
**“The China Model”**

How Successful Is the Chinese Regime?

*Kharis Templeman*

Peruse any major bookstore these days, and you will find a slew of new books on the bestseller racks trumpeting the rise of the People’s Republic of China (PRC) and the danger it poses to the United States-led global order. Their covers give away the plot: *When China Rules the World, China’s Secret Strategy to Replace America as the Global Superpower, Destined for War, What China’s Militarism Means for the World*, and so on.¹ What these books share, apart from a penchant for grandiose titles, is the assumption that China’s current rapid growth will continue unabated. They characterize the country’s development as unprecedentedly fast, driven by an exotic, near-magical economic growth machine that, barring some outside intervention, will power an inexorable increase in China’s influence and standing in the world for another generation or more.

But move a shelf down, and one sees titles making the exact opposite case: that China today is highly vulnerable, headed on a trajectory not toward global dominance but instead toward stagnation, domestic turmoil, or even outright collapse. David Shambaugh’s *China’s Future*, for instance, warns us that the most likely path for China’s ruling Communist Party is not rejuvenation

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but rather protracted decline, and other titles make similar cases: *China’s Guaranteed Bubble, How China’s Economic Collapse Will Lead to a Global Depression*, and most on the nose, *Why China Will Not Rule the World*.2

As contradictory as these two viewpoints might be, they have in common a zeal to predict the future that gives short shrift to the present. That is unfortunate, because it is only through a more nuanced understanding of how China’s current political system operates that we can determine which of these futures is more likely. If we look a little harder, we can find an impressive array of thoughtful new scholarship that evaluates the Chinese regime as a comprehensible system of political order with clear strengths, weaknesses, and distinctive characteristics. In fact, much of the best research on the People’s Republic of China today consciously takes a comparative perspective, treating it as a political system that, while unique in important ways, is not so exotic that we cannot use traditional analytical tools and concepts from the social sciences to study it.

China’s size, for instance, is truly exceptional—but put aside the figure of 1.37 billion people and consider growth on a per-capita basis, and its economic performance over the last three decades suddenly does not look out of line with what South Korea, Taiwan, Singapore, Hong Kong, and before that Japan experienced over a similar time frame. By comparing the PRC to these other East Asian “tigers,” we gain a helpful set of benchmarks against which to evaluate the regime’s development model—and some provocative references for its possible futures. The PRC is also an autocratic, Leninist-style one-party regime, and we have seen those elsewhere in the world, too: most famously in the Soviet Union, of course, but also in Vietnam today, and in an intriguing parallel, in Taiwan for over forty years under the Kuomintang (KMT). The PRC under the rule of the Chinese Communist Party (CCP) is the inheritor of a long tradition of centralized rule via an impartial, merit-based state—a form of political order that developed in China more than eighteen centuries before its earliest incarnations in Europe.3 The Chinese state has long since ceased to be a leader among modern bureaucracies, however, and we can understand a great deal about the weaknesses of the contemporary Chinese political system—its endemic corruption, opaque and contradictory policies, and weak rule of law, for instance—by thinking about the principal-agent problems that bedevil all hierarchical organizations.

In this review essay, I take up the comparative question at the heart of

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the most compelling recent research on China: How successful is the Chinese regime? What does the latest scholarship tell us about how the PRC stacks up against its competitors and peers in the region and beyond? In what ways is it truly exceptional, and in what ways not? And, if China shares a common developmental trajectory with other cases, what do we know about what followed? “Success” is, of course, a loaded term; in this essay, I consider it in light of the ways four recent books in the field characterize and evaluate the regime’s performance: Daniel A. Bell’s The China Model, Minxin Pei’s China’s Crony Capitalism, Stein Ringen’s The Perfect Dictatorship, and Bruce Dickson’s The Dictator’s Dilemma.

Getting to Singapore: “The China Model” as Good Governance without Democracy

In international foreign aid circles, it is common to describe political development as a process of “getting to Denmark,” that is, building a professional, merit-based civil service, an independent and well-respected judicial system that impartially enforces the rule of law, and responsible government kept accountable to citizens through regular democratic elections. These institutional features form the core “tripod,” as Frank Fukuyama has termed it, of the modern liberal democratic form of political order, as exemplified in present-day Denmark. The goal of much international development assistance since the end of the Cold War has been to provide the resources and advice to strengthen the weaker legs of the tripod and nudge developing states closer to this ideal-type.4

For a long time, Chinese elites have espoused a different goal: “getting to Singapore.” The Singaporean system has appealed to Chinese leaders as an alternative to Western, liberal, multiparty democracy for several reasons.5 For one, Singapore’s track record of rapid economic development with minimal corruption and broadly shared economic gains is exemplary: from its starting point as a poor, insecure, and newly independent city-state in Southeast Asia, Singapore has enjoyed five decades of nearly uninterrupted growth to reach one of the highest living standards in the world. Over the same time, it built on its British colonial inheritance to develop a highly efficient, meritocratic state bureaucracy and a firmly entrenched and widely respected legal regime. Today, it consistently scores at or near the top of both anticorruption and rule of law


rankings of the world’s countries, and it is near the platonic ideal on Fukuyama’s impartial state and rule of law dimensions. Yet, it accomplished all of this without conceding substantial political liberalization: its elections, media, and political system remain dominated by the ruling People’s Action Party (PAP), which has enjoyed unbroken control of the state since independence. It is not hard to see why this example is so attractive to CCP elites, since it demonstrates that a meritocratic, corruption-free bureaucracy and rule of law can coexist with unchallenged one-party rule. Singapore is a kind of existence proof that what Chinese leaders say they want is, in fact, possible to achieve in today’s world.

