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Political and Social Reform in China: Alive and Walking

On June 1, 2007, thousands of people in the southern city of Xiamen went for a "walk" (*sanbu*). Organized by grassroots environmental groups using mobile phone text messages, they carried banners along downtown city streets to protest the environmental and health risks of a planned joint-venture chemical plant in one of Xiamen's suburbs. In the wake of this walk, so called to dodge regulations restricting any public "protest march" (*youxing*), the Xiamen government agreed to relocate the plant. This result was a striking and widely discussed success for popular organization and expression in China.[1]

A few months later, Shanghai homeowners began to voice opposition to the extension of a magnetic levitation train line through their neighborhoods. The well-off Shanghai residents consciously imitated the Xiamen protest, conducting peaceful walks and a "group shopping trip" down Shanghai's Nanjing Road.[2] By early 2008, the city government agreed to delay construction and strengthen public review of this and future projects, although as in Xiamen, the government also pressured residents to stop further walks. These events and the relatively accommodating response of the authorities garnered exceptional attention, particularly because they occurred while Chinese leaders were encouraging new discussion of political reform and debate about the role of "democracy" in China. The Xiamen and Shanghai walks illustrate how new social groups as well as the Chinese Communist Party (CCP) continue to adapt and experiment with ways to act on new interests while avoiding or preventing direct challenges to CCP rule.

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Evidence of political and social progress in China seems at odds with headlines in the run-up to the 2008 Beijing Olympic Games. Beijing's relationships with regimes such as Sudan, the jailing of dissidents such as Hu Jia, and violence in Tibet have put some of the worst aspects of China's politics on prominent display. Contradictory snapshots contribute to two dominant, conflicting views of China today. Each view is sometimes used to justify the policy preferences and fit the prejudices of outside observers. The first is the recently popular notion that, despite decades of rapid economic development, China's politics are stagnant, with little prospect for progress absent systemic collapse.[3] A second view sees China on course for a democratic future, perhaps in the aftermath of a crisis or popular uprising.[4] Others see the leadership taking the initiative by reappraising democracy, moving forward with village elections and judicial reform, and improving government supervision.[5] In the absence of dramatic change, the protracted evolution of Chinese politics is easy to overlook or ignore. The rapid collapse of communism in Eastern Europe and the Soviet Union established high expectations among Westerners for the pace of transition in China. To speak of gradual though patchy progress is to risk being labeled a peddler of fantasy.[6]

Proprietors, stakeholders, and the needy are placing new demands on the state.

Notwithstanding such accusations, a focus on long-term social and political processes offers a different perspective. In contrast to those who see a stagnant China, political and social dynamism is at work. The pace of change has varied since the late 1990s, but the twin drivers of political and social conflict and change—an increasingly robust society and a more adaptive party-state—have continued to gather strength.[7] Nearly three decades of reforms have resulted in a wealthier and more diverse society with new interests and a new capacity for securing those interests.

Societal pressures derive from a range of sources, from sometimes violent protest by impoverished farmers to rural migrants seeking new rights in China's cities to car-driving, Web-browsing urbanites defending the value of newly purchased homes. Three growing segments of Chinese society—proprietors, stakeholders, and the needy—are placing new demands on the CCP and the state. Despite some setbacks, they have been able to win resources and attention. Over time, conflicts between society and the state as well as among these groups themselves help drive the CCP toward reforms of political ideology and institutions.

To preserve its power, the CCP has chosen to revitalize itself and to adjust to new social realities, efforts that have intensified since the leadership team of President Hu Jintao and Premier Wen Jiabao came to power in 2002–2003. The evolution of the party-state has included reforms to CCP ideology and institutions, the legal system, and government administration. In addition to constituting an effort to revitalize its own capabilities, these reforms represent the CCP's gradual acceptance of the need to cede space to public expression and societal action.

These pressures and reforms remain uneven and fragile. They have their roots in intense conflict, not just leadership policy conclaves. The processes described here are unlikely to lead to a transition to democracy at the regime level in the near term, if ever. They exist side by side with darker aspects of China's reality: deplorable corruption, abuse by local officials, strictures on religious practice, and a penal system used against political as well as criminal offenders. Yet, misdeeds and conflict, not just plans for more effective government, can provide the motivation that pushes political progress forward rather than snuffing it out. The trends described below point to the most plausible way in which citizens can gradually acquire the power to effect change. They have delivered practical benefits to the Chinese people, built constraints around state power, and laid foundations for potential further liberalization in the future. In this way, political and social reform in China continues to "walk," not march, forward.

