employees.

FIE and Private Enterprise Workers

Turning to workers in foreign-invested enterprises (FIEs) and privately-owned businesses, a lack of interest in liberal democratic reform derives from improved economic conditions; relatively good relations with the CCP; and a perception of higher status relative to socio-economic groups to which they make comparative reference. As many scholars have noted, the background and skill levels of FIE workers are quite varied. Nonetheless, they all have one thing in common: they perceive themselves to be on an upwardly-mobile path.

Some FIE workers voluntarily left the state-owned sector in search of higher pay. These individuals tend to be skilled and savvy. As Gallagher explains, these workers “were drawn into [FIEs] because they benefited from a much less egalitarian system.”⁹⁰ For example, Solinger describes the attitude of a “38-year-old man who had majored in accounting in a technical middle school...[He had] departed from his [SOE] post voluntarily in 1997, a move he explained by saying he ‘felt [he] could get more chances by leaving the unit.’ He was [now] working as a manager in a schoolmate’s computer company...‘definitely making more money than before.’”⁹¹ For skilled individuals such as this young man, economic reform has brought higher-paying and more stimulating jobs than they had in the past. Although these workers have severed their dependence on the state, they view this positively, as liberation from an overly restrictive relationship.

Yet the majority of China’s FIE and private enterprise workers are not skilled or (relatively) highly-paid. Indeed, most are young, unskilled women, typically from poor inland regions. For these workers, pay and working conditions vary quite dramatically. Gallagher and

others show that workers are treated much better in companies established with European and American capital than in those invested with capital from Taiwan, Hong Kong, and South Korea.⁹² Indeed, workers in many of the latter firms endure quite horrific work environments.⁹³ Far from their native homes, and often laboring as quasi-indentured slaves to pay off advances given to their families, these women have little ability to press for change. Indeed, even when flagrant abuses are publicized, thus far, “the countervailing concern to attract increased foreign investment (as well as to serve political objectives in regard to Hong Kong, Taiwan, and South Korea) has outweighed any [official] attempts at amelioration.”⁹⁴

And, even though these laborers often are brutally exploited, their economic situation generally has improved as a result of China’s economic reforms. In addition, they enjoy a higher status than their counterparts who have remained in their home villages. Consequently, they have no reason to wish undermine the overall system. Indeed, even when these women do occasionally rise up in protest against their abusive treatment, their complaints and actions are remarkably similar to those of aggrieved former SOE employees.⁹⁵ In general, FIE workers direct their protests toward company management, and evidence little anger with the ruling regime. Instead, they call for greater integration with the Party-state—evidencing Dickson’s assertion that many citizens want to be more embedded within the system, rather than autonomous from it. For example, in many protests, FIE employees have voiced the desire to form a factory-level branch of the CCP-affiliated All-China Federation of Trade Unions (ACFTU).⁹⁶

Rural Migrant Workers

The situation is somewhat similar for the millions of rural migrants that have flocked to

China's urban areas over the past decade. Most arrived with high expectations, but found very difficult living and working conditions.. Lacking in education and occupational skills, members of this "floating population" compete for menial and low-paying jobs with little to no employment security. In addition, their migrant status makes them ineligible for "any medical, housing, educational, welfare, or services of any sort in the cities."⁹⁷ Beginning in the late 1990's, some policy changes have allowed a modicum of increased access to state services, yet overall, rural migrants are almost completely independent of the state. Unable to rely on government support, they get by on their own wits, gathering together with others from their "native places" to buy dilapidated dwellings or erect shantytowns.⁹⁸ In these new "urban 'villages,'" Solinger relates, "a coordinated division of labor prevail[s]...totally disconnected from state commercial channels."⁹⁹ Similarly, residents of these "ethnic enclaves" have created their own medical facilities, with treatment provided by licensed practitioners from their native places.¹⁰⁰

Yet despite their decidedly second-class urban status, economic reform actually has improved the material prosperity of China's "floating population," and placed them on an upwardly-mobile path, especially relative to their counterparts still residing in rural villages. As Solinger summarizes, these "marginal and/or denigrated people...have been relegated to the least desirable and most unstable work available. No matter how bitter, however, their lives have generally improved significantly in material terms."¹⁰¹ In addition, like exploited FIE workers, this improvement is the result of reforms that have ended restrictions on their ability to move where they please and seek employment opportunities of their choice. Related to this, even though the status of rural migrants is inferior to that of long-time urban-dwellers, it is higher than

that of those who have remained in the countryside. In general, it is to the latter group that members of China's "floating population" compare themselves, and not the former.

