

30th Anniversary Essay

The Transformation of Chinese Governance: Pragmatism and Incremental Adaption

YIJIA JING*

The thirtieth anniversary of *Governance* provides an opportunity to reflect on the ways in which thought and practice on that subject has changed over the last several decades. China has been one of the most important sites of reform in that period. Chinese governance has been transformed through a combination of pragmatic thinking and incremental adaptation of institutions.

It cannot be disputed that China has been very successful in reforming its economic and social systems since 1978. Starting from a relatively small planned economy, China has effectively turned itself into the world's second largest national economy, its biggest manufacturing power, and the primary trade partner of about 130 countries. Economic success has brought China back to the center of international politics and global governance, highlighted by such mega-projects as the Asian Infrastructure Investment Bank and the One Belt One Road Initiative. Leaders of the Communist Party of China (CPC) have promised to create a rich and prosperous society (Xiaokang Shehui) by 2020—only 40 years after Deng Xiaoping proposed the idea.

At the same time, post-1978 China has encountered unprecedentedly complicated governance challenges. Economic inequality, social polarization, the rural–urban divide, environmental pollution and degradation, and corruption are just a few among many serious problems. With over 1.3 billion people, major domestic diversity and inequality, and a fast and volatile process of transition, China faces a daunting task of formulating and implementing national policies. Multiple forces, like Chinese traditions, socialism, development, and global engagement, have to be accommodated and coordinated almost simultaneously. For students of political science and public administration, a subject of debate is how China has managed to get through a complex process of transition and avoided being a failed state.

This article argues that governance in China since 1978 has changed tremendously along with its socioeconomic conditions. While much attention has been paid to the transformation of governance in the West, China's paradigmatic changes are in need of further research and insights. China's experiences offer a very different case, which has been coined as the Beijing Consensus, in stark contrast to the Washington Consensus (Ramo 2004). The China model combines a strong party-state and a hybrid market economy, with pragmatic developments as fundamental goals. In contrast to its own past and the recent practice of Western democracies, China has abandoned an ideology-driven approach to governance. Another major difference is that China's transformation has taken a "second best" strategy that takes into account context-specific national conditions (Rodrik 2008). Changes are not driven by theories but by

*Fudan University

Governance: An International Journal of Policy, Administration, and Institutions, Vol. 30, No. 1, January 2017 (pp. 37–43).

© 2016 Wiley Periodicals, Inc.

doi:10.1111/gove.12231

incremental learning and adaptation. Looking back, China's second and thus far successful "great leap forward" happened as a result of adaptive and reactive fine tuning.

The Transformation of Governance in Post-1978 China

In the following sections, this article examines China's governance transformation by looking at the self-adjustments of the CPC in terms of its missions, organizations, and functions, as well as its relations to other state and nonstate actors.

Power Regime Transition

The transformation of the CPC was the key to the changes in political governance. The failure of the pre-1978 governing strategies led not to radical self-denial but to comprehensive yet prudent adjustments. First of all, the CPC abandoned revolutionary ideological goals and reinvented itself as a pragmatic ruling party. While orthodoxies remain unchallengeable, the shift to performance-based legitimacy has been decisive. The Chinese developmental state emerged in the 1980s, prioritizing and balancing the values of reform, development, and stability. Rapid economic growth has been cited by officials as evidence of the superiority of the Chinese model compared to Western countries.

A political meritocracy subsequently emerged that is "morally desirable and politically stable" (Bell 2015). While "one person, one vote" has not been adopted to choose top leaders, political succession is nevertheless routinized and peaceful. The Constitution of the CPC forbids any form of personal worship and emphasizes democratic centralism. More importantly, an institutional norm has been established that the general secretary of the CPC can only serve a maximum of two terms of 10 years. Despite a need for transparency in the selection of leadership, a merit-based collective decision process, contingent on candidates' political know-how and executive capacities, has taken hold.