Chinese Society: Self-Organizing, More Demanding

One powerful driver for political and social reform is the increasing influence, diverse interests, and organizational capability of Chinese society. Demands on the leadership are emerging from new proprietors such as private businesses and homeowners, citizens such as environmentalists who feel they have a personal stake in China's future, and the newly needy, such as migrant laborers and poor farmers. Despite repression, these communities are experimenting with ways to organize and act on their interests. Most avoid direct challenges to CCP rule, and some even find allies within the varying levels of party and state agencies. In turn, their experiments help press the state for changes to policy and even to institutions.

NEW PROPRIETORS

Nearly 30 years of economic reforms have produced new wealth and private, proprietary rights in businesses and homes. Per capita urban household incomes have increased nearly sevenfold in real terms since reforms began in 1978, to 13,786 yuan per year in 2007, or about $2,000 at early 2008 exchange rates.[8] The private sector accounted for nearly all of China's net employment growth between 1997 and the beginning of 2007 and now employs nearly 40 million people, representing 14 percent of China's urban workforce, up from less than 1 percent in the early 1990s.[9] Over the same period, the state sector's share of total urban employment fell to 23 percent, or 64 million workers, from 61 percent. The private sector now accounts for more than 21 percent of industrial output, up from 3 percent in the late 1990s, while the state sector's share of industrial output has fallen from 50 percent in the late 1990s to less than 30 percent in 2007.

Political and social dynamism is at work, although uneven and fragile, in China.

Proprietorship has also prompted experiments in business association and lobbying.[10] Some of the most effective lobbyists are powerful state firms, including huge tobacco, energy, telecom, and airline companies. Thus far, it appears that most business people feel that they have benefited within the current political system.[11] Yet, smaller, private and mixed-ownership firms have also organized to secure their interests. The chambers of commerce in the eastern city of Wenzhou are one case of business association.[12] They rose in response to complaints about the quality of Wenzhou-produced goods and initially worked closely with local government to develop and enforce quality standards. By 2004, more than 70 percent of these chambers reported that they were freely electing their own leadership and operating according to their own bylaws. They do not receive government funds, instead raising contributions from member firms. There are now more than 100 Wenzhou trade associations covering 25 industrial sectors, representing tens of thousands of member firms, according to the Wenzhou City General Business Association.[13]

They have scored successes in trade promotion, product standard-setting, collective financing, and recommending representatives to local people's congresses. In 2001–2003, they successfully lobbied Chinese and European governments to remove European trade barriers to Chinese goods.[14] By March 2007, they had established 159 representative offices throughout other Chinese provinces and even abroad to help Wenzhou merchants contact each other and compete.[15] This represents perhaps the most successful case of post-1978 Chinese business associations. The Wenzhou associations are not typical, but they indicate what business can do in China.

A sense of proprietorship also extends to new urban homeowners. The walking Shanghai protesters are but one group in a larger property rights struggle throughout urban China involving homeowners, real estate developers, and local governments. In the early 1990s, most of China's urban residents lived in state-owned apartments. Between the mid-1990s and early 2000s, almost all of these homes were sold at preferential prices to the people living in them. Today, most urban residents (460 million people as of the 2000 census) own their own homes. New housing is built and sold largely along market lines and is concentrated in large, condominium-style developments.

As with condominium boards in developed economies, property ownership gave residents incentive to form new arrangements for governing the thousands of housing complexes that have sprung up in cities from Beijing to Shenzhen. According to national housing policies, owners, not government officials, have the right to choose property management companies and to allocate maintenance funds through group meetings and elected homeowner committees (*yeweihui*). This is a significant departure from paternalistic models of neighborhood decisionmaking by government cadres. Shanghai, far ahead of other cities in this respect, had already approved some 5,000 such committees as early as 2004, although many of them fall well short of being fully controlled by the owners.[16]

Dissatisfaction with property developers and management companies, which often have close ties to local officials, has frequently propelled homeowners into contentious group action. In protesting shoddy construction, abusive security guards, excessive fees, or misuse of neighborhood assets, it has become common for owners to hang immense banners, stage marches, withhold fees, and aggressively lobby local governments. They do not always prevail; they are often thwarted or bought off. Developers have even employed local toughs to intimidate or beat homeowners into submission. In other cases, internal squabbling among residents has left neighborhoods in disarray. Complex though the situation is, homeowners have become a potent force as a result of privatization and the conflicts it engenders. They have acquired a substantial degree of control over many private neighborhoods, including the ability to decide how property is managed and the capacity to resist external encroachments.