Simultaneously, China's rural migrants seem to have a somewhat indifferent relationship with the CCP. Although the Party shows little interest in recruiting unskilled rural migrants, a number of these individuals were Party members before they moved to the city. Dickson notes that two-to-three percent of the general floating population is a CCP member, and that in "more economically developed areas," this percentage rises to nearly ten percent.¹⁰² Yet, it appears that once a formerly rural Party member goes mobile, his or her political relationship with the Party becomes quite attenuated. As Dickson relates, most of these individuals decline to register with the Party branch in their new urban neighborhood or workplace, as doing so requires attendance at meetings and study sessions, as well as the payment of dues.¹⁰³ Consequently, many rural migrants are CCP members in name only, and lack any meaningful relationship—positive or negative—with the Party.

As with FIE and private enterprise workers, many migrant workers have taken to the streets to protest their exploitative working conditions.¹⁰⁴ Yet, like other disgruntled laborers, protesting migrant workers typically have viewed the central government as an ally in their cause, rather than an antagonist. And, just as the central government has attempted to address the economic grievances of laid-off SOE employees, it has worked to aid disgruntled migrant workers. For example, in 2003, central authorities demanded that migrant workers be paid more regularly, and in 2004, city government officials in Beijing guaranteed legal rights to timely pay and improved working conditions for migrant workers.¹⁰⁵ In 2005, central authorities demanded that employers pay their workers "fully and on time," and instructed local governments to set

aside contingency funds to prevent against wage arrears.¹⁰⁶ As with plans to ease the economic plight of unemployed SOE workers, these policies remain woefully under-realized. Nevertheless, they have resolved the grievances of some migrant workers, and thus have undercut this group's potential political opposition to the CCP.

Intellectuals and College-Educated Urbanites

Finally, in order to understand the decline of popular demands for political reform since 1989, the living conditions and attitudes of China's intellectuals and college-educated urban dwellers must be addressed. This group is important not only due to its historical importance as an ally to the working class in other late-developing countries, but also because it has been the major public promoter of political reform in the post-Mao era. Overall, members of this group have become less critical of the CCP since 1989. Meanwhile, a very small group of mostly middle-aged and older intellectuals have become increasingly active in their pursuit of political reform.

The overall decline in calls for political liberalization within this sector is especially remarkable given its vocal and daring activism during the first half of the reform period. In the 1980s, college-educated youths and intellectuals were prominent leaders of all major movements for political reform. Of particular note, in the spring of 1989, millions of students formed autonomous organizations and took to the streets to demand democratic rights such as freedom of association and speech. Although student rhetoric largely eschewed direct attacks on CCP leaders or single-party rule, the movement remains the largest and most sustained public appeal for political reform in the post-Mao period.

During the first half of the reform period, students' material conditions and expectations,

and relations with the CCP, gave them an interest in political reform. With regard to material conditions, as noted earlier, by the late 1980s, the lifting of price controls had resulted in spiraling inflation, dramatically undercutting the living standards of virtually all urban residents. At the same time, economic reform was opening up lucrative occupational opportunities that did not require a university education or government assignments to plum jobs. In this way, the economic dependence of college students on the ruling regime diminished. Meanwhile, many students were frustrated by their tumultuous relationship with the CCP. As Goldman has documented, from the time of Mao's death through the student demonstrations of 1989, repeated cycles of political opening, public dissent, and official repression appeared.¹⁰⁷ Each time, student and intellectual hopes were raised, only to be brutally crushed.

The brutal crackdown on the demonstrations of 1989 marked a watershed for college-educated Chinese. In the years since, a cleavage has emerged between a small minority of mostly middle-aged and older intellectuals who have remained doggedly committed to the pursuit of democratic change, and a large majority—including most younger college-educated individuals—who have displayed little interest in political reform. The difference in attitude may be explained by variations in material conditions and prospects, and relations with the CCP. Overall, younger college-educated urbanites have been “winners” in the post-1989 period, and thus have an interest in perpetuating the status quo. As a result, the once-widening “critical realm” of civil society has actually shrunk rather than widened.

