The Life of the Party

The Post-Democratic Future Begins in China

_Eric X. Li_

In November 2012, the Chinese Communist Party (CCP) held its 18th National Congress, setting in motion a once-in-a-decade transfer of power to a new generation of leaders. As expected, Xi Jinping took over as general secretary and will become the president of the People's Republic this March. The turnover was a smooth and well-orchestrated demonstration by a confidently rising superpower. That didn’t stop international media and even some Chinese intellectuals, however, from portraying it as a moment of crisis. In an issue that was published before the beginning of the congress, for example, _The Economist_ quoted unnamed scholars at a recent conference as saying that China is “unstable at the grass roots, dejected at the middle strata and out of control at the top.” To be sure, months before the handover, the scandal surrounding Bo Xilai, the former party boss of the Chongqing municipality, had shattered the CCP’s long-held facade of unity, which had underwritten domestic political stability since the Tiananmen Square upheavals in 1989. To make matters worse, the Chinese economy, which had sustained double-digit GDP growth for two decades, slowed, decelerating for seven straight quarters. China’s economic model of rapid industrialization, labor-intensive manufacturing, large-scale government investments in infrastructure, and export growth seemed to have nearly run its course. Some in China and the West have gone so far as to predict the demise of the one-party state, which they allege cannot survive if leading politicians stop delivering economic miracles.

Such pessimism, however, is misplaced. There is no doubt that daunting challenges await Xi. But those who suggest that the CCP
will not be able to deal with them fundamentally misread China's politics and the resilience of its governing institutions. Beijing will be able to meet the country's ills with dynamism and resilience, thanks to the CCP's adaptability, system of meritocracy, and legitimacy with the Chinese people. In the next decade, China will continue to rise, not fade. The country's leaders will consolidate the one-party model and, in the process, challenge the West's conventional wisdom about political development and the inevitable march toward electoral democracy. In the capital of the Middle Kingdom, the world might witness the birth of a post-democratic future.

ON-THE-JOB LEARNING
The assertion that one-party rule is inherently incapable of self-correction does not reflect the historical record. During its 63 years in power, the CCP has shown extraordinary adaptability. Since its founding in 1949, the People's Republic has pursued a broad range of economic policies. First, the CCP initiated radical land collectivization in the early 1950s. This was followed by the policies of the Great Leap Forward in the late 1950s and the Cultural Revolution in the late 1960s to mid-1970s. After them came the quasi-privatization of farmland in the early 1960s, Deng Xiaoping's market reforms in the late 1970s, and Jiang Zemin's opening up of the CCP's membership to private businesspeople in the 1990s. The underlying goal has always been economic health, and when a policy did not work—for example, the disastrous Great Leap Forward and Cultural Revolution—China was able to find something that did: for example, Deng's reforms, which catapulted the Chinese economy into the position of second largest in the world.

On the institutional front as well, the CCP has not shied away from reform. One example is the introduction in the 1980s and 1990s of term limits for most political positions (and even of age limits, of 68–70, for the party's most senior leadership). Before this, political leaders had been able to use their positions to accumulate power and perpetuate their rules. Mao Zedong was a case in point. He had ended the civil wars that had plagued China and repelled foreign invasions to become the father of modern China. Yet his prolonged rule led to disastrous mistakes, such as the Cultural Revolution. Now, it is nearly impossible for the few at the top to consolidate long-term power. Upward mobility within the party has also increased.
In terms of foreign policy, China has also changed course many times to achieve national greatness. It moved from a close alliance with Moscow in the 1950s to a virtual alliance with the United States in the 1970s and 1980s as it sought to contain the Soviet Union. Today, its pursuit of a more independent foreign policy has once more put it at odds with the United States. But in its ongoing quest for greatness, China is seeking to defy recent historical precedents and rise peacefully, avoiding the militarism that plagued Germany and Japan in the first half of the last century.

As China undergoes its ten-year transition, calls at home and abroad for another round of political reform have increased. One radical camp in China and abroad is urging the party to allow multiparty elections or at least accept formal intraparty factions. In this view, only full-scale adversarial politics can ensure that China gets the leadership it needs. However sincere, these demands all miss a basic fact: the CCP has arguably been one of the most self-reforming political organizations in recent world history. There is no doubt that China's new leaders face a different world than Hu Jintao did when he took over in 2002, but chances are good that Xi's CCP will be able to adapt to and meet whatever new challenges the rapidly changing domestic and international environments pose. In part, that is because the CCP is heavily meritocratic and promotes those with proven experience and capabilities.