Homeowners acting on proprietary, narrow self-interest can even produce broader social benefits, including more transparent government and consistent standards. Shandong's Rushan city has attracted hundreds of people from other provinces to invest in vacation homes and rental properties near area beaches. In 2007–2008, these homeowners successfully blocked construction of a nuclear power plant nearby. Contrary to local residents and officials, who supported the nuclear project, the "outside" homeowners feared the plant's potential effects on health, environment, and property values. They sought allies in the central government, alerting officials at the State Environmental Protection Administration that the proposed plant was near a scenic area and had not gone through a proper environmental approval process.

As of early 2008, the project had not received permission to proceed. There is a strong possibility it will go ahead, but not without a more transparent public vetting and a proper environmental approval.[17] This case illustrates the power of potential links between pressure groups and China's beefed-up environmental regulators, who rejected $91 billion of proposed factories and other investments in the first 10 months of 2007.[18]

NEW STAKEHOLDERS

Aside from the powerful motivators of money and property rights, rising affluence and education have also raised awareness of the social costs of development. A nascent search for spirit and individual purpose has given many Chinese people a growing sense that they have a personal stake in China's future, and they are organizing to help shape that future. As of 2007, there were more than 360,000 registered civil society organizations (CSOs) in China, including trade associations, charities, professional groups, clubs, social welfare organizations, advisory centers, legal aid groups, environmental groups, and foundations—double the number in 1996.[19]

Most are subject to considerable government influence, such as CCP approval of their top leaders, and many help facilitate government policy rather than challenge it. Yet, less than 1 percent of registered CSOs are directly affiliated with central government agencies, and only 11 percent have set up internal CCP committees and organizations. More than 4.2 million people are involved in these registered CSOs.[20] The most explosive CSO growth has been in "civil nonenterprise groups" (*minjian feiqiye*) involved in education, service to labor and workers, public health, and legal aid, among other activities. There are now more than 160,000 of these, up from only 6,000 in the late 1990s. Chinese government researchers estimate there may be 3 million more unregistered CSOs.[21]

Environmental organizations have been among the most successful CSOs, facilitated by the central government's growing interest in mitigating environmental damage. In a new book analyzing struggles over dams and hydropower in southwest China, Andrew C. Mertha illustrates how the government has been obliged to accept input from an array of actors on decisions over environmentally sensitive projects.[22] In the wake of conflicts over dam projects such as the Three Gorges, CSOs such as Green Watershed and Friends of Nature now work in concert with a network of aggressive reporters in the national media to shape debate and policy on river management. International organizations such as the United Nations Educational, Scientific and Cultural Organization; local farmers facing resettlement or economic gain; and many branches of the government all shape outcomes.

Victories for the activists include the 2003 cancellation of a major dam project at Yangliuhu in Sichuan Province, although other projects have moved forward despite opposition. Communication technologies now also play a key role in environmental politics. One interest group, the Institute of Public and Environmental Affairs (IPEA), operates a Web site that "names and shames" polluting companies—one of the first attempts in China at mobilizing public opinion pressure in this way.[23] The IPEA lists the names of more than 4,500 polluters, some of them state-owned companies.

Direct social action has prompted the government to respond to rural needs.

A commercialized media industry and new technologies now give Chinese people unprecedented access to news and views. China had 1,938 newspapers and 9,468 magazines in print at the end of 2006, both up tenfold since 1978, when reforms began.[24] About 151 million people have access to cable television, by which many can watch channels such as MTV, news and talk shows from Hong Kong Phoenix TV, and international movies. Social conflicts, corruption cases, and stories of abuse by local officials are now widely reported in the Chinese media. There are off-limits topics (the 1989 protest movement and the top leadership, for example), and the CCP's Propaganda Department regularly sends notices to editors around the country warning of forbidden or discouraged stories. The scope for investigative reporting and even policy debate has nonetheless grown.