For students entering college after 1989, economic reform has brought great material benefits. This is due in large part to the marketization of China's higher education system. Through the 1980s, access to universities was extremely limited, with only a tiny fraction of all

college-age youths able to attend. University tuition and fees were extremely low, and academic achievement was the main determinant of admission. Beginning in the early 1990s, this situation changed dramatically. As Rosen reports, in 1992, universities were allowed to “determine their own fee structures,” and in 1993, universities were told to “move gradually from a system under which the government guaranteed education and employment to a system in which students were held responsible for both.”¹⁰⁸ Since this time, money has played an increasingly important role in university education. Overall, fewer qualified students from average and low-income homes have been admitted. Indeed, Rosen finds that “money, in the form of ‘tuition donations,’ has become the standard method by which—and often the only way—parents can get children into the [prestigious senior high] schools of their choice.”¹⁰⁹ In consequence, most university students in China today come from financially privileged families who have benefited from economic reform.

Moreover, compared with university students in the 1980s, students attending college from the 1990’s through the present have experienced positive relations with the CCP. Unlike many in the previous generation, “post-Tiananmen” university students have no experience of personal harm at the hands of CCP elites. At the same time, since the late 1980s, the CCP has “concentrate[d] its recruitment efforts on the young and the well educated.”¹¹⁰ This marks a “dramatic shift toward a ‘technocratic’ pattern, in which individuals from red households are abandoned in favor of young college graduates.”¹¹¹ Subsequently, while there has been a slight decrease in the overall number of young people recruited into the Party, the number of *college-educated* young people has climbed substantially.¹¹² As Rosen notes, the overall percentage of Party members under the age of thirty-five has declined from 23.1 in 1998 to 22.3 in 2000.¹¹³

Meanwhile, the percentage of university students who are CCP member has climbed from .8% in 1990 to nearly 8 percent in 2001.¹¹⁴ Among graduate students, by 2000, 28.2 percent were Party members.¹¹⁵

These young students are not motivated to join the Party because they are committed communists. Indeed, “in one survey of over 800 graduating Party and CYL [Communist Youth League] members at 16 universities in Beijing...only 38 students expressed a belief in communism.”¹¹⁶ Instead, for younger college students, Party membership is seen pragmatically, as a way to get a better job.¹¹⁷ Further, many young people report “a strong desire” to be employed as a government or Party official.¹¹⁸ Thus, as the Party has made efforts to welcome educated young people, these youths have increasingly displayed the desire to be part of the political status quo. Indeed, in 2001, an estimated 33 percent of those attending college had applied to join the Party.¹¹⁹ Other surveys have found that “40 percent of students expressed interest in joining the Party, with the number increasing to 50 percent for new students.”¹²⁰ Conversely, as with the other major group of “winners” in the late reform era—private entrepreneurs—younger college students showed virtually no interest in joining the opposition China Democracy Party (CDP), which existed openly in China during the latter half of 1998. According to my data, 41 of the top 151 CDP leaders (27 percent) attended university. Yet only two of these individuals entered college in 1990 or later.

Meanwhile, a very small group of intellectuals makes up the “critical realm” of civil society. For these people, the economic reform period has brought generally poor economic conditions and prospects, extremely negative relations with the CCP, and a serious decline in relative status. Goldman terms these individuals “disestablished intellectuals.”¹²¹ They had been

“on their way to becoming intellectuals in the establishment,” but their public acts of dissent prevented this from coming to fruition. As Goldman relates, “when they were released from prison...unlike most members of their generations, who went into business or were becoming increasingly professionalized...[they] were blocked from the intellectual establishment because of their past political activities.”¹²² In addition, their “blackened” records have made it difficult to borrow money and find desirable employment. Consequently, many have endured bleak economic conditions, and have little hope for improvement. Moreover, the repression that they have suffered exacerbates their extremely negative relationship with the ruling Communist Party. Finally, they are unable to enjoy the high status accorded to other college-educated citizens. Instead, they have taken on a new status that defines virtually every aspect of their daily existence: political dissident.