Among admirers of Singaporean exceptionalism, perhaps none has gained as much notoriety outside of China as Daniel A. Bell, a Canadian who holds a position in political philosophy at Tsinghua University in Beijing. Bell’s most recent book, *The China Model: Political Meritocracy and the Limits of Democracy*, is intended to be a normative defense of the Chinese political system. While Fukuyama famously has argued that liberal democracy is the only form of political order that will be truly legitimate in the long run in the modern world, Bell asserts that the Chinese regime is pursuing instead a viable nondemocratic alternative, *political meritocracy*, that combines an impartial state and rule of law without acceding to democratic accountability.6 Meritocracy promises several advantages over democracy. Chief among them is that it ensures the selection and promotion of good leaders—people with the greatest talent and best character, chosen according to their achievements and skill sets, who govern in the long-term public interest. It also avoids the destructive excesses of electoral democracy: ignorance among voters, short-termism and inexperience among politicians, and threats to vulnerable minorities, among other flaws.

Bell concedes that the Chinese regime today is an imperfect reflection of the meritocratic ideal, but he argues that it is nevertheless moving, haltingly, in that direction. The CCP has in the post-Mao era implemented many meritocratic reforms within the party, raising educational requirements, imposing strict term and age limits for service in public office, rotating local leaders frequently, and conducting regular performance reviews. Promotion to higher office is extremely competitive and occurs only after long periods of service at lower levels, ensuring that top leaders have broad experience in many parts of the party-state bureaucracy and a demonstrated track record of achievement. The consequence has been the evolution of a regime that now operates in many ways better than a typical democracy, according to Bell: policy development includes regular local experimentation and adjustment and proceeds according

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to results; top priorities such as infrastructure construction, immunization and quarantines, and family planning measures get swift and effective follow-through; and leaders can execute nimble and effective responses to economic challenges, as in the global financial crisis of 2008-2009.

Bell is not blind to the many weaknesses in the current Chinese political system, including widespread corruption and abuse of power, the conservatism and potential ossification of the leadership, and the legitimacy deficit of the system among those outside the regime. He argues, however, that the most promising future for China is one in which the regime finds technocratic solutions to these problems, rather than introducing electoral democracy with its inherent drawbacks. Rather than seeking to get to Denmark, Bell argues that the PRC’s future lies in “getting to Singapore.”

**Ex Ante Selection versus Ex Post Monitoring: What The China Model Misses about Democracy**

Unfortunately for Bell, the argument for political meritocracy laid out in *The China Model* is not likely to persuade anyone who is not already a defender of the Chinese (or at least the Singaporean) system. He is at considerable pains to develop a normative case against the one-person, one-vote form of democracy, and knowing that much of his audience will respond with knee-jerk outrage to some of his assertions, he proceeds in careful, modest prose, backed up by extensive citations. There is nevertheless much about that case that is fair game for criticism, from Bell’s curious Confucian obsession with “social harmony” and his difficulty in saying exactly what qualities are most desirable in political leaders, to his sly comparison of cherry-picked real-world practices in democracies to an idealized meritocracy.7

When we get right down to it, Bell’s main contention is simple: democracy too often produces bad leaders who do stupid things. Or, in the parlance of delegation theory, democracy’s *ex ante* ability to select good types of people to run the government is pretty lousy. “The majority of voters in electoral democracies,” he asserts, “including rich and wealthy liberal democracies, do not perform well in selecting political leaders with the motivation and ability to enact wise policies in areas such as economics and science.”8 A system of elections with universal suffrage places trust in voters to act rationally in pursuit of their interests, and to know what those interests are—yet there is strong empirical evidence that most voters most of the time do not do either of these things. As a consequence, we keep getting leaders who avoid hard decisions for short-term gains, ignore professional and scientific expertise in

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favor of impractical ideological principles or “gut feelings,” and appeal to voters on the basis of social identities and partisan loyalties, not issues.9 (This rather nihilist vision of elections is, of course, not unique to Bell; the social critic H. L. Mencken a century ago defined democracy as “a theory that the common people know what they want, and deserve to get it good and hard.”10)

By contrast, Bell has much less to say about how democracies also handle the other part of delegation to leaders: ex post monitoring. Granted, in the age of Donald Trump, the tendency of elections to produce bad leaders that we are then stuck with for an extended period looks like no small thing. But as the Trump presidency so far also demonstrates, democracies have many other mechanisms that powerfully constrain and shape the incentives of elected officials—even bad ones who want to do stupid things—to take actions that favor the public interest, and to prevent actions that do not.11

In fact, much of the critique of democracy in The China Model rests on a thin caricature that is aimed at contemporary democratic practice in the United States, rather than at the generic democratic form.12 This near-exclusive focus on the U. S. system reflects a fundamental weakness in Bell’s book: his disregard for the vast amount of institutional variation among democracies in the world today. Political theorists and other academics, politicians, and public-minded citizens have long been aware of the problems that Bell claims to be inherent flaws of democracy, and have devised ways to mitigate, if not solve, all of them.13 Today’s liberal democracies have not found the silver bullets to eliminate these dilemmas—far from it. Yet, by taking the best practices from the world’s many democratic regimes, one can readily identify plausible institutional solutions to Bell’s many criticisms, without sacrificing

the basic principle of one-person, one-vote universal suffrage to select leaders. *The China Model’s* critique of democracy is a case built against a straw man.

Resting as it does on such a weak foundation, Bell’s development and defense of a “meritocratic” alternative to democracy probably also will fall flat to most readers. The rest of *The China Model*, while rich in interesting details and sources, additionally is riddled with inconsistencies and leaps of logic that undercut the normative case for political meritocracy. Nevertheless, I think Bell has a better hand to play than he shows in *The China Model*, because he raises a pragmatic challenge to democracy that cannot simply be waved away. China is the most prominent state in the world today whose leaders explicitly reject democracy, and if its growth in global stature continues, its political system is likely to become an increasingly alluring alternative.14