At the end of 2007, China had an estimated 210 million Internet users, up from 59 million at the end of 2002.[25] By the end of 2007, mobile phone users numbered 547 million. According to Richard Baum, Chinese mobile phone users send more than 40 billion text messages per month, or 17,500 per second.[26] Despite the Internet content–filtering "Great Firewall" and Web "monitors," information and debate rage on innumerable blogs and electronic bulletin boards and via text messaging. These platforms give issues and interest groups a national visibility and immediacy that was much more difficult to obtain 15 years ago. Greater access to information and new communication technologies also play a key role for those who are relatively less well off.

THE NEWLY NEEDY

Inequality is rising rapidly in China. Rural per capita household income was 4,140 yuan in 2007, less than one-third that of urban levels.[27] Rural incomes are also growing more slowly than urban incomes: 9 percent in real terms last year, compared to 12 percent real growth for urban residents. Openness and private control of capital have created greater scope for exploitation, such as land seizures, and discrimination against groups such as migrant laborers and those with special health needs. Yet, disadvantaged groups have tested the limits of new ways to defend themselves, running the gamut from organized, open lobbying within the existing system to violent protest.

Hepatitis B carriers constitute one group that has openly organized to secure protections from the state. Beginning in 2003, a man named Lu Jun set up a Web site containing information on how people could protect themselves against employment discrimination. Lu also founded Yirenping Zhongxin (Center for Goodness, Fairness, and Mercy), a CSO that provides free advice and legal aid to Hepatitis B carriers. The group developed a savvy strategy for lobbying representatives to the National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC). Yirenping Zhongxin secured support for legal protection from some of China's official alternative political parties, in particular the China Peasants and Workers Democratic Party, which includes a number of celebrity medical professionals and doctors. The new Employment Promotion Act took effect on January 1, 2008, and specifically forbids employers from "discriminating against Hepatitis-B carriers."[28]

Chinese society is becoming more robust, diverse, interested, and capable over time.

Migrant workers are another group that has struggled during the reform period. The case of a migrant named Sun Zhigang is seen by many Chinese as a seminal event in legal reform and the development of citizen-rights consciousness. Sun was a college-educated, white-collar migrant from central China working in the southern city of Guangzhou. On March 17, 2003, he was stopped by police and was not carrying proper documents. For that reason, he was sent to a detention center, where he was subsequently beaten to death in police custody.[29]

A local newspaper, *Southern Metropolis*, broke the story and public outcry on Internet chat rooms and blogs was amplified by news media. Outraged complaints were soon echoed by some in China's new elite; legal scholars and lawyers argued that identity regulations and police action were not only abusive but also unconstitutional.[30] In response to this pressure, in June 2003 the government issued a new administrative regulation, "Relief Methods for Vagrants and Beggars," repealing regulations that had restricted migration to China's cities, closing more than 800 migrant detention centers, and placing restrictions on police power. The case not only reversed previous regulations but also raised public awareness of basic rights to be in the city, to work, and to personal safety and dignity, even for migrants. As in many other cases, the government mixed its accommodating and problem-solving reaction with other responses. After bold coverage of the Sun affair and other stories, three senior *Southern Metropolis* staff were jailed on what Chinese journalists argue were trumped-up charges of corruption.[31] A June 2005 petition signed by more than 2,300 Chinese journalists as well as other forms of pressure later contributed to the reporters being released before serving full sentences.[32]

Despite the repeal of discriminatory laws, migrants still face many problems in Chinese cities, including challenges in securing health care, education, and equal rights to housing and non–manual labor jobs.[33] Sun's case, among others, spurred other government actions that may someday have greater implications. In March 2004, the government established an office responsible for conducting constitutional reviews of Chinese laws under the standing committee of the NPC.[34] Since then, some NPC representatives have called for using this constitutional review process to examine government regulations, although this has not yet been done successfully.

For many, protest is the only means to seek redress in the face of exploitation and repression by local officials or businesses. The number of "mass incidents" of disturbance and protests in China has risen rapidly, from 10,000 incidents involving 730,000 people in 1993 to 74,000 incidents involving more than 3.7 million people in 2004.[35] According to Yu Jianrong, a researcher at the government-run Rural Development Research Institute, about 35 percent of these cases involve peasants.[36] Many protests are organized by mobile phone text messages, as were the Xiamen and Shanghai walks. In rural areas, violent clashes have been sparked by sluggish income growth, exorbitant local taxes and fees, and illegal land seizures.