People in this category make up a key segment of China Democracy Party activists. As noted above, 41 of the top 151 CDP leaders have a university education, and 39 of these 41 attended college prior to 1990. Moreover, virtually all of these individuals were punished for engaging in political protest actions *prior* to their involvement in the CDP.¹²³ Further, their penalties have been harsh, including years of imprisonment, official surveillance and harassment, and permanently marred political records.

Nonetheless, even among this group of highly-committed political activists, China’s socialist legacy is apparent. Like the WAFs that formed in 1989, the CDP does not seek a return to the communist authoritarian past or a continuation of the capitalist authoritarian present; rather, it pursues a modern form of social democracy. Politically, CDP members seek to “end single-party rule,” “establish a separation of powers,” “establish a constitutional democracy,”

and “protect freedom and human rights.”¹²⁴ Yet simultaneously, CDP supporters adhere to key socialist values such as “social equality,” and “social security.”¹²⁵ Similarly, they lament the rampant “social contradictions”¹²⁶ that have emerged in the reform period, leaving the “poor and rich at two extremes.”¹²⁷

Conclusion

As this survey shows, most of China’s urban residents have developed an increased interest in maintaining the economic and political status quo as economic liberalization and growth have progressed. In this respect, the Chinese experience stands in marked contrast to the historical experience of earlier developers in the West, where capitalist economic development gave urban workers, capitalists, and intellectuals increased reason to challenge the existing political system. Yet China is not alone in this regard; as Bellin’s findings suggest, China’s experience may be typical of state-led late development, which breeds dependence on the state on the part of capital and labor, and which also exacerbates economic inequality, driving fear of mass empowerment within capital and labor. Moreover, the latter phenomenon is particularly apparent in post-socialist states, which were characterized by remarkable economic equality prior to economic liberalization.

Moreover, in China as well as other post-socialist states, the demands of disgruntled citizens display the legacy of socialist institutions and beliefs. Most importantly, like common city folk in Russia, Eastern/Central Europe, and Vietnam, Chinese workers do not seem to view liberal democracy as a solution to their ills. To the contrary, they express support for socialist economic and social guarantees and protections, and seem willing to support authoritarian political rulers that provide these benefits.

Consequently, in China, both those who have benefited from the introduction of capitalism and those who have been harmed by it show little public enthusiasm for political reform. For, the “winners” have an interest in maintaining the (authoritarian) political status quo that has served them well, while the “losers” have nowhere to turn but the communist party that served them well in the past, and that still at least pays lip service to their needs. What does this tell us about the relationship between capitalist economic development and democracy? Overall, it illustrates the conditions under which capitalist economic development may not breed popular pressures for liberal democratic change. Specifically, improved economic conditions; dependence on the state; growing economic inequality; and a legacy of socialism may give citizens an interest in maintaining an authoritarian political status quo.

At the same time, these findings suggest the circumstances under which Chinese citizens might be expected to call for changes to the existing political system. Two stand out as the most likely. First, an economic crisis that undercuts the well-being of the “winners” of economic reform could lead to increased political restiveness. Second, a rise in economic equality could make citizens feel less threatened by the prospect of political reform. Here, CCP elites face a quandary. On the one hand, the rising restiveness of the citizenry has spurred Party elites to address China’s growing inequality.¹²⁸ Yet on the other hand, if these policies do succeed in reducing the economic inequalities that are seen to cause social unrest, the longer-term consequence of greater economic equality may be that China’s more prosperous citizens will become less hesitant to endorse democratic political reform. Simultaneously, should the distribution of wealth become more equal, those at the lower end of the economic spectrum will have less reason to cling to the old socialist benefits of the past, and thus the party that

historically has provided those benefits. Thus, ironically, the very policies that the current CCP leadership has undertaken in order to shore up its control may ultimately undermine the conditions that have allowed the Party to maintain its dominance despite over twenty years of remarkable economic liberalization and growth.

¹ Mary Elizabeth Gallagher, *Contagious Capitalism: Globalization and the Politics of Labor in China* (Princeton: Princeton University Press, 2005), p. 1.