Steady reshuffling of the power base of the CPC followed. The transition away from old power elites happened, albeit slowly (Walder 2003). New economic and social elites were given increasing political opportunities under an increasingly relaxed corporatist system. In 2000, the CPC fundamentally redefined itself as representing advanced productive forces, advanced culture, and the fundamental interests of all the people of China. Thereafter, it was announced that private entrepreneurs belonged to the laboring class and therefore could join the CPC. By 2013, about 40% of China's entrepreneurs had become CPC members (Goodman 2013). They were able to access state institutions such as the People's Congress.¹ CPC members, totaling 87.8 million in 2015, are predominantly middle class in composition.

Political-Administrative Relations

Political governance of the administration underwent depoliticization and repoliticization. The evolution of the Chinese administrative system shows the "unavoidable" frictions between the political power of the party and the formal authority of the state (Przeworski 2013). Before 1978, the administrative system was almost entirely integrated into the CPC. Reforms in the 1980s aimed at separating the party and the state in order to increase administrative efficiency and autonomy. Although a civil service statute was introduced in 1993, reforms in the late 1990s retreated and sought to establish a workable division of labor between the party and the administrative

system. The cadre personnel management system of the party has remained intact and was legally confirmed by the 2005 Civil Service Law, which stipulates the principle that the “party supervises cadres” (Chan 2004, 2007). Thus, the CPC continues to embed itself in the administrative system and make major decisions.

Nonetheless, administrative accountability has become less political. Administrative offices have focused more on pragmatic tasks than political and ideological objectives. Such a change essentially led to the rise of performance metrics in public policy and administration (Jing, Cui, and Li 2015). On one hand, discretion and incentives were offered to local governments, so a decentralized system may be more competitive, innovative, and productive; on the other hand, performance measurements based on quantitative indicators are itself a tool to maintain top-down pressures and political control. Performance targets such as economic growth and work safety were assigned level by level along the hierarchy down to the grassroots governments.

Administrative modernization proceeded under this context. A first priority was to facilitate economic marketization. State-owned enterprises (SOEs) experienced gradual but significant privatization. By December 2015, there were only 106 SOEs directly supervised by the central government. Major reforms were undertaken in the 1980s and 1990s to downsize, reorganize, streamline, and decentralize the government (Lan 2000). In the new century, macroeconomic coordination and market regulation became the central purposes of economic interventions (Ngok and Zhu 2007). Following China’s socioeconomic changes, administrative reforms went in multiple and sometimes competing directions. Political, legal, and managerial values were mingled in China’s “harmony-oriented” model of civil service (Jing and Zhu 2012).

State–Society Relations

Post-1978 economic and social developments were still highly dependent on the state, creating vague boundaries between state, market, and society. The immaturity of the market gave birth to local state corporatism in which local governments acted as a general-purpose company (Oi 1992). Quasi-public and quasi-private organizations were pervasive (Francis 2001). The Chinese state strategically manipulated its capital, information, policy, and regulation to facilitate and control market formation. The official attitude toward social activism was one of control. Until recently, social organizations could only be registered if they were affiliated with party or state agencies. In 2015, China had 547,549 registered social organizations, which were usually small, young, and unprofessional (Jing 2015). Despite a new enthusiasm in social service organizations, politically disobedient activities were vigilantly monitored, dissuaded, and repressed. Administrative, legal, financial, and regulatory policies were adopted to shape the institutional incentives and constraints on social organizations (Jing 2015).

Social policy toward citizens evolved. State-led social identity building was reinvented. Challenged by identity crises due to social stratification, ethnic inequalities, and regional imbalance, citizenship-based strategies like the Harmonious Society and the China Dream were promoted by the CPC to cultivate social cohesion. Radical nationalism was restricted. Meanwhile, the state reengaged with its social responsibilities. The trend to reduce social welfare functions was reversed in the twentieth century. The affluent state began to systematically improve social welfare, insurance, and services in response to the backlash due to escalating free-trade practices. Studies consistently find high levels of citizen trust in the Chinese government (Steinhardt 2012; Zhong and Chen 2013).

