One thing above all else has underpinned the economic fruits of China’s reform and opening up process that began in 1978, and that is 30 years of political stability unprecedented in the country’s modern history.

Boston University China scholar Joseph Fewsmith argues, however, that economic and political developments are raising the possibility that it could become more difficult in the years ahead to maintain that stability.

CHINA’S RISE HAS BEEN on everyone’s lips in recent years. The growth of China’s economy, the development of world-class cities, and the re-emergence of a vibrant intellectual class have been welcome developments, good for China and good for the world. There are many reasons why China’s economy has taken off over the past three decades: the development of comparative advantage through the development of labor intensive industry, the pursuit of an export-oriented economy, the introduction of foreign direct investment (FDI), and the growth of the non-state economy, to name a few. But the most important factor was no doubt the political stability that has prevailed now for 30 years, an unprecedented length of time in China’s modern history.

This political stability was not something that could have been predicted at the time of Mao Zedong’s death. Mao left the Chinese polity in terrible shape, having presided over internal violence and factionalism that had shaken the system that he himself had created to its core. That, it turned out, was a good thing. As we often say, without the Cultural Revolution, there could have been no reform.

Deng Xiaoping emerged from the post-Mao struggles as the indisputable, if not unquestioned, paramount leader of China. With general secretary Hu Yaobang and premier Zhao Ziyang, Deng...
presided over the creation of a new political order — creating stability out of chaos, it was called at the time — and the redesign of the economic system. Although Deng's system confronted deep challenges in the late 1980s, he was able to outlast his opponents and select not just one, but two successors, Jiang Zemin and Hu Jintao. As a result, we can say that Deng bequeathed three decades of political stability, and without this political stability, the economic growth China has experienced would not have occurred.

So the big question looking forward is whether China can maintain this political stability. There is much talk these days about the institutionalization of Chinese politics, and there is no doubt that there is greater acceptance of the “rules of the game” today than when Deng Xiaoping came to power. But China continues to confront a variety of political issues, at both the highest levels and at the local level, that constantly threaten to undermine the understandings worked out over the past three decades and the legitimacy of the system itself. It may well be that the Chinese political system has become sufficiently well institutionalized that new challenges will be dealt with through the same process of adaptation that has proven so successful the last three decades. One hopes that this will be the case, but there are a variety of trends that suggest that this adaptation may become more difficult and that contention in Chinese politics will begin to increase.

CHANGING PATTERNS OF ECONOMIC GROWTH
The first challenge will come from economics. China has grown rapidly over the past three decades, averaging 10 percent growth per year. Many other Asian nations have been able to maintain two decades of high-speed growth before slowing down, but China has been able to extend its period of high-speed growth an extra decade. Nevertheless, a slowed rate of growth is inevitable. It may still maintain a robust rate of growth, say 7 or 8 percent a year, but it cannot sustain growth rates of 10 percent indefinitely, in part because export markets cannot continue to absorb Chinese products at the same rate they have been. At the same time, the growth of central government revenues seem likely to slow. Much attention has been focused on the growth of China’s gross domestic product (GDP), but central revenues have grown twice as fast as GDP in recent years. Over the past five years, for instance, China’s GDP has grown at just over 10 percent per year, but central government revenues have increased 21.5 percent per year. Such rates are not sustainable.

The combination of high-speed growth and increasing central revenues has made problem solving easier for central government leaders. The fiscal revenues of rural counties and townships fell after the 1994 tax reform, resulting in local cadres resorting to coercive measures to extract revenues from a resentful population. Repeated exhortations to lighten the burden of peasants had no effect, but increasing revenues allowed Beijing to abolish the agricultural tax and, indeed, to subsidize farmers for growing grain. Similarly, when inland areas were not able to afford the teachers necessary to insure everyone could go to school through ninth grade, the central government was able to subsidize efforts.