In March 2007, the Ministry of Land and Resources announced that, in the previous year alone, it conducted investigations into 96,133 cases of illegal land use involving more than 207,000 acres of land, of which nearly 94,000 acres were cultivated land usually worked by farmers.[37] These figures represented a one-year increase of 20 percent in the number of cases over 2005, a 96 percent increase in total land involved, and a 66 percent increase in illegal seizures of cultivated land. According to government researchers, for every *mu* of land (about 0.17 acres) that is seized, between 1 and 1.5 peasants are affected, indicating that between 540,000 and 814,000 peasants may have lost their land in 2006.[38]

Minister of Land and Resources Xu Shaoshi recently revealed there were 24,245 cases of illegal land use involving 2.2 million mu (about 367,000 acres) of land in the first half of 2007; 80 percent of these cases involved illegal acts by local officials.[39] Farmers' peaceful protests, such as sit-ins and blocking roads, as well as more violent ones, such as seizing local officials, have instigated crackdowns by security forces.

Yet, direct social action has prodded the government toward a greater responsiveness to rural needs. The central government abolished all local fees imposed on farmers in 2003 and did away with all formal taxes on agriculture by 2006. Beijing intervened to compensate for local revenue shortfalls, increased funding to existing programs such as rural education, and added new programs such as medical insurance and minimum income subsidies to farmers.[40] Central government transfer payments to the provinces have increased from 3 percent of gross domestic product (GDP) in the mid-1990s to about 5–6 percent of GDP in 2006–2007; most of this is now focused on less developed inland provinces.[41] The government is also developing new social safety net programs. Payments for pensions, unemployment, medical insurance, work injury insurance, and maternity insurance have risen from about $29 billion in 2000 to more than $80 billion in 2006.[42]

Successes for business groups, homeowners, environmental activists, and even the disadvantaged coexist with continued ills such as wealth disparities, repression, and corruption. Yet, the examples above show that citizens can gradually acquire the power to effect some change, and they are now experimenting with ways to use that power and test its limits. Certainly for now, CCP tolerance (in some cases, encouragement) of a greater degree of social organization, communication, autonomy, and action remains a critical enabler. As these cases show, Chinese society is becoming more robust, diverse, interested, and capable over time, not less so.

Party and State: Adapting and Experimenting

The CCP's determination to change—seeking its own revitalization, greater legitimacy, and improved governing capability in order to survive in power—is the second key driver for continued political reforms. In 30 years, the CCP has changed enormously, starting a turn away from totalitarianism in late 1978, building an authoritarian system based on collective decisionmaking in the 1980s and 1990s, incorporating private property protections in the constitution and permitting capitalists to join the CCP in 1999, and successfully completing the first peaceful transition of leadership power in the history of the People's Republic of China in 2002–2003.[43] In addition to strengthened norms for collective decisionmaking, the CCP has developed rules such as retirement ages, principles for balancing factional interests, and an intraparty promotion system that places greater emphasis on education, competence, and performance rather than on personal loyalty alone.[44] Government has become more institutionalized, ensuring that power and policy are linked to specific offices and government positions rather than personalities.

As the new rural policies described above show, the Hu-Wen leadership conducted a considerable shift in politics and policy after assuming power, responding to social pressures resulting from great wealth disparities, social strife, corruption, and environmental damage that had developed in the 1990s. Although unwilling to accept structural liberalization, the leadership has shifted to focus on precisely the problems that critics cite as evidence that the Chinese political system has become stagnant or is on the verge of systemic collapse.

As they have consolidated power, Hu and Wen have continued to stress that the CCP must change in order to survive, with a renewed focus on improving legitimacy, transparency, and governing capacity in response to a changing society. This is reflected in a book on political reform published after the 17th Communist Party Congress in October 2007 entitled *Gong Jian* (The Critical Mission).[45] The authors of *Gong Jian* are senior scholars at the Communist Party Central School, giving the book a semiofficial cachet.

Hu and Wen stress that the CCP must change in order to survive.

