

UNIVERSITY OF CALIFORNIA, SAN DIEGO

Retrofitting Communism:
Consultative Autocracy in China

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Political Science

by

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DEDICATION

I dedicate this dissertation to the first day I arrived in China, when everything seemed to make sense, just before it all became so increasingly complicated.

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ABSTRACT OF THE DISSERTATION

Retrofitting Communism:
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Professor Susan L. Shirk, Chair
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Proponents of deliberative democracy argue that it enhances procedural democracy by bringing policymakers and the public closer together and by generating new alternatives rather than just choices. But what role does deliberation play under autocracy, where basic democratic institutions are absent? In China, citizens cannot elect their governments but are regularly consulted on matters of governance and policymaking. For example, all national and many sub-national policy initiatives in China currently proceed through at least one round of public consultation prior to adoption. Why do non-democratic regimes consult their citizens? One explanation is that consultation is simply “window dressing” for an otherwise authoritarian decision-

making process. Indeed, no new political actors are empowered, the outcomes are non-binding, and critical comments can be kept private. But why then is the Chinese regime investing resources into a politically inconsequential activity? Similarly, why are hundreds of thousands of citizens voicing comments and criticisms if they have no effect? I argue that consultative autocracy is more than window dressing. In particular, I argue that public consultation helps inform and legitimate the policymaking process, contributing to more durable and legitimate policy outcomes. Testing these arguments required overcoming several empirical challenges. For example, public consultation is not randomly distributed, and policy outcomes are issue-specific, making them difficult to generalize. To address non-random selection, I created an extensive sub-national policy database that allows me to identify the effects of consultation across unique policy initiatives implemented in different parts of the country. To proxy for policy outcomes, I measured amendment and repeal rates, which should be lower among more effective policies. I find that no policies adopted with consultation have yet been repealed and that their amendment rates are significantly lower as well. To measure the legitimizing effects of consultation, I took advantage of a budget deliberation experiment in Zeguo, China, where participants are randomly selected to participate in annual budget deliberations. In January 2012, after multiple interviews with political leaders and legislative delegates in Zeguo, I organized a survey of the participant cohort along with a representative sample of non-participants. Survey results demonstrate that approval for local government and its policies is significantly higher among participants than non-participants but that consultation has no positive effect on views towards the central leadership.

CHAPTER 1: INTRODUCTION

Introduction: A Tale of Two Policies

During a local tour of Henan in November 2011, then provincial party secretary Lu Zhangong, commented on the longstanding need to expand arable land in the province.¹ This is no simple task. Henan is China's most densely populated rural province, with 94 million people, and arable land will only become scarcer as the province industrializes.² Given these prospects, the party secretary's solution was in many ways a pragmatic one: move the dead. Mr. Lu was hinting at a sensitive policy involving the exhumation and relocation of traditional burial plots scattered throughout much of the countryside. Mr. Lu was passing through Zhoukou, a prefecture-level city in the eastern part of the province, when he made his comment. Shortly after, Zhoukou authorities announced an ambitious "tomb flattening" campaign (*pingfen yundong*), citing a target of 3.5 million tombs to be exhumed and converted to farmland.

Within a matter of weeks, over two million graves had been exhumed in Zhoukou— a powerful demonstration of the state's mobilization capacity. Unfortunately, the matter of how to relocate the exhumed bodies had not been thought through. According to some reports, annual management fees for existing public cemeteries were

¹ B. Xie, "周口平坟复耕记" [Zhoukou Tomb Flattening Chronicle], *Southern Weekend*, November 22,

² Article 30 of the 1999 Land Management Law stipulates that no agricultural land can be converted to non-agricultural without offsetting reclamation within the same administrative jurisdiction. This means that localities cannot develop peri-urban areas without first reclaiming new land somewhere else in their jurisdiction.

ten times the amount of compensation provided to affected families and the location of newly planned cemeteries, atop active farmland, only added irony to controversy since the policy's core motivation was to "reclaim arable farmland." Amidst a deafening public outcry the policy was quickly scrapped, over one million graves returned to their original locations, and local officials, Mr. Lu included, were duly embarrassed.³

In retrospect, contention in the Zhoukou incident arose not so much from the issue of tomb relocation, a perennial sticking point, but from the rapid and unilateral nature of the policy's adoption. Similar policy decisions in other parts of the country have been accompanied by public participation (*gongzhong canyu*), either in the form of a "public hearing" (*tingzhenghui*) or "Notice and Comment" (*zhengqiu yijian*) — neither of which took place in Zhoukou.⁴ Instead, officials opted for a more traditional 'carrot-and-stick' approach by offering small cash incentives for cooperation and stiff penalties for non-compliance.⁵ Had it taken place, public consultation in Zhoukou may have done little more than delay the process. Yet, in this case, and as I will argue in many others, that may have been just what was needed.

The unfolding of events in Zhoukou stands in sharp contrast to the rollout of "even-odd" driving restrictions in Beijing during the two-month span surrounding the 2008 Olympic and Paralympic games.⁶ At the time, noxious air quality and traffic

³ Zhoukou's mayor, Yue Wenhai, was forced to resign several months later at age 55.