However, as growth rates and central government revenues slow, choices about how to spend revenue will become more difficult. These choices will be exacerbated by China’s efforts to focus more on the quality of economic growth, not just its speed. The effort to focus more on quality — including protecting the environment, providing better social services and addressing income inequality — began in earnest with the adoption of the 11th Five-Year Plan in 2006, but in fact little was done to rebalance the economy. It was difficult to refocus attention on quality when, in practice, local cadres are rewarded — through the annual cadre performance review — for pursuing speed.

There have been many efforts in recent years to reform the cadre performance review system, but it is difficult to do because China is such a large and varied nation. In the past, local cadres have had two major concerns: economic development and social stability. If they are also required to protect the environment, develop health care and provide social security, it will
become more difficult to evaluate cadres. How does one compare two cadres, one of whom has developed the economy rapidly and another of whom has focused greater attention on protecting the environment? Indeed, the challenges facing different areas, even within the same county, are quite different, and it will be difficult to devise a common standard by which cadres in different localities can be evaluated. This will make promotion decisions more difficult and contentious. Indeed, one can imagine that it would make promotion decisions even more reliant on personal relations as cadres try to overcome the uncertainty of promotion criteria through the certainty of personal networks.

One can also imagine regional tensions being exacerbated as the central government tries to address social issues. The interior regions will note with vigor that their needs are great, while coastal areas will argue that the needs of the interior should not be addressed by crippling their growth prospects. Everyone might be able to agree on the need to improve the environment, develop social security and improve health care, but agreeing on how much should be spent in which regions is likely to be contentious. And China will be tackling such contentious issues when the rate of economic growth and fiscal revenues will be slowing.

**POLITICAL CHALLENGES**

Politics have not been kind to China in the modern age. Problems in China’s political economy can be traced back to the fiscal crisis of the late Qianlong period (in the late 18th century). China made a decision at that time not to expand its bureaucracy even as the population and economy grew rapidly. The extremely thin governance of the late imperial period made it very difficult for the Qing to respond adequately to the challenges of the Taiping Rebellion and the encroachments of foreigners. One result was revolution and the increasing politicization of Chinese society, which extended at least from the May Fourth period straight through the death of Mao in 1976. Deng’s contribution to China was thus not so much reform and opening as it was the political stability that allowed reform and opening to happen.

Before Deng died in 1997, he carefully balanced the different political forces in China, ensuring that his passing would not be accompanied with the sort of uncertainty and conflict that Mao’s death had generated. By designating not just one general secretary but two to manage China after his death, Deng bequeathed to China 20 years of relative political stability. Many people have argued that the peaceful passing of political power from Deng to Jiang and especially from
Jiang to Hu show that politics has been “institutionalized.” What these successions have shown in fact is that an oligopoly can manage to balance different interests, at least until problems emerge in significantly large numbers that they challenge the consensus on which oligopolistic rule necessarily rests. In China’s case, that consensus was strongly reinforced by the political turmoil in the late 1980s and the various “color revolutions” that have brought down authoritarian regimes in Central Asia. Whether that consensus and the implicit rules undergirding China’s oligopolistic political system can be maintained is the question China continues to face.

There are at least three political issues that could fray the consensus that has prevailed the past two decades. The first is the continuing problem of local governance. Although local issues are complex, the basic political problem can be stated simply. Arising out of a guerilla tradition that placed a great deal of authority in the hands of local leaders, the personnel system that picks leaders for China’s 2,000 counties and 30,000 towns and townships is extremely personalistic. The principle of the “party controls the cadres” that has ensured hierarchical control gives party leaders at one level a wide range of power over their subordinates at the next lower level. This
ensures that cadres at the lower level will pay attention to their superiors and not the people they are allegedly serving. Without checks on this personalistic system, China has a classic principle-agent problem — local agents of the state serve their (and their superiors’) needs, not those of the central government or their local constituents. This has led to the abuse of power, corruption and mass protests.