Thus, the key question left unanswered by *The China Model* is empirical, not normative: How close is the PRC to “getting to Singapore”? If the Chinese system today actually is moving toward a true meritocracy accompanied by an impartial legal system, then the liberal democratic model may once again face a serious competitor on the ideological stage. Bell would have us believe in the eventuality of a Singapore-like regime in China, in which an efficient and merit-based civil service executes policy, a well-trained and resourced judiciary ensures impersonal adherence to rule of law, and a public-spirited leadership makes sensible long-term plans and delivers governance outcomes in the collective interest—a regime, in short, that provides a better life for more of its citizens than any democratic alternative. In that case, nondemocratic regimes could spread just as rapidly in the twenty-first century as democratic ones did in the twentieth.15 But where Bell wants to raise doubts about democracy by asking “whether democratic elections lead to good consequences,” the relevant question is the converse: Does the “China Model,” as it actually operates today, also lead to good consequences?16

### Does the China Model Lead to “Good Consequences”? Micro and Macro Views

**Personnel Selection and Monitoring in the China Model:**

*How “Meritocratic” Is the State?*

Defenders of the Chinese regime love to emphasize its meritocratic features.17 Yet, it is not clear that the party cadre system actually functions as a meritocracy

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17 In addition to Bell, see Eric X. Li, “Why China’s Political Model Is Superior,” *New York Times* (February 16, 2012), http://www.nytimes.com/2012/02/16/opinion/why-chinas-political-
in practice, or that it any longer is even trending in that direction. It is true that educational, age, and term limits create a relentless “up-or-out” pressure in the most prestigious posts in the political system, and that party members with poor performance evaluations almost never are promoted. Beyond that, we have scanty evidence that promotions really go to the “best” leaders rather than just to the best connected. The disproportionate number of princelings—children of previous top leaders—in the current leadership suggests the outsized influence of family ties in career advancement within the party. In practice, there are many ways for aspirants to game the promotion system. For one, fake or inflated academic credentials are rampant, making quality control a problem, since everyone’s resume looks identical! For another, local officials seeking promotions are still evaluated on a relatively narrow set of criteria: growth in local gross domestic product (GDP), infrastructure development, adherence to family planning targets, and preservation of social stability. And, since they typically do not serve very long in any one role, the system tends to reward officials for short-term gains in growth and ostentatious infrastructure projects over long-run sustainability or less glamorous reforms; by the time the bill comes due, those responsible have moved on. In addition, exploitation of public office for personal gain is easy to do without getting caught, and therefore not generally harmful to one’s career. Perhaps most damaging of all, corruption by local cadres reaches into the promotion system itself, where even Xi Jinping has criticized the outright buying and selling of offices. Taken as a whole, the picture is of a system that looks very far from the Singaporean ideal, and getting no closer over time.

Minxin Pei makes the case in a new book entitled China’s Crony Capitalism: The Dynamics of Regime Decay that China’s political system is hardly meritocratic. Pei, a political scientist at Claremont McKenna College in California, has made a career out of studying and critiquing the more unsavory aspects of the Chinese regime. China’s Crony Capitalism represents a culmination of more than two decades of research, much of it based on reports of corruption in the Chinese press and in a wide array of official court and party sources. This material is particularly good for describing the political economy of corruption in the Chinese state, which Pei does with aplomb.

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22 Pei, China’s Crony Capitalism, 78.
China today, Pei argues, is suffering from rampant “crony capitalism,” which he defines as “a system in which capitalists gain valuable rents from the state.” More alarming for the CCP, Pei also asserts that power within the party-state itself is for sale: official appointments are routinely traded for bribes in a pattern that makes a mockery of the system’s meritocratic aspirations. This level of rapacious corruption on the part of party officials is relatively new to the PRC: while petty corruption became more common after Deng Xiaoping’s post-Mao reforms of the party, in the first decade of the reform era, official malfeasance only rarely involved the wide “collusion” of multiple party officials to execute schemes to enrich themselves. Pei, for instance, finds almost no records of charges for “collusion” (wo’an or chuangu’an) in newspaper archives before 1990. Instead, these practices emerged in the early 1990s as the result of two fundamental reforms, one economic, one political.

The economic reform was to decentralize control of public property to local levels, without clarifying the actual ownership of this property. As a consequence, government officials and well-connected businessmen could take advantage of this ambiguity by appropriating state-owned property for private gain, especially land, natural resources, and state-owned enterprise assets. The political reform that made these practices harder to detect and deter was the transfer of primary authority over most local government activity from vertically constituted bureaucracies under control of officials at the provincial or central government levels to horizontally constituted localities under the control of the local party secretary. To facilitate this shift, the previous “two-levels-down” system of party appointments was replaced with a “one-level-down” system, giving local party chiefs effective control over most appointments within their jurisdictions. The result was to dramatically increase both the autonomy and the responsibility of local party chiefs, creating an exceptionally powerful office with few, if any, horizontal checks on its authority.

The economic consequences of this system are well-understood: by giving local leaders broad autonomy over economic policy, including the right of local governments to retain much of the economic surplus produced by growth, the CCP created high-powered incentives for the localities to foster development and attract investment. Its political consequences, by contrast, are less

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23 Ibid., 8.
24 On the surge in corruption during the 1990s and beyond, see also Andrew Wedeman, Double Paradox: Rapid Growth and Rising Corruption in China (Ithaca, NY: Cornell University Press, 2012).
25 In Chinese bureaucratic parlance, this entailed a shift in the leading relationship—lingdao guanxi—for most agencies from vertical to horizontal—tiao to kuai; see Kenneth Lieberthal, Governing China: From Revolution through Reform, 2nd ed. (New York: W. W. Norton, 2004), 186-188.
26 Pei, China’s Crony Capitalism, 71-74, and Landry, Decentralized Authoritarianism in China, 37-57.
widely and fully appreciated. The delegation of near-complete authority to local party secretaries raised a serious accountability problem that never has been fully addressed—not of local leaders to the people they ostensibly serve, because that was never the goal, but rather of party officials to their superiors higher in the political system. The problem in these relationships is asymmetry of information: officials at higher levels have limited knowledge about what lower-level officials are doing, and few effective tools to monitor their behavior. Thus, local party officials routinely have been able to exploit their access to public assets for private gain, with little fear of being exposed and punished. Even if higher-level leaders become aware of such malfeasance, they are likely to turn a blind eye, because they are probably involved in similar practices themselves! Indeed, official corruption appears to be a feature, not a bug, of the system: as Melanie Manion has described it, the incentive structure encourages “corruption by design.”