⁴ Burial policy consultation took place in Wuhan on May 10, 2010 and in Shanxi on June 13, 2012.

⁵ C. Wang, "平坟运动所为何来" [The Origins of Tomb Flattening Campaign], *Caixin News*, November 11, 2012, available at <http://opinion.caixin.com/2012-11-19/100462311.html>.

⁶ The "even-odd" policy restricted driving to alternate days of the week based on the ending digit of individual license plates.

congestion threatened to derail the rapidly approaching games. If implemented successfully, the restrictions would take an estimated 2.3 million cars off the streets and reduce car-based emissions by 63 percent. But success was by no means guaranteed. In the words of Zhou Zhengyu, deputy director of the Beijing Municipal Transportation Commission, “The restrictions are a big challenge for the city. We will need the full cooperation of the public.”⁷ Specifically, Zhou was referring to about 3.3 million private car owners whose driving privileges would effectively get cut in half.

As in Zhoukou, Beijing authorities offered sticks and carrots to induce compliance. Violators would be fined 100 RMB (US\$15) if caught driving on the wrong day. To compensate for the inconvenience, road and vehicle taxes would be waived during the period of implementation (July 20th – September 20th).⁸ Unlike in Zhoukou, however, Beijing authorities also commissioned extensive public polling and encouraged public debate prior to and during the period the restrictions were active. Initial reactions were strongly negative. In one online survey of over 400,000 netizens, 67 percent agreed that banning “private cars from the road is unreasonable.”⁹ As one local resident responded: “My car is my property. It’s as if I bought a house and can only live in it every other day.”¹⁰ In response, authorities emphasized that the policy was only

⁷ X. Cui, “Odd-Even Rule to Reduce Traffic by 70%,” *China Daily*, June 21, 2008, available at www.chinadaily.com.cn/bizchina/2008-06/21/content_6784316.htm.

⁸ Ibid. The amount of waived taxes was estimated at about 1.3 billion yuan (\$189 million).

⁹ S. Oster, “北京考虑制定空气污染控制措施” [Beijing Contemplates Clean Air Measures], *Wall Street Journal China*, September 9, 2008, available at www.chinese.wsj.com/gb/20080924/bch100248.asp?source=whatnews1.

¹⁰ C. Macleod, “The Great Pall of China to Return,” *USA Today*, September 19, 2008, available at http://usatoday30.usatoday.com/news/world/2008-09-18-china_N.htm?csp=23.

temporary and would expire with the conclusion of the games. Moreover, they stressed that it would apply to all vehicles, including government cars, for which the policy would stay in effect even after the general restrictions expired.

With time, residents' initial resistance to the restrictions, swayed by smoother traffic and cleaner air, began to shift towards support. Separate surveys commissioned midway through the restriction's effective lifespan by the Beijing Municipal Development and Reform Commission, as well as state-owned media outlets *Beijing News* and *Xinhua News Agency*, showed rising approval for the restrictions.¹¹ Even Public Radio International's *The World* reported, "many Beijingers like the improvements in air quality and traffic, and they'd like the restrictions to become permanent."¹² Support for the restrictions appears to have peaked in late September, when the restrictions expired. This widespread support saw them reinstated on October 11, 2008. Today variations of the "even-odd" restrictions are a fact of life in Beijing and many other large municipalities across China. In contrast, burial reform is has been put on the backburner despite the potential benefits for development.

What occurred in Zhoukou, while dramatic, is not entirely surprising. After all, ramming through large-scale projects, like the Three Gorges Dam or High-Speed Rail, is one of China's hallmarks. As illustrated in the Beijing case, however, a more consultative approach that included public debate appeared to provide several tangible

¹¹ *Legal Evening News*, September 12, 2008, p. A02. See also "长期单双号支持率 68.9% 部分有车族称买两车应对" [Odd-Even Restrictions Supported by 68.9 Percent], available at http://news.xinhuanet.com/environment/2008-09/02/content_9755298.htm.

¹² PRI, *The World*, September 10, 2010, available at www.pri.org/stories/2008-09-10/continuing-beijings-traffic-restrictions.

benefits for the municipal authorities: not only did it offer useful information on citizen preferences, the process also helped legitimate the policy and the policymaking process. Most importantly, the regime did not plow through with the restrictions in the face of negative public opinion. Generous tax rebates for car owners as well as heavily publicized restrictions on government vehicles were both announced after polls revealed public dissatisfaction.¹³ Most importantly, the government went through great lengths to assure residents that restrictions would expire immediately after the games ended. Interestingly, as I will argue in this dissertation, participatory decision-making in China is emerging as the rule, not the exception. Today, for example, all draft policy initiatives at the national level are public and open for comment, and a growing number of local governments are following suit.

Despite the spread of participatory decision-making in China, the process and its contributions are poorly understood. Whereas some scholars see participatory decision-making as a form of Chinese-styled pluralism,¹⁴ others dismiss it as just another shade of authoritarian “window-dressing.”¹⁵ This dissertation does not challenge either of these perspectives. As I will stress in the following chapters, participatory-decision making has undeniably authoritarian motives but this does not negate its positive and popular

¹³ See fn. 7.