MAKING THE GRADE
China watchers in the West have used reports of corruption—compounded by sensational political scandals such as the Bo Xilai affair—to portray the ruling party as incurably diseased. The disease exists, to be sure, but the most important treatment is the party itself. As counterintuitive as it might seem to Westerners, the CCP, whose political preeminence is enshrined in the Chinese constitution, is one of the most meritocratic political institutions in the world.

Of the 25 members that made up the pre-18th-Congress Politburo, the highest ruling body of the CCP, only five (the so-called princelings) came from privileged backgrounds. The other 20, including the president, Hu, and the premier, Wen Jiabao, came from middle- or lower-class backgrounds. In the CCP's larger Central Committee, which was made up of more than 300 people, the percentage of people born into wealth and power was even smaller. The vast majority of those in government worked and competed their way through the ranks to
the top. Admittedly, the new general secretary, Xi, is the son of a previous party leader. However, an overwhelming number of those who moved up the ranks this past fall had humbler beginnings.

So how does China ensure meritocracy? At the heart of the story is a powerful institution that is seldom studied in the West, the Organization Department of the CCP. This department carries out an elaborate process of bureaucratic selection, evaluation, and promotion that would be the envy of any corporation. Patronage continues to play a role, but by and large, merit determines who will rise through the ranks.

Every year, the government and its affiliated organizations recruit university graduates into entry-level positions in one of the three state-controlled systems: the civil service, state-owned enterprises, and government-affiliated social organizations such as universities or community programs. Most new recruits enter at the lowest level, or ke yuan. After a few years, the Organization Department reviews their performance and can promote them up through four increasingly elite managerial ranks: fu ke, ke, fu chu, and chu. The range of positions at these levels is wide, covering anything from running the health-care
system in a poor village to attracting commercial investment in a city district. Once a year, the Organization Department reviews quantitative performance records for each official in each of these grades; carries out interviews with superiors, peers, and subordinates; and vets personal conduct. Extensive and frequent public opinion surveys are also conducted on questions ranging from satisfaction with the country's general direction to opinions about more mundane and specific local policies. Once the department has gathered a complete dossier on all the candidates, and has confirmed the public's general satisfaction or dissatisfaction with their performances, committees discuss the data and promote winners.

After this stage, public employees' paths diverge, and individuals can be rotated through and out of all three tracks (the civil service, state-owned enterprises, and social organizations). An official might start out working on economic policy and then move to a job dealing with political or social issues. He or she could go from a traditional government position to a managerial role in a state-owned enterprise or a university. In many cases, the Organization Department will also send a large number of promising officials abroad to learn best practices around the world. The likes of Harvard University's Kennedy School of Government and the National University of Singapore regularly host Chinese officials in their training programs.

Over time, the most successful workers are promoted again, to what are known as the fu ju and ju levels, at which point a typical assignment is to manage districts with populations in the millions or companies with hundreds of millions of dollars in revenues. To get a sense of how rigorous the selection process is, in 2012, there were 900,000 officials at the fu ke and ke levels and 600,000 at the fu chu and chu levels. There were only 40,000 at the fu ju and ju levels.

After the ju level, a very talented few move up several more ranks and eventually make it to the party's Central Committee. The entire process could take two to three decades, and most of those who make it to the top have had managerial experience in just about every sector of Chinese society. Indeed, of the 25 Politburo members before the 18th Party Congress, 19 had run provinces larger than most countries in the world and ministries with budgets higher than that of the average nation's government. A person with Barack Obama's pre-presidential professional experience would not even be the manager of a small county in China's system.
Xi's career path is illustrative. Over the course of 30 years, Xi rose from being a fu ke level deputy county chief in a poor village to party secretary of Shanghai and a member of the Politburo. By the time he made it to the top, Xi had already managed areas with total populations of over 150 million and combined GDPs of more than $1.5 trillion. His career demonstrates that meritocracy drives Chinese politics and that those who end up leading the country have proven records.

INNOVATE OR STAGNATE
China's centralized meritocracy also fosters government entrepreneurship. The practice of conducting top-down policy experiments in select locales and expanding the successful ones nationwide is well documented. The best-known example is Deng's creation of “special economic zones” in the 1980s. The first such zone was in Shenzhen. The district was encouraged to operate under market principles rather than the dictates of central planners. Shenzhen's economy grew rapidly, which prompted the central government to replicate the program in the cities of Zhuhai and Shantou, in Guangdong Province; Xiamen, in Fujian Province; and throughout Hainan Province.