Gong Jian makes clear that even reformers among the leadership believe that China must maintain a strong central government with an "appropriate degree" of centralized state control and "relatively centralized" politics under CCP leadership.[46] Yet, within this system, political reforms should be applied to CCP ideology and practice, including acknowledging that ultimate legitimate authority rests in the people, not the party. [47] *Gong Jian* recommends that intraparty democracy be deepened and expanded so that the CCP can improve the pool of cadres "for the people to publicly choose," thereby reversing the phenomenon of CCP officials owing "responsibility" only to upper echelons of the party and not to the people below.[48] Legal, government, and administrative reforms should be conducted to develop a system of checks and balances on power, including enhancing the role of the NPC and the skills of its representatives.[49]

Furthermore, the CCP should cede a greater role to CSOs in political and social life, including permitting religious organizations greater space to play a "positive role" in public life.[50] Chinese critics, including some from the Party Central School itself, have complained that the pace and timetable laid out in *Gong Jian*—30 years to complete the reform program it suggests—is too slow. Yet, many of the suggestions in *Gong Jian* are already being implemented, either directly or in experimental form.

INTRAPARTY DEMOCRACY

The CCP leadership is promoting intraparty democracy at the elite and grassroots levels. At each level, there are signs of significant reform but also significant resistance within the party to broad liberalization, indicating that China's prospects for further reform depend on the interaction of CCP initiatives and pressure from society, not on the CCP's adaptive responses alone. At the elite level, the focus has been on ideological change. Hu has recently promoted intraparty democracy and "scientific development" (rationalized government and sustainable development) as a method for improving CCP performance. Scholars identified as close to Hu have touted the idea of democracy as "a good thing."[51]

David Shambaugh has identified a number of components of the intraparty democracy initiative, including increasing transparency and accountability through experiments with multicandidate elections for party committees and exposing party committees to input and criticism from other party members; other officially sanctioned "political parties," such as the China Peasants and Workers Democratic Party; and the public.[52] Shambaugh wisely cautions that the CCP "has zero interest" in transitioning to a Western democratic system.[53]

Chinese leaders recognize that political reform will be difficult.

Reform at the top of the CCP may also be pushed forward by the political interests of elite leaders themselves. These leaders are increasingly professional, well educated, and invested in real policy differences among themselves.[54] In the future, they will possibly compete more openly for favor and support within the party and perhaps even beyond it. Powerful CCP norms, however, are opposed to such open elite competition.[55] Such competition also has risks, including fractures within the party. Partly out of such concerns, the CCP has confined its experiments with competitive elections to the village and township level.

Despite rapid urbanization, most Chinese (about 800 million as of the 2000 census) still live in the countryside. Some of the most intriguing political experiments are playing out in China's 640,000 villages. The experiment with competitive elections for village leaders was first authorized by the central government more than two decades ago. How effective have these institutions been at empowering rural citizens? The evidence produced from careful studies is complex. In a survey of more than 300 villages holding elections, Lily L. Tsai found, in the majority of cases, official interference in the candidate nomination process and ballot collection methods susceptible to fraud and undue pressure on voters.[56]

Village elections thus remain imperfect. Tsai argues that social institutions such as temple and lineage associations so far are more effective than elections have been at keeping village leaders in line. Still, the general trend over the past 20 years is a sustained effort by the central government to press for more rigorous adherence to election laws. These institutions seem to provide a conduit for the popular voice in cases of egregious abuse. A study of villages in Shaanxi province by John James Kennedy found evidence of improvement over time in nominating procedures.[57] Kennedy asserts that, in communities in which the election law is implemented well, villagers become emboldened to insist on accountability, not merely through regular elections but also through demands for recalls of local leaders who turn out to be corrupt. Thus far, beyond a few limited experiments in places such as Buyun township in Sichuan Province, the central government remains reluctant to expand village elections to higher offices.

LEGAL REFORMS

China has undertaken considerable reforms to its legal system. Between 1978 and early 2008, the NPC passed 229 new national-level laws and revised the constitution four times.[58] Only eight pre-1978 laws are still in use. Some of the most important laws establish contract and property rights, the right of citizens to sue the government in cases of abuse or loss as a result of government action, tax obligations, the rights and responsibilities of company managers and shareholders, the legislative process, and the rights of workers.[59] Many of these laws were publicly circulated in draft form, with final versions reflecting input from Chinese and foreign firms as well as other interest groups.