¹⁴ W. Pan, “Toward a Consultative Rule of Law Regime in China,” *Journal of Contemporary China*, 12 (2003), 3-43; S. Tsang, “Consultative Leninism: China’s New Political Framework,” *Journal of Contemporary China*, 18 (2009), 865-880; B. He and Mark Warren, “Authoritarian Deliberation: The Deliberative Turn in Chinese Political Development,” *Perspectives on Politics*, 9 (2011), 269-289.

¹⁵ X. Wang, “The Public, Expert, and Government in the Public Decision-Making Process: A Study of China’s Price-Setting Hearing System and Its Practice,” *Peking University Journal of Legal Studies* (2008), 71-117.

contributions to decision-making. Just as economic growth is both good for the autocrat and good for the people, participatory decision-making might be good for the governors and good for the citizens that are governed by them. How and when does participatory decision-making result in more effective policy in an autocracy? This is the question that I aim to answer in this dissertation.

1.1 Dissertation Overview

Chapter 2 lays out the theoretical arguments for why and under what circumstances autocrats adopt consultative policymaking, a specific type of public participation. Lacking a theoretical foundation for consultation under autocracy, I borrow from a well-developed literature on participatory decision-making in democracies to tease out the theoretical implications for consultation in autocracies. I highlight information generation and policy legitimation as key mechanisms through which consultation can have a positive effect on policy outcomes. Both of these mechanisms are well established, theoretically and empirically, in the literature on democracies but remain largely unexplored in the literature on autocracies. I also discuss the technology of authoritarian consultation, i.e. the various mediums through which autocrats consult their citizens, arguing that the advent of online consultation has dramatically reduced the costs and increased the efficiency of authoritarian consultation. Finally, I discuss the viability of consultation under different types of authoritarianism, arguing that it is most effective under single-party systems with clear separation between political and policymaking institutions.

In Chapter 3, I relate consultative decision-making with formal quasi-democratic institutions under autocracy. Specifically, I focus on the rapid adoption of electoral and

legislative institutions towards the end of the Cold War. While China itself dabbled with electoral and legislative institutions in the 80s and 90s, it halted reforms, even backtracking in some cases, during the early 2000s. To explain China ambivalence towards electoral and legislative development, I highlight the primacy of nomenklatura personnel management in sustaining the CCPs grip on power. As soon as voters and legislators started challenging this system by nominating their own choices for important positions, the Party pulled the plug. In contrast, consultative decision-making only touches on policy issues but never politicians – making it a much more palatable alternative.

In Chapter 4, I track the origins and evolution of participatory decision-making in China. First, I point to policy experiences in Communist China's early period of the 1950s, when consultative approaches to land reform in Fujian contributed to less hostile and more effective implementation. Though largely abandoned during the Mao-era, consultation reemerged during economic restructuring in the 1990s, because Communist Party leaders saw it as a good way to reduce popular resistance to painful price increases and massive layoffs of public sector workers. Recognized for its effectiveness during price reform and privatization, consultation was endorsed by the central leadership in the late 1990s and has subsequently emerged as a standard policymaking feature at both central and local levels. Most importantly consultation has shifted from small public hearings to online Notice and Comment campaigns that attract hundreds of thousands of participants.

In Chapter 5, I take advantage of China's decentralized administrative structure wherein national initiatives are implemented with local characteristics. At the provincial

level, for example, some localities employ consultation when drafting local implementation guidelines for national policies while others proceed without it. Comparing across unique policy initiatives implemented in different parts of the country, I show that local implementations involving consultation last longer and require fewer amendments than those without consultation. Overall, I find that since the start of observation in 2006 no law or regulation drafted with public input has yet to be repealed despite a high repeal rate overall.

Having demonstrated the effects of consultation on policy outcomes in Chapter 5, I proceed to explore the legitimation effects of consultation in Chapter 6. Here I take advantage of a consultation experiment conducted in coastal Zhejiang, where the local government randomly selects members of the public to participate in annual budget deliberations. By surveying these participants along with a matched random sample of non-participants, I demonstrate that consultation can indeed boost approval for the local government but that there is a slight negative effect on support for the central authorities suggesting heightened public expectations.

I conclude in Chapter 7 with predictions about consultative decision-making in China's short-term and longer-term future. Specifically, I focus on reforms outlined in China's most recent Third Plenum meeting, and the implementation challenges the regime will likely face over the next eight years. Many of these challenges, such as opposition from urban *hukou* holders, misuse and selective implementation by local governments, as well as potential failures in establishing a property market, should benefit from a more open and inclusive policymaking process.

CHAPTER 2: THE LOGIC OF CONSULTATIVE AUTOCRACY

Abstract: This chapter lays out the theoretical arguments for why and under what circumstances autocrats adopt consultative policymaking procedures. Lacking a theoretical base to work off of in the case of autocracies, I borrow from a well-developed literature on participatory decision-making in democracies to tease out the theoretical implications for consultation in authoritarian systems. I highlight information generation and policy legitimation as the key mechanisms through which participatory decision-making may have a positive effect on policy outcomes. Both of these mechanisms are well established, theoretically and empirically, in the literature on democracies but remain largely unexplored in literature on autocracies. In this chapter, I also discuss the technology of authoritarian consultation, i.e. the various mediums through which autocrats consult their citizens, arguing that the advent of online consultation has dramatically reduced the costs and increased of the efficiency of consultation. Finally, I discuss the viability of consultation under different types of authoritarianism, arguing that it is most effective under single-party systems with a clear separation between political and policymaking institutions.