There are also thousands of policy experiments that rise up from the local level. The competitive government job market gives capable local officials incentives to take risks and differentiate themselves from the pack. Among the 2,326 party representatives who attended the 18th Party Congress, one such standout was Qiu He, who is vice party secretary of Yunnan Province. At the congress, Qiu was selected as an alternate member of the Central Committee, putting the 55-year-old maverick near the top of the nation’s political establishment. Qiu is the ultimate political entrepreneur. Born into poverty in rural China, Qiu watched two of his eight siblings die of childhood illness and malnutrition. After taking the national college entrance exam, China's great equalizer, he was able to attend university. When he entered the work force, he held several low-level civil service jobs before being appointed party secretary of Shuyang County, in northern Jiangsu Province, in the 1990s. With a peasant population of 1.7 million and an annual per capita GDP of only $250 (less than one-fifth the national average), Shuyang was one of the poorest rural areas in the country. The county also suffered from the worst crime rate in the region and endemic government corruption.
Qiu carried out a broad range of risky and controversial policy experiments that, if they failed, would have sunk his political career. His first focus was Shuyang's floundering economy. In 1997, Qiu initiated a mandatory municipal bond purchase program. The policy required every county resident to purchase bonds to fund much-needed infrastructure development. The genius of the plan was twofold. First, he could not have raised the funds through taxes because, at his level, he had no taxation authority. Second, the mandatory bond program offered the citizens of Shuyang something taxes would not have: yes, they were required to buy the bonds, but they eventually got their money back, with interest. Qiu also assigned quotas to almost every county government official for attracting commercial investments. To support their efforts, in addition to building up the area's infrastructure, Qiu offered favorable tax rates and cheap land concessions to businesses. In just a few years, thousands of private enterprises sprang up and transformed a dormant, centrally planned rural community into a vibrant market economy.

Qiu's second focus was combating corruption and mistrust between the population and the government. In the late 1990s, he instituted two unprecedented measures to make the selection of officials more open and competitive. One was to post upcoming official appointments in advance of the final decisions to allow for a public comment period. The other was the introduction of a two-tier voting system that enabled villagers to vote among party members for their preferred candidates for certain positions. The local party committee then picked between the top two vote getters.

Qiu initially met tremendous resistance from the local bureaucracy and population. But today, he is credited with turning one of the country's most backward regions into a vibrant urban center of commerce and manufacturing. Other poor regions have adopted many of his economic policy experiments. Moreover, the public commenting period has been widely adopted across China. Competitive voting is finding its way into ever-higher levels of the party hierarchy. Qiu has been personally rewarded, too, moving rapidly up the ladder: to vice governor of Jiangsu Province, mayor of Kunmin, vice party
secretary of Yunnan Province, and now an alternate member of the Central Committee.

**BY POPULAR DEMAND**

Even if critics accept that the Chinese government is adaptable and meritocratic, they still question its legitimacy. Westerners assume that multiparty elections are the only source of political legitimacy. Because China does not hold such elections, they argue, the CCP's rule rests on inherently shaky ground. Following this logic, critics have predicted the party's collapse for decades, but no collapse has come. The most recent version of the argument is that the CCP has maintained its hold on power only because it has delivered economic growth—so-called performance legitimacy.

No doubt, performance is a major source of the party's popularity. In a poll of Chinese attitudes published by the Pew Research Center in 2011, 87 percent of respondents noted satisfaction with the general direction of the country, 66 percent reported significant progress in their lives in the past five years, and a whopping 74 percent said they expected the future to be even better. Performance legitimacy, however, is only one source of the party's popular support. Much more significant is the role of Chinese nationalism and moral legitimacy.

When the CCP built the Monument to the People's Heroes at the center of Tiananmen Square in 1949, it included a frieze depicting the struggles of the Chinese to establish the People's Republic. One would expect the CCP, a Marxist-Leninist party, to have its most symbolic political narrative begin with communism—the writing of The Communist Manifesto, for example, or perhaps the birth of the CCP in 1921. Instead, the first carving of the frieze depicts an event from 1839: the public burning of imported opium by the Qing dynasty's imperial minister, Lin Zexu, which triggered the first Opium War. China's subsequent loss to the British inaugurated the so-called century of humiliation. In the following hundred years, China suffered countless invasions, wars, and famines—all, in the popular telling, to reach 1949. And today, the Monument to the People's Heroes remains a sacred public site and the most significant symbol of the CCP's national moral authority.