² Of course, fear of repression also helps to explain the lack of popular calls for political reform since 1989. Given the regime's apparent united resolve to crush any public opposition, it may be that people who care about democracy as a value or ideal do not dare to publicly voice this desire. However, even when the "political opportunity structure" has opened slightly in the post-1989 period, few have taken advantage of it. For example, in 1998, when a small group of intellectuals and workers capitalized on U.S. President Bill Clinton's impending visit to China to announce the formation of the China Democracy Party (CDP), central authorities did not take decisive repressive action for roughly four months. CDP activists used this opportunity to expand, yet at most, only a few thousand citizens joined the party nationwide. Perhaps an even more telling example is the public response to the January 2005 death of former CCP General Secretary Zhao Ziyang, who had been under house arrest since 1989 due to his perceived support for the student demonstrators. In fact, the event that sparked the protests of 1989 was the death of Zhao's mentor, former CCP General Secretary Hu Yaobang. Consequently, many anticipated that Zhao's death might spur a similar event. Cognizant of this, ruling CCP elites suppressed the news of Zhao's passing, and mounted a substantial security effort to prevent any sort of public "disturbance." Initially, central elites refused to hold any official memorial service, but under apparent pressure from several retired Politburo members and CCP elders, a small public funeral was held at the official Babaoshan Cemetery. On the day of the ceremony, about 1,500 citizens appeared without invitation to pay their respects.² Although there is no doubt that the CCP's security efforts prevented many known activists from attending, it is striking that so few common citizens even tried. Even in Hong Kong, where through the 1990's massive crowds gathered annually to memorialize June 4, 1989 (and where restrictions on public gatherings are far more lax) no more than 10,000 gathered to pay their respects to Zhao. Similarly, in November 2005, CCP General Secretary Hu Jintao agreed to hold an official memorial service to mark the 90th anniversary of Hu Yaobang's birth. Reportedly, four of the nine members of the Standing Committee of the CCP Politburo argued against holding the memorial, fearing that the event could spark public unrest. Yet, these concerns were proven unfounded, and the event passed with nary a public murmur. [Joseph Kahn, "Cautiously, China Honors Leader Linked to Tiananmen Unrest," *New York Times*, November 19, 2005; Shi Jiangtao, "Select Few Flout News Blackout," *South China Morning Post*, November 17, 2005; Cary Huang, "Official Praise for

Deposed Party Chief,” *South China Morning Post*, November 19, 2005; Irene Wang, “Public Praise for an Overdue Celebration,” *South China Morning Post*, November 17, 2005.] The same is true of the June 2005 funeral for Zhao’s top aide [Rui Xingwen, Ray Cheung, “State Media Silent as Former Aide to Zhao Ziyang Dies,” *South China Morning Post*, June 8, 2005].

³ Bruce Dickson, *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change* (Cambridge: University of Cambridge Press, 2003), p. 1.

⁴ Dickson, p. 73.

⁵ *Ibid.*, p. 19.

⁶ *Ibid.*

⁷ *Ibid.*

⁸ *Ibid.*, p. 22.

⁹ Dickson, pp. 22, 96. See also David Wank, “Private Business, Bureaucracy, and Political Alliance in a Chinese City,” *Australian Journal of Chinese Affairs* 33 (Jan. 1995):55-71; and Margaret Pearson, *China’s New Business Elite: The Political Consequences of Economic Reform* (Berkeley: University of California Press, 1997).

¹⁰ Dickson, p. 35.

¹¹ Dickson, in Peter Hayes Gries and Stanley Rosen, eds., *State and Society in 21st Century China* (London: Routledge, 2004), p. 147.

¹² Dickson (2003), p. 103. Adding further material comfort to China’s capitalist class, in 2004 the protection of private property was written into the state constitution.

¹³ *Ibid.*

¹⁴ *Ibid.*, p. 111.

¹⁵ *Ibid.*, p. 108.

¹⁶ *Ibid.*, p. 110.

¹⁷ *Ibid.*, p. 123.