It has long (perhaps throughout the entire duration of British freedom) been a common form of speech, that if a good despot could be insured, despotic monarchy would be the best form of government. I look upon this as a radical and most pernicious misconception of what good government is, which, until it can be got rid of, will fatally vitiate all our speculations on government.

(John Stuart Mill 1861: 3.1)

Introduction: Consulting the Benevolent Dictator

The belief that power concentrated in expert hands provides for an ideal form of government is not uncommon.¹ According to this view, enlightened leaders adopt only prudent policies and discard or reform ineffective ones. They heed the interests of their people, and they resolve societal conflicts, not through protracted administrative and legal procedures but by virtue of their unchecked power and magnanimity. If one were to focus on Singapore, for example, they might conclude that the Lee family's brand of Confucian dictatorship is the principal source of the city-state's success. Unfortunately, a broader look across history suggests that authoritarian governments often fail in practice.² Comparatively speaking, for every upright and effective Singapore there are a handful of

¹ This perspective is most commonly described as "enlightened absolutism" or "benevolent despotism". See: A. Lentin, *Enlightened Absolutism, 1760-1790: A Documentary Sourcebook* (Avero, 1985), 291. Modern leaders who are commonly described in these terms include: Turkey's Kemal Atatürk, Yugoslavia's Josip Tito, and Lee Kuan Yew.

² For one of the strongest critiques of the enlightened authoritarianism perspective see: K. R. Popper, *The Poverty of Historicism* (Routledge and Kegan Paul, 1957), 166.

corrupt and incompetent Myanmar(s).³ Indeed, man-made tragedies, like China's Great Leap Forward or Cambodia's agrarian utopia, have only occurred under autocracy.⁴

There are two broad explanations for the shortcomings of authoritarian governance. The first explanation essentially rejects the idea of a benevolent autocracy by arguing that any regime that is unaccountable and unrepresentative will inevitably adopt policies that are in conflict with the interests of its people.⁵ The second, more general explanation, focuses on the decision-making process itself. In particular, scholars highlight poor information and weak policy legitimacy as factors contributing to poorly planned and unpopular policy.⁶ As John Stuart Mill points out, the challenge to good governance under autocracy is not merely selecting benevolent dictators, but finding "all-seeing" ones.⁷

If the first explanation is complete and accurate, China's only option for improving its governance model and, in particular, its policymaking system is by democratizing. Since democracy is not in the interest of the incumbent CCP, however, this is not a very useful insight. If, alternatively, governance quality is at least partly the product of decision-making procedures, not simply the decision-makers, China has the option of refining these procedures without compromising its core political interests.

³ S. McCarthy, *The Political Theory of Tyranny in Singapore and Burma: Aristotle and the Rhetoric of Benevolent Despotism* (Routledge, 2006), 304.

⁴ Perhaps the most prominent example of this argument is made by Amartya Sen (1999) when he describes, "No famine has ever taken place in the history of the world in a functioning democracy." A. Sen, *Development as Freedom* (Oxford University Press, 1999), 366.

⁵ A. Przeworski, S. Stokes, and B. Manin, *Democracy, Accountability, and Representation*, 1999.

⁶ M. W. Svobik, *The Politics of Authoritarian Rule* (Cambridge University Press, 2012), 247; J. M. Buchanan and G. Tullock, *The Calculus of Consent* (Ann Arbor: University of Michigan Press, 1962).

⁷ J. S. Mill, *Considerations on Representative Government* (Parker, son, and Bourn, 1861), 340. 3:1.

I proceed along the second line of reasoning by holding out the possibility that a change in the authoritarian policymaking process, namely public consultation, can affect it in positive ways. The chapter is divided into five sections. In section one, I highlight the importance of decision-making procedures. In section two, I provide a definition for authoritarian consultation, explain how it is distinct from other forms of participation and authoritarian mobilization. In section three, I borrow from the literature on public decision-making under democracy to assess the relative costs and benefits of public consultation under autocracy. In so doing, I arrive at a simple and revealing conclusion: the benefits of participatory decision-making are more significant under autocracy than under democracy, and the associated costs are less apparent. In section four, I outline the motives of authoritarian policymakers for making policy in public. I approach this issue from two directions. First, I adapt existing management models to argue that autocrats are most likely to engage in participatory decision-making when policy success is contingent on compliance and when there is uncertainty about public policy preferences. Second, I highlight the relationship between consultation technology and utility from the perspective of both the authoritarian policymaker and participants.