The CCP's role in saving and modernizing China is a far more durable source of its legitimacy than the country's economic performance. It explains why, even at the worst times of the party's rule in
the past 63 years, including the disastrous Great Leap Forward and Cultural Revolution, the CCP was able to keep the support of mainstream Chinese long enough for it to correct its mistakes. China's recent achievements, from economic growth to space exploration, are only strengthening nationalist sentiments in the country, especially among the youth. The party can count on their support for decades to come.

A final type of staying power comes from repression, which China watchers in the West claim is the real force behind the CCP. They point to censorship and the regime's harsh treatment of dissidents, which undoubtedly exist. Still, the party knows very well that general repression is not sustainable. Instead, it seeks to employ smart containment. The strategy is to give the vast majority of people the widest range possible of personal liberties. And today, Chinese people are freer than at any other period in recent memory; most of them can live where they want and work as they choose, go into business without hindrance, travel within and out of the country, and openly criticize the government online without retaliation. Meanwhile, state power focuses on containing a small number of individuals who have political agendas and want to topple the one-party system. As any casual observer would know, over the last ten years, the quantity of criticism against the government online and in print has increased exponentially—without any reprisals. Every year, there are tens of thousands of local protests against specific policies. Most of the disputes are resolved peacefully. But the government deals forcefully with the very few who aim to subvert China's political system, such as Liu Xiaobo, an activist who calls for the end of single-party rule and who is currently in jail.

That is not to say that there aren't problems. Corruption, for one, could seriously harm the CCP's reputation. But it will not derail party rule anytime soon. Far from being a problem inherent to the Chinese political system, corruption is largely a byproduct of the country's rapid transformation. When the United States was going through its industrialization 150 years ago, violence, the wealth gap, and corruption in the country were just as bad as, if not worse than, in China today. According to Transparency International, China ranks 75th in global corruption and is gradually getting better. It is less corrupt than Greece (80th), India (95th), Indonesia and Argentina (tied at 100th), and the Philippines (129th)—all of which are electoral democracies.
Understood in such a context, the Chinese government’s corruption is by no means insurmountable. And the party’s deeply rooted popular support will allow it the breathing room to grapple with even the toughest problems.

ENTER THE DRAGON
China’s new leaders will govern the country for the next ten years, during which they will rely on the CCP’s adaptability, meritocracy, and legitimacy to tackle major challenges. The current economic slowdown is worrying, but it is largely cyclical, not structural. Two forces will reinvigorate the economy for at least another generation: urbanization and entrepreneurship. In 1990, only about 25 percent of Chinese lived in cities. Today, 51 percent do. Before 2040, a full 75 percent—nearly one billion people—are expected to be urban. The amount of new roads, housing, utilities, and communications infrastructure needed to accommodate this expansion is astounding. Therefore, any apparent infrastructure or housing bubbles will be momentary. In fact, China’s new leadership will need to continue or even increase investment in these sectors in the years to come. That investment and the vast new urban work force, with all its production and consumption, will drive high economic growth rates. The party’s extraordinary ability to develop and execute policy and its political authority will help it manage these processes.

Meanwhile, entrepreneurship will help China overcome threats to its export-fueled economic model. Externally, the global economic downturn and a rising currency value have dampened Chinese trade. Internally, labor costs have risen in the country’s coastal manufacturing regions. But the market will sort out these problems. After all, China’s economic miracle was not just a centrally planned phenomenon. Beijing facilitated the development of a powerful market economy, but private entrepreneurs are the lifeblood of the system. And these entrepreneurs are highly adaptive. Already, some low-end manufacturing has moved inland to contain labor costs. This is coinciding with local governments’ aggressive infrastructure investments and innovative efforts to attract new business. In the coastal regions, many companies are producing increasingly-higher-value goods.

Of course, the government will need to make some economic adjustments. For one, many state-owned enterprises have grown too big, crowding out the private-sector growth that is critical to economic
vitality. Plans to require companies to pay out dividends to shareholders and other limits on expansion are already in the works. These will likely be implemented early on in the new administration. And some stalled measures encouraging financial liberalization, such as allowing the market to determine interest rates and the development of private small and medium-sized lending institutions, which would break the large state-owned banks' near monopoly in commercial lending, are likely to get picked up. These reforms would facilitate more efficient flows of capital to businesses.