The CCP has supported legal development and the establishment of a more competent judiciary partly to underpin market reform and partly to improve the chances that central government policies will be implemented by local officials. By early 2007, China had 165,000 professional lawyers, four times as many as there were in the early 1990s.[60] China now has more than 13,000 law firms. In 2006, 19,400 people received graduate law degrees, and 26,800 people entered graduate law programs. In contrast to the traditional background in engineering, a growing proportion of China's elite leadership now have law degrees.[61] The government has also taken steps to improve the quality and competence of judges, although the judicial system is not independent and party officials can control legal outcomes when they choose to intervene directly.

Legal action can be an effective tool in the hands of Chinese citizens. The central government tolerates and sometimes encourages this legal activism as a way to control local officials and make sure its own policies get implemented. Chinese courts accept more than five million lawsuits suits each year, nearly double the figure from the early 1990s.[62] Lawsuits filed against officials have risen from 27,000 in 1993 to more than 100,000 in 2006. According to Jacques deLisle, a University of Pennsylvania law professor, plaintiffs win cases against officials 20–40 percent of the time, a respectable rate by international standards.[63]

The mix of a growing "rights consciousness" among Chinese and a small number of activist lawyers have helped establish a fledgling rights-protection (*weiquan*) movement that has sought legal redress for peasants and workers.[64] Labor disputes increased more than fivefold since the mid-1990s; the government said it was handling more than 317,000 in 2006.[65] According to official data, workers recovered losses in 47 percent of the cases resolved in 2006. New CSOs have also played a role, offering legal advice and representation in suing for back wages and personal injury. Some CSOs have also offered occupational health advice and safety training to workers in addition to legal consultation. This can be dangerous work; hired thugs frequently attack workers and their representatives.[66] Such conflicts and the use of existing law to pursue disputes have helped drive government interest in further legal reform, including a new labor law specifying greater worker rights that took effect on January 1, 2008.

Greater reforms portend a 'bloody road,' with potential detours and setbacks.

Implementation of existing laws remains the central problem for the legal system. Implementation is generally uneven across provinces and sectors, cadres intervene in implementation and judicial decisions, and lawyers as well as the families of plaintiffs and the accused are subject to intimidation and even arrest if they push some cases too far.

Still, legal reforms, in interaction with the growing organizational capability of businesses, homeowners, stakeholders such as environmental groups, migrants, and farmers, may prove to be an important precursor and enabler for future liberalization. First, because law and the courts provide a place where state and society can find common ground, today almost all Chinese leaders and citizens believe that policy and behavior should operate according to law. Second, laws such as the 1994 Construction Law, which specified rights for homeowners, and others such as the 2000 Legislation Law, which lays out the NPC's role in making laws, may not have immediate effect but lie in wait for the day when circumstances and interests combine to permit people to use and improve them.

These laws act as a new reference point for groups in society to demand better government performance. Like intraparty democratic reforms, legal and institutional reforms carry the potential for unintended consequences, including laying the basis for greater expectations, a sharpening of conflicts of interests, and providing political tools that will be available for use by future generations. Continued conflict and even strain on the legal system also signal to the government that public institutions capable of mediating interests are needed.

GOVERNMENT REFORMS

The CPPCC and NPC, China's parliamentary bodies, have played a modest but growing role in developing and vetting laws, moving beyond their former status as mere rubber stamps. There are also signs that they are evolving to play a greater role in soliciting public opinion and more openly representing interests.[67] As might be expected in a rapidly growing economy with a wealthy elite and new rights to private property, taxes and budgets are becoming a focal point of debate.