Democracies have a plethora of ways to mitigate such monitoring problems when they arise. The first and most obvious is via direct elections: in effect, to change who the principals are from leaders at higher levels of the system to the citizens in the localities. Some, though not all, democracies elect local offices as varied as mayors, school boards, sheriffs, judges, and even water district boards. But even if we set aside the elections possibility, democratic regimes typically possess many other avenues to influence the behavior of government agents and better align their interests with the elected principals at the top of the system. A free press can report on official malfeasance and bring it to the attention of higher-ups. Civil society groups (nonprofits as well as organized lobbies) can monitor bureaucratic actions, attempt to influence government decisions, and sound the alarm when outcomes do not go their way. Private citizens can bring lawsuits against government agencies in courts. In addition, government principals can mandate rules and procedures such as transparency laws, public hearing requirements, and whistleblower protections that make it easier for these outside actors, as well as public servants themselves, to call out improper behavior by appointed officials.

The fundamental problem the CCP faces today is that, under the current system, all of these mechanisms of accountability are either weak


or nonexistent, and the party has prevented the development of effective alternatives. Direct elections were introduced early on for village heads, and extended in some cases to the township level, but their expansion has been halted since and even reversed; the consensus today is that local elections are in most cases a poor way to hold local party secretaries to account. The commercialization and expansion of media offered another promising avenue of accountability, including daring investigative reporting on local government malfeasance, but this activity always has been allowed only within highly proscribed limits—details and whole stories can be censored on a whim, an ever-expanding set of topics is forbidden from publication, and the behavior and personal lives of top leaders is strictly taboo. With the systematic tightening of party controls over media outlets large and small under Xi Jinping, this mechanism of accountability has become even weaker. Civil society actors have multiplied along with China’s growing middle class, but they always have lived an uneasy existence in the shadow of a Leninist party-state—one that has grown only more precarious under Xi. While the regime has had some tolerance for civil society groups that seek to provide social services, in recent years it has clamped down ever more tightly on those such as lawyers or good governance associations that try directly to monitor and challenge state agents, even when they call attention to party members who are engaged in blatant wrongdoing. Similarly, although there is evidence that impartial application of the law has become more common in civil disputes to which the

30 Or, to put it in McCubbins, Noll, and Weingast’s terms, the Chinese system’s accountability mechanisms are both badly under-resourced and mostly of the “police patrol” variety; the CCP is inherently suspicious of “fire alarms,” even when they offer valuable informational shortcuts.


state is not a direct party, in criminal cases and those that involve politically sensitive issues, the prosecutorate and the courts remain firmly under the control of CCP officials.\textsuperscript{35} Under Hu Jintao, the regime took some modest steps toward increasing transparency and procedural fairness by encouraging local governments to post laws and regulations online, hold public hearings and conduct public opinion surveys about major policies, and even commence experiments in deliberative democracy. However, all these initiatives also have stalled or been rolled back under Xi.\textsuperscript{36}

Instead, as Pei describes at some length, the main weapon the CCP retains in its arsenal to deter bad behavior is the Discipline Inspection Commission (DIC). DIC bodies exist at each level of the system and are responsible for investigating all kinds of malfeasance by party members within their geographic jurisdictions. However, the design of DICs ensures that they, too, are fundamentally flawed as supervisory agencies. First, each DIC reports both to the DIC one level above and to the party secretary in the locality; since the party secretary outranks the leader of the local DIC, the latter is effectively prevented from launching investigations without the party secretary’s approval. Thus, party secretaries and anyone under their protection are in practice untouchable, except via investigation by a higher-level DIC. It would be relatively simple to transform this line of accountability into a purely vertical relationship, but the party has avoided this change because of resistance from party secretaries at all levels of the system.\textsuperscript{37} Second, as Pei notes, DICs are very poorly resourced: the small number of people working in even a provincial-level commission ensures that they can take on only the most high-priority cases reported to them, and that they will be a reactive investigatory body rather than one that engages in preventative “sting” operations. For instance, in 2014, a typical prefectural-level DIC had only four offices, each staffed by three people, covering a jurisdiction of four million people and 275,000 party members!\textsuperscript{38}

Other mechanisms for monitoring local officials and detecting malfeasance are even less effective. The one most unique to the PRC is the petitioning (\textit{xinfang}) system, an institution with roots in imperial Chinese practice, which provides an alternative legal avenue for citizens to file complaints against party


\textsuperscript{38} Pei, \textit{China’s Crony Capitalism}, 74-75. Pei also notes that of eighty-three officials at or above the prefectural level arrested between November 2012 and October 2013, not one was previously exposed or investigated by the local DIC.
or state officials. Yet, petitioning is almost never effective at the local level, where many of the same party officials who are the target of complaints also oversee the local petition offices, and rarely succeeds even when petitioners go all the way to Beijing. The absence of an effective, impartial complaint and dispute resolution system, either through petitions or the formal legal system, leaves disgruntled citizens few options other than to organize and take to the streets. As a consequence, demonstrations and riots against local official malfeasance have surged in China over the last two decades, and these typically have been aimed not at changing the political system but instead at calling attention to local officials’ misbehavior—what Kevin O’Brien has termed “rightful resistance.” That this distinct form of protest is so widespread in the PRC reflects not only the near-complete lack of downward accountability in the political system, but also the institutional weaknesses in the party’s system of ex post monitoring.41