The Power of Pragmatism and Incrementalism

China's most prominent achievement in the realm of modern governance practices is that its governance regime, compared to other transitional regimes, has used continuous self-adjustments to achieve important transformations and developments and thus avoided disastrous revolutions and conflicts. The pragmatic "second best" strategy resides in the following features of governance reforms, which are not systematic components of any given theory.

First, the political leadership of the CPC remained in place and was strengthened. This has been a fundamental political premise to introduce reforms. The CPC continued to be a solid but flexible center of governance, effectively reextending itself to administrative, economic, and social organizations. It was careful to avoid being captured by interest groups.² A weakening of socialist ideology happened, but only gradually. Consequently, the power regime could initiate, accept, adapt to, and coordinate changes.

Second, development has consistently been the primary goal of governance. This was in response to backward national conditions and citizens' urgent demands. A development-oriented state was committed to positive-sum games and shared growth. While competition and performance accountability were used to mobilize the bureaucracy, the bureaucracy itself became a residual claimant of economic growth (Montinola, Qian, and Weingast 1995). Deng Xiaoping's "Cat Theory" highlighted the pragmatic mentality that kept a lid on ideological disputes.³

Third, changes were applied incrementally. Rejecting the shock-therapy reform adopted by Russia, China's reforms featured deliberate and selective learning from multiple sources. "Chinese characteristics" have been systematically emphasized, so Western models were not simply copied but adapted and upgraded. Both China's traditional governance expertise and its socialist practices were components of such "Chinese characteristics." Local experiments such as the rural Household Contract Responsibility System were tried before formal national policies or laws were formulated. Reforms first happened in areas where they were easy to adopt so the least resistance would be encountered, success and confidence would accumulate, lessons could be learned, and new problems could be identified.

While different perspectives exist in evaluating and explaining China's recent past, a more critical issue is whether China's governance is following a sustainable path of evolution. To evaluate this, the above features of the China Model will be scrutinized, showing mixed results.

A first concern relates to the effectiveness and legitimacy of the CPC leadership. The CPC has led China since 1949, adopting the Soviet model first and then shifting to reform and opening up. The party-state regime was retained and consolidated after the fall of socialist regimes in the late 1980s and early 1990s. While the CPC's achievements in development have been universally recognized, there are disputes and doubts concerning its authoritative nature. This article, working from a realistic and comparative perspective, argues that in the coming decades the CPC leadership will continue to be the cornerstone of China's stability and development. The regime has, more or less successfully, resolved the entrenched dilemma between centralized control and cumulated entropy (Hirschman 1970). On one hand, centralized authority conforms to China's Confucian tradition and maintains equilibrium and stability; on the other, regular leadership turnover, collective decision making, administrative decentralization, and internal competition allow vitality.

More importantly, the party-state system is learning and adapting rapidly in a time of globalization and democratization. As Wilson (1887) argues, "The desire to keep government a monopoly made the monopolists interested in discovering the

least irritating means of governing." China's voluntary entry into the global political-economic system since 1978 strengthened such an interest by creating external constraints for itself. The CPC has announced that it will be a learning-oriented party and will keep pace with the tides of time. A strong but reasonably self-constrained government can be a blessing for market growth and social development, as demonstrated by East Asian practices after the Second World War. Further, the collapse of East European socialist regimes and the Soviet Union is a constant warning about the need to respect citizen demands.