2.1 Decision-Making Procedures

The way in which policy is crafted should affect its implementability and its ultimate efficacy. With little planning and foresight policy actions may prove difficult to implement or result in unintended consequences. Even when experts spend a great deal of time planning, the limits of “bounded rationality” will prevent them from foreseeing

all the problems and obstacles a policy might encounter once adopted.⁸ Indeed, most policymakers, democratic and autocratic ones alike, tend to muddle their way through by trial and error.⁹

Decision-making procedures are an important defense against such errors. In democratic countries, once a policy item is drafted it is made subject to legislative debate, revision, and ultimately a vote.¹⁰ The more rigorous and open this process, the more likely it is that potential implementation challenges are identified and resolved prior to adoption. Even if the support of staunch critics is not necessary for policy success, their inclusion the process gives policymakers an opportunity to address their opposition during planning stages rather than during implementation.

The more inclusive the decision-making process, the more likely it is that society as a whole perceives the policy decision as less arbitrary and more legitimate.¹¹ Although the need to satisfy a broad range of interests reduces a policymaker's ability to make strong, decisive decisions,¹² it also contributes to more durable policies, because these interests will, once invested, resist further change.¹³

⁸ This point is first raised by H. A. Simon, *Administrative Behavior: A Study of Decision-Making Processes in Administrative Organizations, Administrative Organisations* (Macmillan, 1957), 259.

⁹ C. E. Lindblom, "The Science of 'Muddling Through,'" *Public Administration Review*, 19 (1959), 79–88.

¹⁰ D. M. Berman, *A Bill Becomes a Law: Congress Enacts Civil Rights Legislation* (Macmillan, 1966), 146.

¹¹ Buchanan and Tullock, *The Calculus of Consent*.

¹² R. Baldwin, *Rules and Government (Oxford Socio-Legal Studies)* (Oxford University Press, USA, 1997), 360. p.167.

¹³ S. Haggard and M. McCubbins, "The Institutional Determinants of Economic Policy," S. Haggard and M. D. McCubbins, eds, *Presidents, Parliaments, and Policy* (Cambridge University Press, 2001), 21–63.

Authoritarian decision-making, by contrast, is top-down, unconstrained and directly in-line with the objectives of regime leaders.¹⁴ Authoritarian legislatures, if they exist, have few powers to challenge executive decisions, and any voting usually takes place after decisions are announced by the party and is therefore better understood as confirmation rather than voting. These weak constraints allow authoritarian decision-makers to respond quickly and decisively to policy challenges.

Speed and decisiveness, however, do not always translate into policy effectiveness.¹⁵ Authoritarian decision-making, for example, is prone to volatility because decisions made with few constraints can, just as easily, be revised or abandoned.¹⁶ Moreover, restrictions on elections, polling, and free speech, undermine government capacity to gauge public opinion, thereby raising its risk of miscalculating public reactions to unpopular policies.¹⁷ Similarly, because authoritarian decisions are vetted internally, not through open legislative or administrative proceedings, potential policy problems and implementation challenges are less likely to be identified and resolved prior to adoption.¹⁸ Instead, authoritarian policy blunders are often revealed during implementation, a point at which significant social, political, and economic costs

¹⁴ D. W. Parsons, *Public Policy: An Introduction to the Theory and Practice of Policy Analysis* (Edward Elgar, 1995), 675. p. 248

¹⁵ I define policy effectiveness as the degree to which policy achieve objectives outlined by the government.

¹⁶ (MacIntyre 2001; Cox and McCubbins; Tsebelis 2002; Naughton 2008)

¹⁷ T. Kuran, *Private Truths, Public Lies: The Social Consequences of Preference Falsification* (Harvard University Press, 1997), 423; P. L. Lorentzen, "Regularizing Rioting: Permitting Public Protest in an Authoritarian Regime," *Quarterly Journal of Political Science*, 8 (2013), 127–158; M. K. Dimitrov, *Internal Government Assessments of the Quality of Governance in China, CCDRL Working Papers*, 2013.

¹⁸ B. Van Rooij, *Regulating Land and Pollution in China: Lawmaking, Compliance, and Enforcement: Theory and Cases* (Amsterdam University Press, 2006), 450.) p. 29

have already been incurred. Even when authoritarian decision-makers produce well-informed policies, they may still encounter public opposition because they lack popular legitimacy.¹⁹

Many of the weaknesses described above, namely weak institutional constraints, poor information, a lack of legitimacy, would be mitigated through stronger legislative institutions and popular elections. A number of regimes have experimented with such reforms, producing a variety of hybrid authoritarian regimes equipped with democratic features.²⁰ While these reforms appear to have had a positive effect on regime durability and economic growth,²¹ they have, in a number of prominent cases, contributed to collapse and transition to democracy.²² Such examples have certainly influenced the calculus of existing regimes, convincing their leaders that the risks of introducing elections and legislatures may outweigh the benefits. Instead, regimes like China's CCP are actively exploring alternative ways to inform and legitimate decision-making without jeopardizing their hold on power.

¹⁹ P. Minxin, *China's Trapped Transition: The Limits of Developmental Autocracy* (Cambridge, Mass: Harvard University Press, 2006), 294.