From a comparative perspective, what is especially odd about the design of the Chinese political system is the absence of other mechanisms to monitor local officials and limit corruption—ones that have proven effective in other nondemocratic settings. For instance, well before they introduced institutions of democracy accountability, Germany and Japan—both models that Chinese reformers have in the past looked to for inspiration—developed impartial, hierarchical, professionalized state bureaucracies with effective internal audit and supervisory authorities. Closer to home, during its martial law era, Taiwan had no less than ten separate investigative bodies scattered across the civil bureaucracies (e.g., the National Security Bureau, Control Yuan, and the Investigation Bureau of the Ministry of Justice), the KMT (Sixth Division of the Central Committee), and the security services (e.g., the Military Police Investigative Bureau) that operated independently from local officials and could be used to keep tabs on the behavior of party members, local politicians, and other civil servants. Singapore and Hong Kong, although operating within a very different legal tradition than China’s, also implemented successful anticorruption reforms that developed highly capable, disciplined civil services with a reputation for honesty, all without introducing democratic reforms.44

41 On the regime’s continuing reliance on mass anticorruption campaigns and its aversion to more fundamental institutional reform, see also Wenfang Tang, Populist Authoritarianism: Chinese Political Culture and Regime Sustainability (Oxford: Oxford University Press, 2016).
42 Fukuyama, Political Order and Political Decay, 66-80, 335-353.
The success of such autocracies in controlling corruption suggests that the CCP probably could develop additional institutions of accountability within the party-state system without threatening one-party rule. To date, however, there is little evidence that top leaders are interested in this type of fundamental reform. Instead, changes to the party’s monitoring systems have involved mostly tinkering around the margins, as when Wang Qishan, the head of the Central Discipline Inspection Commission and a Xi Jinping ally, required the heads of provincial DICs to be from a province different from the one they oversee, and therefore less likely to be linked to local collusive networks. But that and other measures that Wang introduced during the latest anticorruption campaign did not address the most glaring conflict of interest: the DIC chief is still subordinated to the party secretary in each locality.\textsuperscript{45} Party leaders from Xi Jinping on down may say that they view corruption as an existential threat to the CCP, but their actions suggest something different—that, kept within limits, it remains perfectly fine for local officials to convert political power and state property into personal wealth.

\textit{The Burdens of the China Model: Is China's Growth Really “Without Precedent”?}

Given the seeming indifference of party leaders to the incentives for corruption, one wonders whether they think it ultimately matters much to the regime’s survival prospects. Compared to its East Asian cousins in Taiwan, South Korea, Hong Kong, and Singapore, the Chinese developmental state is not especially meritocratic, impartial, or based on respect for the rule of law, and it shows few signs of moving in their direction. But so what? If the ruling elites manage to deliver tremendous improvements in the standards of living for most of the country’s people, should we really nitpick about the unfairness, the arbitrariness, and the pervasive corruption of the political system in the current moment? Perhaps this has been a necessary evil, an unavoidable side effect of the process that got China’s growth machine started—growth that has lifted hundreds of millions of people out of extreme poverty since the 1980s. Indeed, the improvements in living standards have been on such a large scale, and China’s share of the world population so large, that they account for three quarters of the decline in \textit{global} extreme poverty over the last three decades.\textsuperscript{46} China’s poverty alleviation achievements rightfully have garnered much praise

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\textsuperscript{45} Pei, \textit{China’s Crony Capitalism}, 75.

in developmental circles, even as many of the same people decry its appalling record on environmental protection and human rights violations.

Nevertheless, is the Chinese “economic miracle,” as it is often called, without precedent? Has the PRC really “grown faster for longer than any country in history—ever,” as Scott Kennedy claimed in a recent commentary?47 In a word: No. China is huge, and in terms of the sheer number of people whose lives have been improved so dramatically in such a short time-span, its economic rise, indeed, is unrivaled in world history. But that is the only thing that is truly unique about China’s developmental achievements. When we consider Chinese economic growth on a per-capita basis, the record over the last thirty years is not any more impressive than what the previous “miracle” economies in South Korea, Taiwan, Hong Kong, and Singapore—and before them Japan—achieved in their high-growth years.48 Moreover, the rapid development of the other Asian states occurred without the greatest downside excesses of the Chinese model: massive and sustained environmental degradation, draconian controls on population growth and movement, and a sharp rise in economic and social inequality that continues unabated today. In fact, if we take as our vantage point the achievements of the various other East Asian developmental states, China’s rapid modernization looks rather ordinary. Looking at its high inequality and weak legal regime, one might even say that it has underperformed.

This is the central case that Stein Ringen, an emeritus professor of sociology at the University of Oxford, makes in *The Perfect Dictatorship: China in the 21st Century*. Ringen comes to the topic as an outsider: he is not a China expert by training, but instead a specialist in European democratic welfare states, having branched out years ago to explore the South Korean development experience as well.49 He draws on that comparative background


to provide a truly original, and generally quite dark, assessment of the Chinese regime’s developmental achievements. What “bedazzles” about China, Ringen writes, “is not growth as such, although observers often think it is, but bigness. China weighs more in the world than, for example, South Korea, not because it has outperformed South Korea, which it has not, but because it is so big.”

In addition to size, Ringen points to another issue that does not receive enough attention in analyses of the Chinese political system: opportunity costs. A fair evaluation of the Chinese regime’s performance must be based not only on what it delivers, but also on what it takes. When one starts to estimate how large that cost is, and the comparatively paltry benefits it delivers to the median citizen in return, the “China Model” looks far less impressive. Ringen argues that we should evaluate the Chinese regime as a form of welfare state, in which public policy aims to provide a minimum level of income, reduce economic insecurity, and offer all citizens regardless of class or status the same basic standards of health and social services. This standard is what “the Chinese model should answer to...in line with...treating the Chinese state as a grown-up one.” The PRC has the capacity to dedicate itself to providing for the common good, and a sympathetic understanding of the intentions of China’s leaders is that this is what motivates them. Yet, the system falls well short of any reasonable welfare state standard in both how it raises revenue and how it delivers services.

