

CHINA'S GOVERNANCE PUZZLE

ENABLING TRANSPARENCY AND PARTICIPATION IN A SINGLE-PARTY STATE

China is widely viewed as a global powerhouse that has achieved a remarkable economic transformation with little political change. Less well known is that China's leaders have also implemented far-reaching governance reforms designed to promote government transparency and increase public participation in official policymaking. What are the motivations behind these reforms and, more importantly, what impact are they having? This puzzle lies at the heart of Chinese politics and could dictate China's political trajectory for years to come.

This extensive collaborative study not only documents the origins and scope of these reforms across China, but offers the first systematic assessment by quantitatively and qualitatively analyzing the impact of transparency and participation on important governance outcomes. Comparing across provinces and over time, the authors argue the reforms are resulting in lower corruption and enhanced legal compliance, but these outcomes also depend on a broader societal ecosystem that includes an active media and robust civil society.

The Asia Foundation supported a national research study, the Chinese Governance Assessment Project, starting in 2010, which was the basis for research that led to **China's Governance Puzzle**.

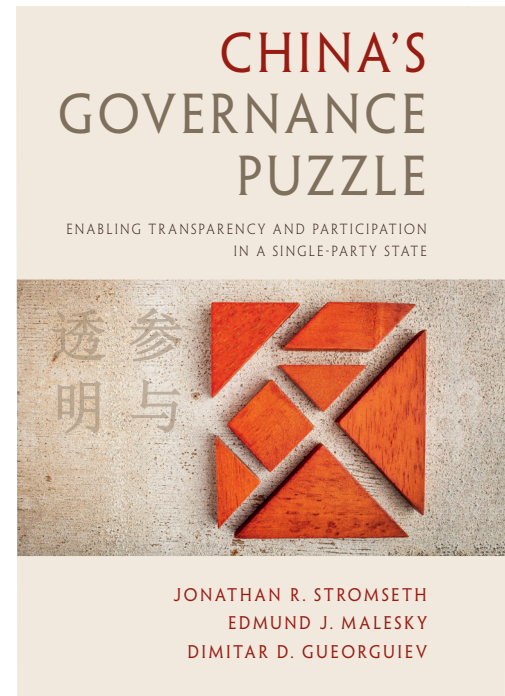
EXCERPT FROM CHAPTER 1

Following the dawn of the reform era in 1978, when agricultural reform experiments took root in the ashes of the Cultural Revolution, the People's Republic of China (PRC) has undergone an economic and social transformation that is unprecedented in both speed and scale. Economic growth averaged an astonishing 9.9 percent over three decades. China is now the largest manufacturer in the world, and its economy, having overtaken Japan in 2010, is the second largest after the United States. Chinese citizens have benefitted enormously from this rapid economic expansion. Although China remains a middle-income country, where the gross domestic product (GDP) per capita is only about one-fifth of the US level, incomes have risen from an estimated US \$225 in 1978 to \$7,925 in 2015. In addition, 500 million people have been lifted out of poverty, the urban population has risen from 17.9 percent to 53.7 percent of the total, and the middle class expanded from just 1 percent in the early 1990s to 35 percent in 2008, and could increase to 70 percent by 2020.

Yet, while China's economy and society have been in a state of constant change, the political system seems all but immutable. The Chinese Communist Party (CCP), which

came to power through war and revolution in 1949, has maintained a firm and continuous monopoly on political power and shows no proclivity toward political liberalization. This perception of suspended political development only deepened during the administration of Hu Jintao and Wen Jiabao from 2002 to 2012 – a period often characterized as a “lost decade” of reform by observers who point to an expanding security apparatus, the erosion of basic legal protections, and a reversal of earlier electoral and legislative reforms. Since the Eighteenth Party Congress in November 2012, moreover, China's new leadership under Xi Jinping has launched a heavy-handed anti-corruption campaign while expanding control over the press, social media, the Internet, academics, lawyers, NGOs, and other groups.

Alongside these authoritarian moves, however, China's leaders have also implemented far-reaching administrative reforms designed to promote government transparency and increase public participation in official decision-making. These reforms have included the promulgation of national Open Government Information (OGI) Regulations following local experiments in OGI; initiatives to promote public participation in law-making and administrative rule-making; and integration of citizen satisfaction surveys into criteria



used to evaluate the performance of government officials. For example, OGI reforms now grant individuals the right to request information from the government and also instruct government agencies at different levels to disclose information of significant interest to the public – such as information related to government budgets and expenditures. In addition, the central government is expanding public participation through online notice-and-comment at various stages of the policy formation process, and today, all draft laws and regulations appear on the websites of the National People’s Congress (NPC) and the State Council, China’s top executive policymaking institution. Online consultation is expanding steadily at the provincial level as well.

In this book, we not only document the evolution and scope of these reforms across China, we also provide a systematic assessment by quantitatively and qualitatively analyzing the impact of participation and transparency on important governance outcomes such as reduced corruption and improved legal compliance and policy effectiveness. Comparing across provinces and over time, we provide evidence that increased transparency is closely associated with lower corruption, while higher rates of participation are effective in enhancing compliance and reducing disputes in the environmental and labor sectors.

We also investigate the motivations behind these reforms and ask a fundamental question: why would the leadership of an authoritarian regime voluntarily compromise its monopoly over information and decision-making? Existing literature does not offer a satisfying answer to this question.

Cynics tend to see the reforms as mere “window dressing,” providing a democratic veneer to an otherwise authoritarian system, whereas optimists view the reforms as conducive to democratization by introducing pluralism into policymaking, raising public expectations for political inclusion, and setting the stage for more accountable governance. We depart from this simple dichotomy by exploring the possibility that the reforms have led simultaneously to improved governance *and* more effective one-party rule. While long-term prospects for democratic development remain unclear, we acknowledge that these reforms have increased popular aspirations for transparent and inclusive governance. This is potentially important for China’s long-term political trajectory because democratic development elsewhere has been more stable and long lasting in countries that experienced more open and participatory institutions in pre-democratic periods.

To investigate these issues and study the origins and impacts of the reforms, we divide the main body of our book into two parts. The first has three chapters on transparency, and the second has three chapters on participation. In each part, the first chapter presents the drivers and history of reform; the second provides our quantitative analysis and hypothesis testing; and the third presents case studies. The two parts are bookended by this introductory chapter and a concluding chapter which considers the implications of our research for the future of Chinese governance more generally. The result is a cohesive volume presenting a unique approach to analyzing changes in Chinese governance over nearly two decades.

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