The central government has tried to curtail these abuses of power by encouraging “inner-party democracy,” but the Chinese Communist Party (CCP) has been unwilling to loosen the “party controls the cadres” principle, thus undermining its own policy prescriptions. The CCP faces two choices: It can either continue to tolerate abuse of power and popular protest in the interest of preserving the principle of the “party controls the cadres,” or it can try to modify that principle in various ways — opening up, for instance, controls on local media, encouraging more public hearings and perhaps even some electoral mechanisms. In short, this is the sort of issue that could lead to substantially different opinions; if it is felt that China faces a crisis of governance, these different opinions could undermine the consensus that has prevailed in recent years.

Second, simply as a function of the passing of time, it is becoming more difficult to evaluate and promote cadres to the highest levels of power — the Politburo and its Standing Committee. Following the revolution, power could be distributed roughly in accordance with contributions to the revolution (not that sorting out relations among the revolutionary generation was easy), but in a period in which the revolutionary generation has departed from the scene, it gets ever more difficult to sort out the merits of one leader versus those of another. How does one compare the accomplishments of, say, Bo Xilai in Chongqing, Zhang Gaoli in Tianjin, Yu Zhengsheng in Shanghai and Wang Yang in Guangdong?

There will always be more candidates for the highest positions than there are seats. In 1960, E. E. Schattschneider argued that in any political contest, there is a tendency for the weaker side to want to expand the size of the decision-mak-

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ing body. Although he was thinking in terms of the increasing democratization of American life, can one imagine something similar occurring in China? Although in the past, people were generally promoted to high positions through appealing to patrons, inner-party democracy seems bound to play a greater role in the future. In 1987, the CCP proposed 5 percent more candidates than seats for membership on the Central Committee (resulting in Deng Liqun’s failure to be elected and considerable political backlash). In 2007, the Seventeenth Party Congress expanded this differential modestly to 8 percent. This differential will expand again in the future, however slowly, and as it expands there will inevitably be more “campaigning” for office. Greater contention seems likely.

Finally, another issue that the passage of time is bringing to the fore is the decrease in the power of the paramount leader. Just as Deng was no Mao, Jiang was no Deng. To a certain extent this trend should be welcomed; it reflects greater institutionalization (yes, there is some happening) as policy specialists play a greater role, and it certainly reflects a decline in the ability to use power arbitrarily. But it also raises a question: Since every leader (not just in China) will try to enhance his or her power, what are the levers for doing so? Appealing to public opinion is one way. In China, such appeals seem likely to be populist and threatening to colleagues. That is why such appeals have been limited in recent years. Expanding inner-party democracy might be another way, but that raises many questions about the limits of inner-party democracy. Perhaps the general secretary could be elected by the whole Central Committee (not just the Politburo), thereby enhancing his mandate. But then, following the Schattschneider principle, why wouldn’t someone else press to have the general secretary elected by all the delegates to the party congress? This seems unlikely any time soon, but it does suggest the contention that could result from efforts to expand a leader’s mandate.

Of course, China’s political logic might evolve in a rather different direction. Perhaps concerned about the unintended consequences of expanding inner-party democracy, contenders for leadership could focus their attention on building up factions. However, factions are always dangerous: They tend to distort public policy and ultimately stimulate others to form countervailing factions. And they are against the norms of CCP politics, so factional activity, or perceived factional activity, could open up contention over what should be allowed.

Finally, one might speculate that the need for consensus would be so great that positions and power will be distributed more or less equally to several top leaders. The danger in this solution, of course, is the probability of policy paralysis as different interests balance each other out. Many people already worry about the growth of powerful interest groups preventing important policies and reforms from being enacted. Political immobilism, if it occurs, would result in problems mounting — and then there would certainly be contention in the society and polity.

China has enjoyed three decades of relative political stability. One hopes that such stability can continue. Indeed, China’s political system has exhibited a remarkable ability to adapt to changes in society, the economy and the international arena, so one’s best guess is that such flexibility and adaptability will continue. Nevertheless, economic and political issues seem to be coming together in a way that is likely to challenge the flexibility of the party and the consensus that has underlain the oligopolistic politics of recent years. Both political contention and political stagnation are possible outcomes. One hopes that both can be avoided because neither would be good, either for political stability or economic growth.