On the revenue side, Ringen emphasizes two distinctive features that are at odds with a benevolent interpretation of the regime’s motives. First, the Chinese state runs a high-tax system, comparable to developed countries once the many off-budget flows are included in the account. Second, it is also highly regressive: income and property—the most progressive parts of the tax system—are taxed at low effective rates, while the burden of indirect and activity taxes such as valued-added tax (VAT) disproportionately falls on the poorest in society, in some cases, harshly so. Taken together, these features ensure that the tax system does little to “modify the play of market forces,” in the end worsening rather than mitigating market-driven inequalities. Stated simply, “the burden of paying for the Chinese state is shared not only in a regressive way but in a strongly regressive way...[S]tate extraction with Chinese characteristics is...in a league of its own.”

On the benefits side, the main way services are provided is through social insurance, which again “by and large reproduces market inequalities.” Services such as health care and education “remain costly and prohibitively expensive for poor people,” social services for the poor are “patchy, arbitrary, or non-existent,” best standards of care generally are available only to those

51 Ibid., 131.
52 Ibid., 162.
who are well-connected or pay for them, and “the system is shot through with fragmentation and inequality of treatment,” with divisions between public and private employees, regular and irregular workers, urban and rural populations, and “official” urban residents versus “unofficial” migrants without an urban hukou.53

Most astonishing and disturbing, however, is the full accounting of the resource burden imposed by the regime on the economy, both in income and in labor. A conservative estimate is that 25 to 30 percent of the Chinese GDP is taken via formal taxation. In addition, off-budget revenues in the form of land transactions (6 to 7 percent), remitted state-owned enterprise (SOE) profits (0.5 percent), and social insurance fees (5 to 6 percent) consume another 11 to 13 percent of economic output, bringing officially acknowledged state revenues up to 35 to 40 percent of the total GDP. At that level, the PRC already looks exceptional among developing economies, and more in line on the revenue side with high-tax, high-benefit Organisation for Economic Co-operation and Development (OECD) countries such as Canada or the Netherlands.

That is only the beginning. Ringen is at pains to emphasize the enormous extraction that comes from suppression of labor wages, partly through the operation of the hukou system, partly through the lack of meaningful collective bargaining power, and partly through crass systematic underpayment of wages by employers. Put simply, “the labour markets are politically rigged.”54 This wage suppression leads to several consequences for the Chinese economy that are much more widely known and appreciated than their principal cause: increasing returns to capital and employers, rising profitability among SOEs, and consistently high levels of investment and low levels of consumption relative to other economies at similar stages of growth. Some of this “benefit of underpayment” flows to public enterprises and employers, and some to private firms where it is effectively a state subsidy to business. The net state burden on the economy, however, is quite heavy—Ringen estimates it as another 10 to 15 percent of the GDP.

There are yet other ways the system extracts revenue. Best-known, perhaps, is the indirect tax on savings. China has the world’s highest rate of household savings, at an astonishing 50 percent of disposable income. At the same time, the investment options for ordinary citizens are quite limited, by design. Capital controls prevent all but the most sophisticated (and best-connected) of investors from moving significant funds overseas, so domestic savers are left with three basic options: banks, stocks, or real estate. The banks are by far the least risky, but the Chinese state takes its cut of these funds as well, both explicitly, through a 20 percent tax on interest on deposits, and implicitly, by paying artificially low rates on these same deposits. In real

53 Ibid., 131-132.
54 Ibid., 154.
estate, local governments capture many of the economic gains to be had from converting rural and agricultural land to urban uses—and yet they continue to borrow at prodigious rates to cover current expenditures, adding another roughly 5 percent of the GDP to the regime’s take. Ringen estimates that half of these expenditures will go to projects that are not profitable and accumulate debts that go unpaid, adding an additional 2 to 3 percent of the GDP to the net burden on Chinese citizens. Then to that we could add the costs of local levies and fees, and the considerable business expenses imposed because of official corruption, each costing another one percent of the GDP. Most strikingly, Ringen argues that party and union membership dues are significant enough to have their own line in the account, possibly in excess of one percent of the GDP, given that total membership in the CCP and other party- or state-linked organizations is at least 500 million people.

Add it all up, and anywhere between 55 percent and 67 percent of real income is consumed by the regime! That is, for every ten yuan a person should earn, between five and seven go to the state. The total picture is of a Chinese state that “is a highly developed one and second to none in its extraction and taxation. [But] in its giving, it is underdeveloped up against its fiscal and administrative capacity... .”55 Explained this way, the “China Model” is astonishingly cruel, not only regarding the political dimensions such as civil liberties that receive so much attention and condemnation in the West, but also in its purely distributional consequences.

In sum, Ringen has produced an original, compelling, and quite damning assessment of the Chinese regime. The current version of the “China Model” is not one that should hold much appeal to other countries, or indeed, to the majority of Chinese themselves. Ringen hits on what this implies about the nature of the PRC today:

This is a regime that very much needs to be in dictatorial control. The claim that it needs to be dictatorial for the purpose of stability is not tenable. It needs to be dictatorial because it is the kind of state that it is, because of its greediness in what it takes and how it takes it, and because of its stinginess in what it gives and how it gives it. A regime of this kind would not be possible if it were to depend on the consent of the people.56

Yet, survive it does. It is to precisely how this regime manages to stay in control despite its enormous political, social, and economic costs that I turn next.

55 Ibid., 164.
56 Ibid.

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Is the China Model Legitimate? How Chinese Citizens View the Regime

Given the enormous, albeit largely hidden, burden of the Chinese state on society, we might expect to find, to borrow Marty Whyte’s metaphor, a “social volcano of discontent” beneath the placid surface of official public life. At the least, we should see ordinary citizens favor increasing the accountability of the current regime via something that looks more like “Western” democracy—multiparty elections, regular turnover of power, freedom of the press and assembly, and so forth—if they had the choice.