¹⁸ This data on CDP leaders is based on personal interviews with Wang Youcai, Xu Wenli, Lu Siqing, Wang Xizhe, Fu Shenqi, Zhuang Yan, Xie Wanjun, and Shi Lei; the CDP Data Collection (*Zhongguo Minzhudang Ziliao Huipian*); websites of the CDP, CDJP, Hong Kong Alliance for Democracy, China Labour Bulletin, and Big News (*Da cankao*); issues of *China Spring* and *Beijing Spring*; and Jan van der Made, *Nipped in the Bud: The Suppression of the CDP* (NY: Human Rights Watch, 2000).

¹⁹ Dickson (2003), p. 25.

²⁰ *Ibid.*, p. 74.

²¹ *Ibid.*, p. 57.

²² *Ibid.*

²³ Dickson (2005), p. 106.

²⁴ Dickson (2003), pp. 84 & 138.

-
- ²⁵ Ibid., p. 165.
- ²⁶ Gallagher, p. 1.
- ²⁷ Ibid., p. 9.
- ²⁸ The second-highest recipient of FDI—Brazil—attracted 138.3 billion, while Russia received only 14.3 billion. Ibid., p. 30.
- ²⁹ Ibid., pp. 15, 105-110.
- ³⁰ Ibid., pp. 46-48, 144
- ³¹ Ibid., p. 62.
- ³² Ibid., pp. 20-21.
- ³³ Ibid., p. 134.
- ³⁴ Ibid., p. 148.
- ³⁵ “Facing Up to Unemployment, What Should Chinese Workers Do?” *Shenyang Daily*, March 12, 1997, p. 2. Cited in Gallagher, p. 150.
- ³⁶ Marc Blecher, “Hegemony and Workers’ Politics in China,” *China Quarterly* (June 2002). Cited in Gallagher, p. 211 (note 55).
- ³⁷ Gallagher, pp. 116-121.
- ³⁸ Ibid., p. 121.
- ³⁹ Ibid., p. 157.
- ⁴⁰ Eva Bellin, *Stalled Democracy: Capital, Labor, and the Paradox of State-Sponsored Development* (Ithaca: Cornell University Press, 2002), p. 153.
- ⁴¹ Ibid., p. 152.
- ⁴² Dietrich Rueschemeyer, Evelyne Huber Stephens and John D. Stephens, *Capitalist Development and Democracy* (Chicago: University of Chicago Press, 1992), p. 59.
- ⁴³ Ibid., pp. 149, 151.
- ⁴⁴ Boix and Stokes present essentially the same argument about the effects of economic inequality, yet argue that as most countries develop, incomes become more *equally* distributed. As this transpires, they argue, capitalists become less fearful that mass democracy will result in the confiscation of private assets. Consequently, Boix and Stokes conclude that “capitalists living in a rich dictatorship are more likely to choose democracy than capitalists in a poor one.” [Carles Boix and Susan Stokes, “Endogenous Democratization,” *World Politics* 55:4 (2003), p. 544.]
- ⁴⁵ Ibid., p. 153.
- ⁴⁶ Ibid., pp. 149, 153, 176.
- ⁴⁷ Ibid., p. 151.
- ⁴⁸ Ibid., p. 144.
- ⁴⁹ Alexander Gerschenkron, *Economic Backwardness in Historical Perspective* (Cambridge, MA: Harvard University Press, 1962).