At the most recent meeting of the NPC in March 2008, Zhang Yin, a CPPCC representative and billionaire businesswoman, proposed tax cuts for the wealthy and other policies to benefit business. Public opinion among "netizens" sided against her suggestions, although one newspaper, *Dongfang Zaobao*, noted that openly representing interests was the role Zhang should be playing.[68] One lawyer, Dong Zhengwei, presented a tax reform proposal to the NPC questioning the legal right of the Finance Ministry to make any decision on taxes without going through a process of submitting a new tax law to the NPC.[69] NPC representatives echoed Dong's calls to review certain taxes, including suggesting new tax legislation[70] and making adjustments to existing tax law to benefit stock market investors.[71]

In addition to some signs of encouraging public opinion and input to policy, there are emerging processes for policy and budget oversight. At the township level, the best-known case has been in Xinhe township, near Wenling city in Zhejiang. Since 1999, Xinhe has conducted experiments in *minzhu kentan hui* (democratic discussion meetings) in which the entire township budget is subjected to public scrutiny and comment.[72]

Another experiment in spending oversight with potentially greater prospects for gradual expansion has been undertaken since 2003 in Huinan township near Shanghai. Called *dian cai*, for the Chinese phrase for selecting dishes for dinner, the process involves allowing representatives of the local people's congress to solicit public input on developing a "menu" of suggested budget items accounting for about 15 percent of the township budget and then vote to rank the items for spending priority. This reform experiment promotes greater institutional checks and balances within government while increasing direct public input on a key aspect of public life.[73] In 2007, this practice was extended upward from Huinan township (population 126,000, with a total 2008 budget of about $43 million) to cover an entire district in Shanghai municipality, Nanhui (population 691,000, with a 2008 budget of about $930 million).[74]

Chinese leaders recognize that political reform to the CCP, the legal system, and government will be difficult.[75] The new party secretary of Guangdong province, Wang Yang, noted for his speeches on "thought liberalization," has said creating an ideological environment in which local cadres will accept further reforms will require the leadership to "hack out a bloody road."[76]

China's Political Future: A Long Walk?

China's political future remains uncertain. Beijing faces serious challenges in maintaining sustainable growth and social stability, eliminating corruption, and improving government effectiveness in a one-party system. These problems could lead to crises. They will certainly ensure that China will not follow a linear path toward democracy. Nonetheless, rather than political stagnation, political and social dynamism is at work in China.

In the medium term, the most likely outcome is a China still ruled by the same dominant party but in more restrained, rational, and rule-governed ways. This China will not see a complete end to political controls but will provide greater space for China's citizens to observe, constrain, and have input on the behavior of those who hold power.

The CCP is basing its bid to remain in power on reforms to itself and its interaction with society.

The CCP's own choices may result in greater intraparty democracy, improving transparency and requiring leaders to compete for party and public support. The leadership may continue to open space for more independent social organizations, such as business associations, environmentalists, and perhaps labor groups, to help mediate interests. Both the successes and the failures of legal reforms may encourage this. Government reforms, including to the NPC and people's congresses at provincial and city levels, are likely to expand opportunities to represent interests while increasing government responsiveness and institutional checks and balances even if they do not result in a full separation of powers in the short term.

The serious social inequities of the past, such as rural-urban income gaps, will not disappear. They may be mitigated by gradually more responsive government policies, as with homeowners, migrants, and farmers. The CCP may remain cautious about structural political reform for years to come. Over the long term, however, the developments described above may tempt some party elites to reach out further to society and interest groups—both to preserve CCP power and to secure their own position in the leadership hierarchy. The future may for some time remain less than fully satisfying when compared to the standards of universal human rights and the expectations of many in the West. Yet, just like the results of the reforms so far, it would offer quite a bit for most Chinese people to celebrate.

Reform along such modest but substantive lines will likely continue for two reasons. First, greater individual liberty and wealth have permitted space for individuals to organize to secure their own interests, often citing the government's own discourse on law and rights as they do so. Complexity, diversity of interests, autonomy, and self-organization in Chinese society are increasing, not decreasing. Second, the CCP has chosen not to remain static; it is basing its bid to remain in power on further reforms to itself and to the way it interacts with society. The CCP is improving government transparency, effectiveness, and responsiveness in order to survive.

Time is on the side of all of those inside and outside China who wish to see greater freedom and more enlightened government there. A trend toward liberalization is likely to continue gaining strength because the drivers of reform, a robust society interacting with an adaptive CCP, are likely to strengthen. Political change will not eliminate conflict. Indeed, greater reforms portend a "bloody road," not only because it will be difficult to change entrenched mindsets among officials but also because, in the short term, greater liberalization will expose more conflicts of interest between state and society and among social groups than it will resolve. Political and social reforms are alive, but like the Xiamen and Shanghai protesters, China is moving forward at a walking pace, with detours and setbacks, on a long, potentially tumultuous path.

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