Yet, this turns out not to be the case, as Bruce Dickson shows in *The Dictator’s Dilemma: The Chinese Communist Party’s Strategy for Survival*. Dickson, a professor of political science at George Washington University and a long-time expert on the structure and adaptability of the Chinese party-state, provides in this book a clear-eyed analysis of how the regime is maintained in practice. The central thesis of *The Dictator’s Dilemma* is that, despite the system’s well-documented shortcomings, the CCP as the sole ruling party remains surprisingly resilient and unlikely either to collapse from within or be brought down by social upheaval that spirals out of control. The CCP has a coherent strategy for political survival, with three key aspects: repression, legitimation, and cooptation. It relies to a greater degree on the second and third, and less on the first, than is widely appreciated.

Dickson uses a combination of public opinion work and secondary source materials to paint a mixed picture of the regime’s grip on power. On the negative side, the regime is capable of immense, harsh repression, and it uses this power routinely and widely. Nevertheless, Dickson argues, repression has been used more selectively in recent years, because it is costly: it consumes manpower and financial resources, it has increasing reputational costs, and it risks antagonizing people who are potential supporters of the regime. Instead, legitimation and cooptation have come to play more important roles in sustaining the CCP party-state.

First, the regime maintains considerable latent support among ordinary Chinese, despite the huge financial burden and draconian restrictions on personal liberties that it imposes. Support for the regime is positively associated with one’s personal and household financial situation: satisfaction is strongest among those whose income is growing, and because of the tremendous economic growth rates over the last three decades, personal income has been growing for just about everyone in recent years. Public goods provision is also an important part of the regime’s basis for legitimacy. While there is huge variation in public goods and services across localities that is positively

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58 Less intuitively, Dickson also finds that economic growth itself is no longer the primary basis for legitimacy, if it ever was—GDP growth is not independently correlated with regime support.
associated with local prosperity, the net level of provisions also has risen for the large majority of Chinese, and the state at the same time has supported a massive expansion of higher education opportunities that is atypical for autocracies (albeit not for Asian developmental states). Overall, although Dickson’s discussion differs starkly in tone from Ringen’s, they share similar findings about the stability of the regime: the provision of public goods and services, on balance, has strengthened support for the CCP, despite continuing major inequalities in the provision of social welfare and education.59

Second, the CCP as a whole remains surprisingly well-attuned to public opinion: it has many avenues for collecting feedback from ordinary citizens and party members, alike, and incorporating it into top-level decisions. The party continues a tradition of “democratic centralism,” revived during the Deng Xiaoping years, of broad consultation on most major policy proposals, and it has experimented extensively with new ways to solicit feedback on budgetary priorities and policy initiatives, as it did, for instance, for a major national health-care reform in 2009.60 The party also has sought to introduce greater transparency into the work of government, via new Open Government Information (OGI) regulations and the inclusion of public hearing requirements in new legislation.61 Together, these channels allow the party elites to be reasonably well-informed about public views toward state policies and institutions.

Third, many political reforms introduced since the Mao era together fundamentally have altered the state-society relationship, increasing the scope for independent action and expanding the practical extent of personal freedoms. Among these is the expansion of civil society. While the CCP as a Leninist organization seeks to control and manipulate all civil society organizations, it has permitted their autonomous existence in some spheres of activity.62 Dickson differentiates between what he terms “Civil Society I”—economic, cultural, and social activities that the state tolerates or even promotes—and “Civil Society II”—overtly political organizations, which the state represses. Organizations that straddle the line between the two typically get caught up in a delicate dance with the party-state apparatus, which itself may be divided


60 Dickson, The Dictator’s Dilemma, 111-112.

61 See especially, Stromseth et al., China’s Governance Puzzle, 26-59, 153-191.

62 See also Dan Mattingly, When Civil Society Serves the State: The Politics of Development in Rural China, book manuscript forthcoming.
over the value of these groups: some departments see them as useful allies, stepping in to provide expertise and manpower to help local governments handle unfunded mandates from the center; others see them as threats. The center also tends to view civil society organizations more favorably than localities because these groups can help mitigate the enormous information problems that it faces. The CCP also has placed greater priority in recent years on extending party control into autonomous organizations, rather than simply squashing them. To this end, the number of CCP branches in private firms as well as in NGOs has expanded dramatically, and the party even has broken with past ideological taboos by recruiting private entrepreneurs into the CCP. Thus, the rise of private enterprise and an increasingly diverse and robust civil society sector has not systematically undermined the party’s organizational coherence or span of control.

Finally, and perhaps most surprisingly, “democracy” appears to be understood in a substantially different way by most Chinese citizens than it is in Western liberal democracies. Dickson’s survey respondents were likely to reject the idea of pluralism, competitive elections, and multiple political parties as essential components of democratic politics. On the contrary, the majority believed the Chinese regime was becoming increasingly democratic without these features, and optimistic that even higher levels of democracy would be achieved in the future. Moreover, this view was positively associated with income—contrary to the expectations of modernization theorists, richer respondents were more likely to think the regime was democratic. (Here, we come full circle to Daniel Bell: a better name for meritocracy might be “democracy with Chinese characteristics.”)

Dickson finds, at a minimum, there is no evidence to date of a popular groundswell against the regime, however heavy its hidden costs and the intrusiveness of its restrictions. Although “many Chinese may be unhappy with many aspects of the political system they are currently living in, they are not convinced that democracy provides a preferable alternative... . All things considered, the status quo seems not so bad to many Chinese:” Thus, Dickson concludes, CCP rule is, for the moment at least, less vulnerable to direct challenges, and more robust to economic or political shocks, than pessimists believe.

Is the China Model Stable? The Future of the Chinese Regime

So where does that leave us? Is China on an unstoppable upward trajectory? Has it created a new political model that will lead the world into a “post-democratic” era? Is it bound to flex growing national power to try to remake

63 Dickson, The Dictator’s Dilemma, 266.
64 Ibid., 309.
the existing global order? Or, is it instead headed for a slowdown, stagnation, or a crash, dragged down by rampant corruption, restive citizens, and rising fear among the governing elites of the threats from below?

