The economic reforms that China launched in 1978 unleashed more than three decades of unprecedented growth. Those reforms themselves arose out of political changes in China, but now economic reforms are creating conditions that are, in turn, leading to profound changes in politics and governance, writes Yu Keping, one of China’s leading thinkers on political reform.

CHINA’S POLITICAL REFORM is largely a matter of governance reform, which has been evolving significantly since the process of “reform and opening up” began in 1978. There are five roads on the map of China’s journey toward democratic governance: from monistic governance towards pluralistic governance; from centralization towards decentralization; from the rule of man towards the rule of law; from regulatory government towards service-oriented government; and from Party democracy towards social democracy. Here I will analyze the main reasons behind these reforms, the lessons learned over the past 30 years, and the challenges China is facing in its governance.

China’s economic reforms originated in political reforms, and conversely, once economic reforms took off they had a major impact on the political life of society and the process of governance reform. Beginning in the 1980s, China began to transform its planned economy into one that was more market oriented, and gradually the old system was replaced by a socialist market economy. The original single collective and national system of property ownership changed into one that encompassed many forms, including single ownership, joint ventures and foreign-invested ventures. Economic output increased significantly, and people’s living standards rose. These fundamental
changes in the economy are the root causes of the changes in Chinese governance.

The market economy’s basic requirement is that all commercial enterprises must become independent corporations with autonomous management rights. They must be separate from the state and take complete responsibility for profits and losses. Under the principles of a market economy and the modern enterprise system, the state cannot directly interfere in a company’s management and production, but must provide an environment for stable and fair competition and for economic interactions between companies. This requires that the state fully develop the legal system and strengthen its supervision of the market. The market economy also demands that the government work to lower administrative costs and improve administrative efficiency. The market economy has internal limitations, however, and its internal logic can spontaneously lead to a growing gap between rich and poor. This requires the state to provide more public services and construct a system of social security.

Another characteristic of market economies is that different interest groups begin to form. These groups need channels for expressing their interests and influencing decision-making. This requires the state to pay more attention to building a system of democratic politics and social administration, and to actively nurture social organizations that are able to represent different interests. When basic subsistence and material living conditions are no longer an immediate problem and people have become more affluent, their political expectations steadily grow. As such, the government must work to broaden channels for democratic citizen participation.

Political development has its own internal logic, and this determines to a significant extent the direction and outcome of governance reforms. China is a developing power with a still quite backward economy and culture. While economic development is the most important task of the reform and opening up process, political and social stability are preconditions for economic development. Therefore “stability above all” is a general principle of China’s governance reforms. It determines the path of “gradual reform” or “incremental reform” that must be followed. In this process of changing governance there may from time to time be events that break new ground, but as far as overall governance is concerned, there cannot suddenly be complete discontinuity.

The Chinese Communist Party (CCP) is the central force driving the changes in China’s governance, and the changes in the CCP itself impact decisively on this process. Since the beginning of reforms in 1978, the biggest change in the CCP has been its gradual transformation from a revolutionary party into a ruling party— from a party whose objective was to establish the regime to one that must now maintain that regime. These momentous changes have been carried out on many fronts involving the party’s social base, organizational structure, leadership style, policy guidelines, strategy, work tasks and ideology. The transformation presents many challenges to the party and the state.

Its position as the ruling party can only be maintained and consolidated through continual governance reform, increasing its capacity to govern and administer society while satisfying the continually rising material, spiritual and political demands of the broad masses of the people. The change in political ideology determines the direction of the reforms of Chinese governance. Although governance reforms can be seen largely as just the technicalities of political reforms, all governance reforms, generally speaking, embody certain political values, and all are carried out under the guidance of certain political concepts. Therefore the changes in ideology and political values directly impact upon the governance reform process. From ancient times, China has always paid heed to ideology, and ideological change has often heralded political change. Deng Xiaoping, in leading the reform movement, believed that changing the way people think was the central precondition for China’s entire reform project, and hence he made “the emancipation of thought” the foremost task of the reform movement. “If we don’t break the rigid ways of thinking, and we don’t thoroughly emancipate the thinking of cadres and the masses, there is no hope for the Four Modernizations,” he wrote.
To put it simply, the emancipation of thought allows people to break away from old dogmas and outmoded ways of thinking, enabling them to propose new ideas and theories that are consistent with social progress and the requirements of the times, and to use these new ideas and concepts to guide social practice. The new concepts and values of governance discussed below have transcended traditional political thought and impacted sharply on social and political life in post-1978 China. They have, in fact, forcefully pushed forward the progress of China’s democratic politics. These concepts include human rights, the rule of law, good governance, constitutionalism, legitimacy, people-oriented governance, civil society, harmonious society, political civilization, global governance, government innovation, incremental democracy, transparent government, responsible government, service-oriented government and efficient government.