²⁰ F. Zakaria, "The Rise of Illiberal Democracy," *Foreign Affairs*, 1997; A. Schedler, "The Logic of Electoral Authoritarianism," A. Schedler, ed, *Electoral Authoritarianism: The Dynamics of Unfree Competition* (Lynne Rienner, 2006); S. Levitsky and L. A. Way, "The Rise of Competitive Authoritarianism," *Journal of Democracy*, 13 (2002).

²¹ J. Wright, "Do Authoritarian Institutions Constrain? How Legislatures Affect Economic Growth and Investment," *American Journal of Political Science*, 52 (2008), 322–343; J. Gandhi, *Political Institutions under Dictatorship* (Cambridge University Press, 2008).

²² P. J. Schuler, D. Gueorguiev, and F. Cantu, "Risk and Reward: The Differential Impact of Authoritarian Elections on Regime Decay and Breakdown," *SSRN Electronic Journal* (2013), 1–46; M. M. Howard and P. G. Roessler, "Liberalizing Electoral Outcomes in Competitive Authoritarian Regimes," *American Journal of Political Science*, 50 (2006), 365–381; A. Hadenius and J. Teorell, "Pathways from Authoritarianism," *Journal of Democracy*, 18 (2007), 143–157.

2.2 *Public Consultation under Autocracy*

Public consultation under autocracy comes in many different flavors, ranging from voting in predetermined elections to serving in rubber-stamp legislatures. Some authoritarian regimes exclude the public from all aspects of politics or policy. Others stress the importance of public participation in the decision-making process. One of the clearest examples of the latter type was the Soviet Union, which, in-line with Lenin's theory on the need for public participation in mobilization and decision-making,²³ strongly emphasized the role of participation in its constitution.

The principal direction in the development of the political system of Soviet society is the extension of socialist democracy, namely ever broader participation of citizens in managing the affairs of society and the state, heightening of the activity of public organizations, strengthening of the system of people's control, consolidation of the legal foundations of the functioning of the state and of the public life, greater openness and publicity, and constant responsiveness to public opinion.²⁴

-Article 9 of the Soviet Constitution

The problem with such provisions for participation is that they are rarely practiced. In the Soviet Union, for example, contrary to Lenin's theory, the regime is more accurately described as engaging in popular "de-participation" rather than participation, as for much of its history, the Communist Party of the Soviet Union mobilized citizens to participate in policy implementation and production but excluded them from all aspects of policymaking.²⁵ Indeed, among most Sovietologists the idea of

²³ V. Lenin, "Report On The Party Programme," *Eighth Congress of the R.C.P.(B.) March 18-23, 1919*, 1919, Section Three, <https://www.marxists.org/archive/lenin/works/1919/rcp8th/03.htm>.

²⁴ J. F. Hough and M. Fainsod, *How the Soviet Union Is Governed* (Harvard University Press, 1979), 693. p. 277

²⁵ P. G. Roeder, "Modernization and Participation in the Leninist Developmental Strategy," *The American Political Science Review*, 83 (1989), 859–884.

public participation in decision-making was simply “bric-brac decoration” for what remained a patently totalitarian decision-making process.²⁶

The same claim can be made for other Leninist inspired regimes, such as China, which have until recently engaged in very top-down approaches to participation. Increasingly, however, public participation has reemerged as a formal policymaking procedure across a number of prominent autocracies.²⁷ This new wave of authoritarian participation is predominantly bottom-up with participants generating the bulk of information, which is then channeled to policymakers. What are the motivations behind this shift? More importantly, are current forms of authoritarian participation any more meaningful than those practiced in the past?

The extant literature on public participation under autocracy is unhelpful for answering the questions raised above. Part of the problem is that the extant literature has focused almost exclusively on the democratic merits of authoritarian consultation rather than its contributions to policy. Like the critics of Soviet-era participation, Chinese scholars writing about public participation in China describe it as another form of

²⁶ H. R. Swearer, “Popular Participation: Myths and Realities,” *Problems of Communism* (1960), 42–51; G. D. Hannah, *Soviet Information Networks* (Center for Strategic and International Studies, Georgetown University, 1977), 80.

²⁷ He et al., “Authoritarian Deliberation: The Deliberative Turn in Chinese Political Development”; K. Jayasuriya and G. Rodan, “Beyond Hybrid Regimes: More Participation, Less Contestation in Southeast Asia,” *Democratization*, 14 (2007), 773–794; J. Warren and H. Nguyen, “The Diversification of State Power: Vietnam’s Alternative Path toward Budget Transparency, Accountability, and Participation,” S. Khagram, A. Fung, and P. de Renzio, eds, *Open Budgets: The Political Economy of Transparency, Participation, and Accountability* (warren: Brookings Institution Press, 2013), 264.

authoritarian “window-dressing,” deliberately designed to distract from real democratic reform.²⁸

At the same time, it is hard to deny that consultation in today’s China is significantly different from unilateral autocracy as usual. In China, for example, important national policies now go through multiple rounds of public debate — resulting in multiple drafts and numerous revisions — before adoption. At the local level, budget plans and changes to administrative rules are increasingly being exposed to public review and discussion prior to adoption. Referencing such examples, some Western scholars argue that participatory decision-making is a healthy innovation that empowers the public and contributes to better governance outcomes.²⁹ Others claim that participation under autocracy represents a step towards more pluralistic authoritarianism.³⁰ Some even claim that such innovations constitute a new model of popular authoritarianism.³¹

While these perspectives may seem contradictory, it is possible that that public participation reduces calls for greater democracy by contributing to better governance. Just as quasi-democratic institutions are thought to contribute to authoritarian stability by helping grow the economy, public participation can bolster authoritarian government by improving policymaking and compliance. This logic is partly captured in the CCP’s

²⁸ X. Wang, “Public Participation and Its Limits: An Observation and Evaluation on Public Hearings as Experimented in China’s Administrative Process,” *Yale University China Law Center* (2003).