-
- ⁵⁰ Bellin, "Contingent Democrats: Industrialists, Labor, and Democratization in Late-Developing Countries," *World Politics* 52:2 (January 2000), WP, p. 182.
- ⁵¹ *Ibid.*, p. 186.
- ⁵² *Ibid.*, pp. 186-187. See also Bellin (2002), pp. 160-162. For an earlier formulation of this argument with regard to China, see Dorothy Solinger, "Urban Entrepreneurs and the State: The Merger of State and Society," in Arthur Rosenbaum, ed., *State and Society in China: The Consequences of Reform* (Boulder: Westview Press, 1992), pp., 121-41.
- ⁵³ Although Bellin's main case study, Tunisia, did undergo a period of "socialist" economic policies in the 1960's, it typically is not considered to have been a "socialist" state prior to industrialization.
- ⁵⁴ Judith S. Kullberg and William Zimmerman, "Liberal Elites, Socialist Masses, and Problems of Russian Democracy," *World Politics* 51:3 (1999), p. 324.
- ⁵⁵ *Ibid.*, p. 354.
- ⁵⁶ *Ibid.*, p. 324.
- ⁵⁷ Linda Fuller, "Socialism and the Transition in Eastern and Central Europe: The Homogeneity Paradigm, Class, and Economic Inefficiency," *Annual Review of Sociology* 26 (2000), p. 599.
- ⁵⁸ *Ibid.*
- ⁵⁹ Seth Mydans, "Communist Vietnam Lunges for Capitalism's Brass Ring," *New York Times*, April 27, 2006.
- ⁶⁰ It should be acknowledged that these benefits did vary somewhat according to enterprise size, sector, and other characteristics. See Andrew Walder, "Property Rights and Stratification in Socialist Redistributive Economies," *American Sociological Review* 57:4 (Aug. 1992).
- ⁶¹ Dickson (2003), p. 34.
- ⁶² Andrew Walder and Gong Xiaoxia, "Workers in the Tiananmen Protests: The Politics of the Beijing Workers' Autonomous Federation," *The Australian Journal of Chinese Affairs* 29 (Jan. 1993), p. 8.
- ⁶³ Beijing Workers Autonomous Federation Preparatory Committee, "Provisional Memorandum," May 28, 1989.
- ⁶⁴ Martin King Whyte, "The Changing Role of Workers," in Goldman and Macfarquhar, eds., p. 187; Dorothy J. Solinger, "Path Dependency Reexamined: Chinese Welfare Policy in the Transition to Unemployment," *Comparative Politics* 38:1 (October 2005).
- ⁶⁵ Dickson (2003), p. 35.
- ⁶⁶ For statistics, see *Xinhua*, June 29, 1995, in FBIS, June 30, 1995, pp. 12-13. Cited in Dickson (2003), p. 35.
- ⁶⁷ Dorothy Solinger, "Labour Market Reform and the Plight of the Laid-off Proletariat," *China Quarterly* (2002), p. 311.
- ⁶⁸ Dorothy Solinger, "The New Crowd of the Dispossessed: The Shift of the Urban Proletariat from Master to Mendicant," in Gries and Rosen, eds., p. 50; Timothy Weston, "The Iron Man Weeps: Joblessness and Political Legitimacy in the Chinese Rust Belt," in Gries and Rosen, eds., p. 69.
- ⁶⁹ Solinger (2005), p 50.

-
- ⁷⁰ Ibid., pp. 51-52.
- ⁷¹ Solinger (2002), p. 309.
- ⁷² Ibid., pp. 309-310; Solinger (2005), p. 52.
- ⁷³ Solinger (2005), p. 53.
- ⁷⁴ Murray Scot Tanner, "China Rethinks Unrest," *The Washington Quarterly* 27:3 (2004), p. 136.
- ⁷⁵ Weston, p. 69.
- ⁷⁶ Weston, p. 75.
- ⁷⁷ Ibid.
- ⁷⁸ Feng Chen, "Privatization and Its Discontents in Chinese Factories," *China Quarterly* 185 (March 2006), p. 49.
- ⁷⁹ Ibid., p. 48.
- ⁸⁰ Ibid., p. 49.
- ⁸¹ Ibid., p. 46.
- ⁸² Ibid., p. 46.
- ⁸³ Ibid., p. 47.
- ⁸⁴ Weston, p. 75.
- ⁸⁵ Dorothy J. Solinger, "Path Dependency Reexamined: Chinese Welfare Policy in the Transition to Unemployment," *Comparative Politics* 38:1 (October 2005).
- ⁸⁶ Solinger (2002), p. 314, fn. 38.
- ⁸⁷ Dorothy J. Solinger (2005).
- ⁸⁸ Ibid., p. 19.
- ⁸⁹ Ibid.
- ⁹⁰ Gallagher (2005), p. 15.
- ⁹¹ Solinger (2002), p. 305.
- ⁹² Gallagher, pp. 79, 94. See also Dorothy Solinger, *Contesting Citizenship in Urban China: Peasant Migrants, the State, and the Logic of the Market* (Berkeley: University of California Press, 1999); Anita Chan, "The Emerging Patterns of Industrial Relations in China," *China Information* 9:1 (1995): 36-59. Cited in Whyte, p. 182, fn. 32-34.
- ⁹³ For examples, see *China Labour Bulletin* #1, #12, #13, #14, #17, #23, #24, #49, #51 and *Action Express* #24. See also Anita Chan, *China's Workers Under Assault: The Exploitation of Labor in a Globalizing Economy* (Armonk, N.Y.: M.E. Sharpe, 2001).
- ⁹⁴ Whyte, p. 183.
- ⁹⁵ See, for example, "Release and Sentence Reductions for Stella Shoe Factory Workers," "Xianyang Textile Workers Detained for Leading Historic Seven-week Strike are Released," and "Female Workers at Wal-Mart Supplier in Shenzhen Demand Union," *China Labour Bulletin* website (<http://www.china-labour.org.hk/>), accessed 9-1-05.
- ⁹⁶ Ibid.