A second issue is the instrumental capacity of the system. It has been generally recognized that the Chinese administrative state was a driving force behind the economic miracle. The usual example is infrastructure supply, which is unbelievably fast compared to other countries. But this article argues that administrative efficiency in China is not as high as has been claimed. It was artificially boosted by strong political engagement and pressures, high-powered incentives for government officials, a narrow focus on economic targets, a lack of procedural and external control, and insufficient protection of civil liberties. These conditions are sure to change in the future. Some have speculated that the recent slowdown of economic growth is caused partially by the shirking of officials frustrated by the movements against corruption and abuse of power. Meanwhile, the opportunity costs and social costs created by prior administrative proactiveness have been apparent. One example is China's emergency financial and fiscal stimulation policies in response to the 2008 global economic crisis. Economic restructuring was temporarily sacrificed for growth, and the huge surplus industrial capacities are now harming the country.

The decline of administrative capacity may simply be a natural regression to a normal status. But it is only gradual due to multiple offsetting factors like the adoption of new technologies and improving employee quality.⁴ As risks in the Chinese society are getting more volatile and unpredictable, errors in major decisions and projects may pose serious problems to the regime. In the short and mid terms, the major challenge to China's political regime will not be caused by its fundamental institutional design and legitimacy, but by its incapacity to handle pragmatic issues such as SARS.

A final issue is the long-term feasibility of incremental reform. In an interview with a Russian reporter in February 2014 in Sochi, Xi Jinping said that "China's reform . . . has got into deep-water zone. . . . The meat has been eaten. Only hard bones are left." Some argue that holistic reforms should now replace incremental ones (Tao and Xu 2006). It is true that further reforms cannot evade vested interests, and the interconnectedness of public issues in a highly complex society makes partial reforms and experiments less meaningful. Now trial-or-error processes can be more difficult, and experiment costs can be much higher. But the essential wisdom of incrementalism is constant learning and the search for not just solutions, but also emerging problems (Lindblom 1959). An incremental reform path can lead to critical junctures of change. China's past reform experiences never lacked thorny problems and decisive breakthroughs. An incremental reform strategy is still the best solution for complex and serious issues. What is also important is the political will and determination to maintain a continuous and coordinated sequence of experiments and changes.

A recent example was the abolishment of the one-child policy that came into being in 1980. The previous Commission of Family Planning was merged in early 2013 into the Ministry of Health, which was renamed the National Health and Family Planning Commission. Late that year a national policy was established that a family can have two children if either the husband or the wife is an only child. In late 2015, it was announced that all families can have a second child, but not a third. The organizational and functional system of family planning is peacefully fading away.

A Long-Cycle Perspective of China's Governance

While governance in Western democracies was driven by hard ideologies such as the Reagan and Thatcher “revolutions,” China’s party-state adopted a pragmatic approach, highlighting an interesting inversion of the usual understanding of how the two systems behave. History forecasts the future—over the course of China’s long history, secular states adopted pragmatic Confucianism to govern the country. There is no breeding ground for radicalism in the Chinese culture. Since the People’s Republic of China gave up a focus on ideologies imported from the West, a modern version of the “strong but flexible state” returned. Gradual reforms have created radical changes in less than four decades, showing the flexibility of China’s transitional regime. In retrospect, China may have proceeded in the best possible way, combining a learning-oriented authoritative party, strong efforts toward innovation and development, and incremental experimentation. Looking ahead, a major threat to China’s future governance could be the suspension of this approach of constant learning and self-adjustment. This might happen if the political system is captured by special interests, and if transitional practices are regarded as permanent models of good policy. Alternately, the political system might shift toward utopian radical reforms. Both of these changes, if they occur, would be equally harmful.

Acknowledgment

This research was supported by the National Science Foundation of China under Grant (71490735) and the National Social Science Foundation of China under Grant (15ZDA031). The author is very grateful to Alasdair Roberts for his invaluable comments.

Notes

1. Striking evidence of this was provided in March 2011 by the Hurun Report, which found that the richest 70 delegates of the National People’s Congress had a total wealth of RMB565.8 billion (about \$85 billion).
2. A good example of avoiding capture by bureaucracy was the five-year cycle of administrative reforms that established regular interventions into the political-administrative complex.
3. Deng argued that “it does not matter whether the cat is white or black if it catches a mouse.” The mouse in this metaphor referred to economic development.
4. The proportion of civil servants with a college diploma rose from 30% to 86% between 1992 and 2007 (Jing and Zhu 2012).