We are currently in an era of globalization as the world is transformed in historical and unprecedented ways. Its basic characteristic is to produce worldwide a set of intrinsic, inseparable interconnections that continually grow stronger on the basis of merging economies. Globalization first manifests itself through these economic links, but the globalization of economic life inevitably has a profound effect on all aspects of social life, including politics and culture. In the context of globalization, the reforms that are directed inward, and the opening up that is directed outward, are two sides of the same coin. Deng Xiaoping and other Chinese leaders have from the start combined domestic reforms and opening up to the outside world into one general national policy, indicating that they not only firmly grasped the nature of the current era but also the needs of future society.

China’s economic development is also in step with advances in science and technology, management techniques, capital, resources, energy sources and the market outside China. As such, China’s economic development must be open to the outside world. The country not only wants but needs to participate in the process of globalization by doing such things as entering the World Trade Organization, hosting the Olympics, entering into international agreements and actively participating in international affairs. In order to do this, it must improve its domestic governance in ways that are in tune with the basic norms of international society. For example, setting up Special Economic Zones (SEZs) was a breakthrough for reform, demonstrating that domestic governance could to a certain extent adapt to the needs of international capital. International management systems, values, concepts and lifestyles have inevitably been incorporated into the domestic agenda along with the opening-up of the economy. In its international relations, China has not only allowed the introduction of foreign capital, technology and expertise, but it has also adopted many values, concepts and administrative systems from other countries. Important commitments made by the government in recent years to service-oriented and responsible government, and the promotion of more efficient performance measurements, such as a “one-stop service” for permits and licenses and a public hearing system were also originally borrowed from Western countries.

However, China’s model of governance has its
own characteristics. Through 30 years of exploration and learning since the opening-up policies began, China is now well on the way to forming a unique governance model that is different from both traditional socialist models and Western capitalist models. Although in my opinion this model of governance with Chinese characteristics is still in the process of formation, some of its main features are already apparent. These include, for example, the concepts of people-oriented governance and the idea that intra-party democracy drives the development of social democracy. In addition, the fact that the influence of civil society on public governance is still relatively weak, and corruption remains a serious problem, are also features of the Chinese governance model.

The following characteristics in particular distinguish the Chinese model of governance from Western models:
• First, this is a kind of incremental reform based on path dependence. That is to say, China’s political reform process is not “shock therapy,” but rather takes place in steps and stages.
• Second, the emerging pluralist structure of governance is led by the central party. Governance in China is already pluralist, but the organs of the CCP at all levels constitute the most important parts of this pluralistic system.
• Third, there is a complicated horizontal-vertical structure of governance. China is a newly accepted world power with a monistic governmental structure.
• Fourth, the core value of governance is that stability is placed above everything else. The protection and preservation of social stability and order is an overriding objective for all public governance. For China — still a developing country undergoing a process of unprecedented social change that includes a level of mass migration the world has never before seen — this value is particularly important. Without social and political stability, there cannot be rapid economic development or secure living conditions for the people. Thus all Chinese leaders, from Deng Xiaoping until now, regard “stability above all” as a core value of governance, and use this as the principle standard in evaluating public governance. In the end, both the rule of law and the rule of man are important elements of governance.

The ultimate aim of reform must be to achieve good governance. And although China’s governance reforms have achieved momentous progress since the start of the reform era, there remain many obvious shortcomings and defects. For example, the government does not have a high level of public credibility. The rule of law is not sufficiently established. The level of official corruption and special privileges is still at a peak. State public services are seriously insufficient. The mechanisms of dynamic stability are not yet fully developed. The disparity in income levels continues to increase. Government accountability is not yet established and administrative costs are excessively high while efficiency is regrettably low. The role of civil organizations in public governance is weak, public participation is not guaranteed and the implementation of public policies is not yet democratic enough. All of these problems present major challenges to China’s democratic governance. The future of China’s governance will depend to a large extent on solving these problems effectively. However, whatever political reforms China carries out, and whatever kind of governance model takes shape in the future, for the country’s far-sighted leaders the objectives of the governance reforms are already irrefutably clear: democracy, rule of law, fairness, responsibility, transparency, integrity, efficiency and harmony.

Yu Keping is Professor and Director of the China Center for Comparative Politics & Economics in Beijing.

Notes
1 For more on changes in China’s governance since the advent of reforms, see Yu Keping, “30 Years of the Changes in China’s Governance,” Journal of Gilin University, No.3 (2008), pp. 5-18.