The most careful research on the Chinese system today provides no definitive answers to such questions. Instead, the Chinese regime presents an extraordinarily complicated picture of subtle strengths and enduring weaknesses, and if analysts disagree on its present character and future trajectory, as Dickson puts it, it is because of

the ambiguous nature of the information at hand...there are elements of both atrophy and adaptation in the Party and the Chinese political system as a whole. Which one is primary and which is secondary, which is on the assent or in decline, is the essence of the debate... . If the data were incontrovertible, there would be no debate.65

Nevertheless, in my view, the latest research on the Chinese political system firmly supports two conclusions with important and rather ominous implications for the future of the regime. First, the CCP is not “getting to Singapore”—that is, building a stronger, more impartial legal regime and improving accountability and monitoring institutions within the party-state bureaucracy. Second, as a consequence, it is poorly prepared to manage the profound shifts in demographics and forms of economic activity that are just over the horizon.

**Meritocracy and the Rule of Law without Democracy?**

**The Singaporean Mirage**

The first conclusion is that China is not any closer to “getting to Singapore” today than it was two decades ago. The regime remains dominated by a strong, hierarchically organized party organization that delegates broad authority to local leaders, places great demands on them, and provides limited oversight as long as they adhere to core party dictates. The CCP as a whole is clearly capable of responding to public opinion, learning from policy experimentation, coopting or repressing potential opponents, and identifying and promoting talented leaders. Still, it has made little progress in strengthening institutions for monitoring local officials and checking blatant abuses of power. Reforms intended to improve officials’ adherence to central laws and regulations, to increase the independence of investigative bodies, to make policy making more transparent and predictable, and to strengthen the impartial application of criminal and administrative law have not made much headway.

Prior to the rise of Xi Jinping as the general secretary of the party, one could squint and argue that the trends were at least in the right direction, however halting and reversible these practices might be. But this is no longer a tenable position. Under Xi, the regime has launched an anticorruption campaign without attempting systematic reform of DICs, widened a crackdown on civil society organizations and advocacy groups, tightened censorship in the media and online, and rolled back experiments to promote greater transparency and participation in government. Rather than building new institutions of accountability and respect for impartial legal constraints within the party-state, Xi is undercutting what emerged over the previous decade. It is unclear how badly corruption and the purchase of offices have eroded the CCP’s capacity to promote the best and brightest, and to detect and deter bad behavior. What is clear is the absence of any meaningful improvements. The incentives facing local party leaders today are much the same as they have been since the early 1990s.

**When China Turns Japanese**

The second conclusion is that the PRC is poorly positioned to weather changes to two of the pillars of its reform-era economic “miracle”: demography and state-led industrialization. A hidden factor in the economic boom of the last thirty years is a favorable demographic profile. China in the 1980s and 1990s had an exceptionally low dependency ratio, with a young population in its prime working years coupled with relatively few children (in part because of the One-Child Policy) and retirees (because of the population boom during the Cultural Revolution). That picture, however, is rapidly changing as China’s population ages. The working-age population already has started to shrink, from 941 million in 2011 to 916 million in 2014, and the number of people over sixty is steadily climbing, from 200 million in 2015 to an estimated 300 million by 2030. Given that fertility rates are well below the level of replacement, the number of new entrants into the labor force will continue to decline for many years.

One can see a preview of what this transition will mean for the PRC by looking at the other East Asian developmental states—Taiwan, South Korea, and especially Japan—which are in the midst of this demographic crunch now. Japan has become a cautionary tale for all advanced industrialized countries: its economy has suffered through a prolonged and much-scrutinized period of economic stagnation for over two decades, one closely related to the combination of low fertility, an aging workforce, and a rapidly growing number of retirees. The graying of Japanese society also has placed enormous pressure on the long-term sustainability of Japan’s fiscal system via rising pension,
social security, and health-care costs. South Korea, Taiwan, and Singapore, although less far down the curve than Japan, face equally daunting long-term fiscal challenges.\(^{68}\)

The other wrenching transition that the East Asian cases have experienced is a shift away from state-led industrialization toward a post-developmental state economy featuring a smaller state sector, a more decisive role for market forces, an impartial private property rights regime, and the growth of service sectors relative to manufacturing. Much like its predecessors in the region, China’s long economic expansion has been driven first and foremost by manufacturing activity, underpinned both by the incorporation of new or underutilized inputs into the economy and by the shifting of capital and labor into more productive sectors—as in, for instance, the movement of young rural women into factory workforces. As was true earlier in Japan, South Korea, and Taiwan, the state’s active intervention in the economy to promote industrialization has been quite successful over the last twenty-five years.\(^{69}\)

However, the Japan, South Korea, and Taiwan cases also offer warnings for China about its economic future. Once their GDP per capita levels reached roughly where China’s is today, they struggled to adapt the institutions of the developmental state to a new economic environment. In recent years, their economic success has become contingent on reforms to ensure better protection of private property rights, improved corporate governance, and an impartial legal and regulatory system to provide more predictable and stable investment and business environments.\(^{70}\) Failure to improve these institutions resulted in the economic drag of loss-making “zombie” firms in Japan, an IMF bailout and corporate scandals in Korea, and sluggish growth and stagnant wages in Taiwan. For China to avoid these outcomes, it, too, needs to strengthen legal systems, improve corporate governance and procedures for liquidating loss-making firms, further liberalize labor markets, and better protect intellectual property rights. The likely alternative is economic crisis, stagnation, or both.

The biggest warning of all for the CCP, though, is that when these states began to transition away from the developmental state model, they had a crucial advantage: they were democracies. The political system conferred independent

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legitimacy on governments via competitive elections, and it gave voters peaceful means to change their leadership when the economy did poorly. The Chinese system, of course, precludes this possibility at present. The problem is that the CCP’s legitimacy is in no small part a function of rising prosperity. If incomes stop growing, then the enormous distributional inequalities of the Chinese system, combined with its shaky normative underpinnings, could quickly turn an economic crisis into a political one. So if we really want to find out where China is headed, the book we need to read is not When China Rules the World, or The China Crisis, or any of the other trade press titles on the shelf today. It is, instead, a book that has yet to be written: When China Turns Japanese.