Economic liberalization will likely be matched by a two-track reform of social policy. First, the process of making the party more inclusive, which began with Jiang's inclusion of businesspeople in the CCP, will be accelerated. Second, the CCP will begin experimenting with outsourcing certain social welfare functions to approved nongovernmental organizations. Rapid urbanization is facilitating the growth of a large middle-income society. Instead of demanding abstract political rights, as many in the West expected, urban Chinese are focused on what are called *min sheng* (livelihood) issues. The party may not be able to manage these concerns alone. And so private businesses or nongovernmental organizations might be called in to provide health care and education in the cities, which has already started to happen in Guangdong Province.

Corruption remains the hardest nut to crack. In recent years, family members of some party leaders have used their political influence to build up large networks of commercial interests. Cronyism is spreading from the top down, which could eventually threaten the party's rule. The CCP has articulated a three-pronged strategy to attack the problem, which the new leadership will carry out. The most important institution for containing corruption is the CCP's Central Commission for Discipline Inspection. Its leader usually sits on the Standing Committee of the Politburo and has more power than the state judiciary. This person can detain and interrogate party members suspected of corruption without legal limits. In recent years, the commission has been very aggressive. In 2011, it conducted formal investigations into 137,859
cases that resulted in disciplinary actions or legal convictions against party officials. This number represents a nearly fourfold increase since the years before 1989, when corruption was one of the main issues that drove the Tiananmen protests. One sign to watch in the next administration is whether the commission is authorized to investigate wrongdoing within the inner sanctum of the party leadership, where corruption can be the most detrimental to the party’s credibility.

Complementing the party’s own antigraft efforts is the increasing independence of media outlets, both state- and privately owned. News organizations have already exposed cases of official corruption and disseminated their findings on the Internet. The CCP has responded by pursuing some of the cases that the media have brought to light. Of course, this system is not perfect, and some media outlets are themselves corrupt. Illicit payments to journalists and fabricated stories are commonplace. If these problems are not corrected quickly, Chinese media will lose what little credibility they have gained.

Accordingly, the next administration might develop more sophisticated political regulations and legal constraints on journalists to provide space for the sector to mature. Officials have already discussed instituting a press law that would protect legitimate, factual reporting and penalize acts of libel and misrepresentation. Some might view the initiative as the government reining in journalists, but the larger impact would be to make the media more credible in the eyes of the Chinese public. Journalists who take bribes or invent rumors to attract readers can hardly check government corruption.

Also to tackle corruption, the party plans to increase open competition within its own ranks, inspired by the efforts of officials such as Qiu. The hope is that such competition will air dirty laundry and discourage unseemly behavior. The Hu administration initiated an “intraparty democracy” program to facilitate direct competition for seats on party committees, an idea that received high praise at the 18th Congress.

HISTORY’S RESTART
Should the 18th Party Congress’ initiatives succeed, 2012 might one day be seen as marking the end of the idea that electoral democracy is the only legitimate and effective system of political governance. While China’s might grows, the West’s ills multiply: since winning the Cold War, the United States has, in one generation, allowed its
middle class to disintegrate. Its infrastructure languishes in disrepair, and its politics, both electoral and legislative, have fallen captive to money and special interests. Its future generations will be so heavily indebted that a sustained decline in average living standards is all but certain. In Europe, too, monumental political, economic, and social distress has caused the European project to run aground. Meanwhile, during the same period, China has lifted hundreds of millions of people out of poverty and is now a leading industrial powerhouse.

The West's woes are self-inflicted. Claims that Western electoral systems are infallible have hampered self-correction. Elections are seen as ends in themselves, not merely means to good governance. Instead of producing capable leaders, electoral politics have made it very difficult for good leaders to gain power. And in the few cases when they do, they are paralyzed by their own political and legal systems. As U.S. Secretary of State Hillary Clinton travels around the world extolling electoral democracy, the legitimacy of nearly all U.S. political institutions is crumbling. The approval rating of the U.S. Congress among the American people stood at 18 percent in November. The president was performing somewhat better, with ratings in the 50s. And even support for the politically independent Supreme Court had fallen below 50 percent.

Many developing countries have already come to learn that democracy doesn't solve all their problems. For them, China's example is important. Its recent success and the failures of the West offer a stark contrast. To be sure, China's political model will never supplant electoral democracy because, unlike the latter, it does not pretend to be universal. It cannot be exported. But its success does show that many systems of political governance can work when they are congruent with a country's culture and history. The significance of China's success, then, is not that China provides the world with an alternative but that it demonstrates that successful alternatives exist. Twenty-four years ago, the political scientist Francis Fukuyama predicted that all countries would eventually adopt liberal democracy and lamented that the world would become a boring place because of that. Relief is on the way. A more interesting age may be upon us.