²⁹ J. S. Fishkin et al., “Deliberative Democracy in an Unlikely Place: Deliberative Polling in China,” *British Journal of Political Science*, 40 (2010), 435; He et al., “Authoritarian Deliberation: The Deliberative Turn in Chinese Political Development.”

³⁰ A. Mertha, *China’s Water Warriors: Citizen Action and Policy Change* (Cornell University Press, 2008), 168; Pan, “Toward a Consultative Rule of Law Regime in China.”

³¹ Tsang, “Consultative Leninism: China’s New Political Framework”; Pan, “Toward a Consultative Rule of Law Regime in China.”

theory of “Consultative Democracy” (协商民主) or, as Steve Tsang refers to it, “Consultative Leninism.”³² According to Tsang, Consultative Leninism is part of a multi-prong governance strategy involving:

...an obsessive focus upon staying in power; continuous governance reform designed to pre-empt public demands for democratization; sustained efforts to enhance the Party’s capacity to elicit, respond to and direct changing public opinion; pragmatism in economic and financial management; and the promotion of nationalism in place of Communism.

(Tsang 2009: 866)

Whereas “Consultative Leninism” assumes the effectiveness of public participation, I highlight the relationship between public participation and policy effectiveness as my core research inquiry. Approached from the perspective of the regime, I ask an empirical question: does consultation produce policy outcomes that are more consistent with the government’s stated objectives? Before outlining the theoretical framework for addressing this question, I first provide a definition of consultation under autocracy as it pertains to the policymaking process.

I define consultative decision-making on policy as occurring when policymakers invite members of the public to ask questions, offer suggestions, and raise concerns over draft policy proposals. Ideally, participation involves interaction, deliberation, and perhaps even debate, but in practice, there is no guarantee that a participant’s contribution is incorporated or even acknowledged. All that is guaranteed is that members of the public are given an opportunity to make policy comments before decisions are finalized.

³² Tsang, “Consultative Leninism: China’s New Political Framework.”

This definition is narrower than what has typically been used in literature concerning “participatory”, “deliberative”, and “consultative” autocracy, where any policy related interaction between citizens and the state as considered a form of participation.³³ In contrast, my definition focuses specifically on the procedural act of incorporating citizens in policy formulation. In adopting this definition, I am unable to address important alternative dimensions of political participation, including civil society, elections, petitioning, legal redress, or even legislative debate. While each of these dimensions plays an important role in policy success, my theory places a premium on the logistics of consultation, which occurs during policy formulation and is accessible to the general public.

How is policy consultation different from traditional modes of authoritarian participation? A close parallel, for example, can be found in China’s “mass-line” campaign, common during the Mao-era. According to Mao, the mass-line embodied an ideal form of leadership by facilitating policy “from the masses to the masses.”³⁴ What sets apart consultation from the “mass-line” is the direction of information flow. In a mass-line campaign, the interaction between the Party and the masses is intended to go both ways, but, in practice, information was almost always distributed downwards in the form of policy instructions to the masses, who were then expected and encouraged to act

³³ He et al., “Authoritarian Deliberation: The Deliberative Turn in Chinese Political Development”; B. J. P. Horsley, “Public Participation in the People ’ S Republic : Developing a More Participatory Governance Model in China” (2009), 1–19; Tsang, “Consultative Leninism: China’s New Political Framework”; Pan, “Toward a Consultative Rule of Law Regime in China.”

³⁴ Z. Mao, “Some Questions Concerning Methods of Leadership” (Selected Works of Mao Zedong, 1943), 117.

on that information.³⁵ This approach is similar to Soviet-style “co-production,” wherein citizens are disassociated from decision-making and enlisted in production and implementation instead.³⁶

In contrast, consultative policymaking flows bottom-up, as policy concerns and criticisms provided by public individuals are channeled upwards into the bodies that actually make decisions. In order to facilitate a consultative process, the only information an authoritarian policymaker needs to provide is a draft policy outline, along with an explicit indication that the draft is open to debate and revision. Because public responses are delivered directly to the policymaker, there is little incentive for the policymaker to try to influence public responses. Instead, the policymaker can simply “set the agenda,” by defining policy goals and allow debate to circulate around that agenda. In so doing, the policymaker can gauge public support and claim credit for giving the public an opportunity to voice their concerns.