-
- ⁹⁷ Solinger (1999), p. 233.
- ⁹⁸ Ibid., p. 234.
- ⁹⁹ Ibid., p. 230.
- ¹⁰⁰ Ibid., p. 235.
- ¹⁰¹ Solinger (2004), p. 58.
- ¹⁰² Dickson (2003), p. 44.
- ¹⁰³ Ibid.
- ¹⁰⁴ See, for example, “A List of Imprisoned Labour Rights Activists in China,” *China Labour Bulletin* website, accessed 9-1-05.
- ¹⁰⁵ Chua Chin Hon, “Beijing Signs Pact to Protect Migrant Workers,” *The Straits Times*, October 16, 2004. It should be noted that these reforms were every slow in coming.
- ¹⁰⁶ Josephine Ma, “Make Sure Migrant Workers Get Paid,” *South China Morning Post*, January 8, 2005, p. 6.
- ¹⁰⁷ Merle Goldman, *Sowing the Seeds of Democracy in China: Political Reform in the Deng Xiaoping Era* (Cambridge, MA: Harvard University Press, 1994).
- ¹⁰⁸ Stanley Rosen, “The State of Youth/Youth and the State in Early 21st-century China: The Triumph of the Urban Rich?” in Gries and Rosen, eds., p. 164.
- ¹⁰⁹ Ibid., p. 166.
- ¹¹⁰ Ibid., p. 168.
- ¹¹¹ Bobai Li and Andrew Walder, “Career Advancement as Party Patronage: Sponsored Mobility into the Chinese Administrative Elite, 1949-1996,” *American Journal of Sociology* 106:5 (March 2001): 1371-1408. Cited in Rosen, p. 168.
- ¹¹² Rosen, p. 169.
- ¹¹³ Ibid., p. 169 and fn. 56.
- ¹¹⁴ Ibid., p. 168 and fn. 52.
- ¹¹⁵ Ibid., p. 168.
- ¹¹⁶ Ibid., p. 170.
- ¹¹⁷ Ibid., p. 169.
- ¹¹⁸ Ibid., p. 170.
- ¹¹⁹ Ibid., fn. 52.
- ¹²⁰ Ibid., p. 169 and fn. 56.
- ¹²¹ Merle Goldman, *From Comrade to Citizen: The Struggle for Political Rights in China* (Cambridge, MA: Harvard University Press, 2005), p. 5.
- ¹²² Ibid., p. 11.
- ¹²³ Twelve of the 39 university-educated CDP leaders held leadership positions in the 1989 demonstrations or other protest actions. Most of the remaining 27 participated in other actions but did not play leadership roles. Overall, 70-

80% of all top CDP leaders had some prior protest experience.

¹²⁴ China Democracy Party Beijing-Tianjin Branch Establishment Announcement (#2) (11/9/98). In CDP Data Collection (*Zhongguo Minzhudang Ziliao Huipian*), p. 5.

¹²⁵ *Ibid.*

¹²⁶ Hebei CDP Branch Notice, March 26, 1999, CDP Data Collection, p. 136.

¹²⁷ Hebei CDP Branch, "Statement on the Coming of the Anniversary of June 4," May 2000, CDP Data Collection, p. 144.

¹²⁸ See Tony Saich, "China in 2005: Hu's in Charge," *Asian Survey* 46:1 (Jan.-Feb. 2006), p. 37.