References

- Bell, Daniel. 2015. *The China Model: Political Meritocracy and the Limits of Democracy*. Princeton, NJ: Princeton University Press.
- Chan, Hon. 2004. “Cadre Personnel Management in China: The Nomenklatura System 1990-1998.” *The China Quarterly* 179: 703-734.
- . 2007. “Civil Service Law in the PRC: A Return to Cadre Personnel Management.” *Public Administration Review* 67 (3): 383-398.
- Francis, Corinna-Barbara. 2001. “Quasi-Public, Quasi-Private Trends in Emerging Market Economies: The Case of China.” *Comparative Politics* 33 (3): 275-294.
- Goodman, David. 2013. “Why China’s Middle Class Supports the Communist Party.” *The Christian Science Monitor*, October 22. Available online at <<http://www.csmonitor.com/Commentary/Global-Viewpoint/2013/1022/Why-China-s-middle-class-supports-the-Communist-Party>> (accessed April 20, 2016).

- Hirschman, Albert. 1970. *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*. Cambridge, MA: Harvard University Press.
- Jing, Yijia. 2015. "Between Control and Empowerment: Governmental Strategies of Non-profit Development in China." *Asian Studies Review* 39 (4): 589–608.
- Jing, Yijia, Yangyang Cui, and Danyao Li. 2015. "The Politics of Performance Measurement in China." *Policy and Society* 34: 49–61.
- Jing, Yijia, and Qianwei Zhu. 2012. "Civil Service Reform in China: An Unfinished Task of Value Balancing." *Review of Public Personnel Administration* 32 (2): 134–148.
- Lan, Zhiyong. 2000. "Understanding China's Administrative Reform." *Public Administration Quarterly* 24 (4): 437–468.
- Lindblom, Charles. 1959. "The Science of 'Muddling Through.'" *Public Administration Review* 19 (2): 79–88.
- Montinola, Gabriella, Yingyi Qian, and Barry Weingast. 1995. "Federalism, Chinese Style: The Political Basis for Economic Success in China." *World Politics* 48 (1): 50–81.
- Ngok, Kinglun, and Guobin Zhu. 2007. "Marketization, Globalization and Administrative Reform in China: A Zigzag Road to a Promising Future." *International Review of Administrative Sciences* 73 (2): 217–233.
- Oi, Jean. 1992. "Fiscal Reform and the Economic Foundations of Local State Corporatism in China." *World Politics* 45 (1): 99–126.
- Przeworski, Adam. 2013. "Party-State? Parties, States and Markets in the Soviet Union and China." Paper presented at Fudan University, Shanghai, China.
- Ramo, Joshua Cooper. 2004. *The Beijing Consensus*. London, UK: The Foreign Policy Centre.
- Rodrik, Dani. 2008. "Second-Best Institutions." *American Economic Review* 98 (2): 100–104.
- Steinhardt, Christoph. 2012. "How Is High Trust in China Possible? Comparing the Origins of Generalized Trust in Three Chinese Societies." *Political Studies* 60 (2): 434–454.
- Tao, Ran, and Zhigang Xu. 2006. "Groping for Stones to Cross the River versus Coordinated Policy Reforms: The Case of Two Reforms in China." *Journal of Policy Reform* 9 (3): 177–201.
- Walder, Andrew. 2003. "Elite Opportunity in Transitional Economies." *American Sociological Review* 68 (6): 899–916.
- Wilson, Woodrow. 1887. "The Study of Administration." *Political Science Quarterly* 2 (2): 197–222.
- Zhong, Yang, and Yongguo Chen. 2013. "Regime Support in Urban China." *Asian Survey* 53 (2): 369–392.