The instrumental interpretation I provide for authoritarian consultation emphasizes neither mobilization nor democracy. Instead, my interpretation highlights the role of authoritarian consultation in generating information and garnering public approval for the policymaking process. Similar claims have been made and verified in the case of fully functional democracies, but remain understudied and theoretically discounted in the case of autocracies. This omission is understandable. The absence of electoral accountability means that an autocrat’s commitment to heed public opinion is not

³⁵ M. Meisner, “Dazhai The Mass Line in Practice,” *Modern China*, 4 (1978), 27–62; G. Young, “On the Mass Line,” *Modern China*, 6 (1980), 225 – 240.

³⁶ Roeder, “Modernization and Participation in the Leninist Developmental Strategy.”

credible. Lack of credibility, however, does not mean that autocrats lack an interest in informing and refining their policy choices. In the next section, I explore this logic further by addressing core theoretical debates on public participation in democracies, specifically with respect to information and legitimacy, and how, if at all, they translate to the authoritarian setting.

2.3 *Policy Participation in Democracies*

The concept of participatory democracy has deep roots; about as deep as democracy itself. As early as fifth century B.C., the Athenian statesman Pericles argued:

Our public men have, besides politics, their private affairs to attend to, and our ordinary citizens, though occupied with the pursuits of industry, are still fair judges of public matters for; unlike any other nation, we regard the citizen who takes no part in these duties not as unambitious but as useless, and we are able to judge proposals even if we cannot originate them; instead of looking on discussion as a stumbling-block in the way of action, we think it an indispensable preliminary to any wise action at all.³⁷

In the 19th century, John Stuart Mill, an impassioned proponent of a participatory democracy, argued that no leader is infallible and that the only form of government that can meet the challenges of a political and social state is one in which every citizen participates, even in the smallest of public functions. In 20th-century discussions, participatory decision-making was seen not so much as an alternative to representative or procedural democracy but rather as a necessary ingredient of effective democracy. Habermas, for example, argued that legitimate democracy required a vibrant “public sphere”, in which public discussion influences political action. This view was galvanized

³⁷ (Thucydides 11.40)

by a series of seminal studies showing that participation in civil society was an integral explanation for democratic consolidation and economic growth.³⁸

In the modern democratic setting, public decision-making typically occurs in several different formats, namely, administrative rule-making, public review, and direct-democracy. Participation in administrative rule makings occurs when government agencies adopt new rules or alter existing ones.³⁹ For example, if the Department of Transportation decides to change the way it regulates interstate traffic, it should allow a certain period of time for citizens, businesses, and advocates to review and challenge the changes. Similarly, participation through public review occurs when governments make decisions that will have a direct impact on citizen's livelihoods or quality of life. Typical examples of this are public hearings on Environmental Impact Assessments and changes in zoning rules. The ultimate goal of these two types of participation is to facilitate public scrutiny, generate information about competing preferences, and raise public awareness about state-led policymaking.⁴⁰ In contrast, direct-democracy participation places the public in the policymaking driver's seat, providing citizens with opportunities to introduce legislation through special initiatives or propositions, or to decide the fate of local or national policies through "yes or no" referenda.⁴¹

³⁸ R. D. Putnam, *Bowling Alone: The Collapse and Revival of American Community*, S. A. Schuster, ed, *Book*, vol. 115, A Touchstone book (Simon & Schuster, 2000), 541.

³⁹ For example when the U.S. Environmental Protection Agency adopted revisions to the Clean Air Act in 1977 and 1990, it had to provide Notice and Comment opportunities before the new rules could take effect.

⁴⁰ J. S. Lubbers, *A Guide to Federal Agency Rulemaking* (Chicago: American Bar Association, 2006), pp. 271-285.

⁴¹ Public participation in China is almost exclusively of the administrative variety, but participatory procedures have also been extended to a wide range of decision-making scenarios, including the drafting of national laws and regulations.

Although scholars disagree about the relative costs and benefits of direct-democracy participation,⁴² administrative participation is seen as conducive for more successful policy outcomes. In particular, proponents have identified two principal benefits of participation under democracy. The first focuses on the indirect merits of participation — i.e., how participation brings policymakers and citizens closer together, fosters civil society, and contributes to more vibrant democracy.⁴³ The second emphasizes more proximate contributions to policy outcomes, namely a more informed policymaking process and enhanced government legitimacy. According to these authors, public consultation is not simply a process of choosing (voting) among given alternatives, but a process of generating new alternatives.⁴⁴ In the process of generating these new alternatives, consultation helps policymakers overcome bounded rationality and produce more informed policy that is more closely aligned with the public interest by helping to reveal private information on preference intensity.⁴⁵ With respect to legitimacy, it is argued that participation increases trust both in policymaking institutions and in policy choices by giving the public a role in the decision-making process.⁴⁶ This added

⁴² R. A. Dahl, *Polyarchy: Participation and Opposition* (Yale University Press, 1971), 257; T. Kousser and M. D. McCubbins, “Social Choice, Crypto-Initiatives and Policy Making by Direct Democracy,” *California Legal Review* (2005), 949–965.

⁴³ This argument is made implicitly in S. R. Arnstein, “A Ladder Of Citizen Participation,” *Journal of the American Institute of Planners*, 35 (1969), 216-224. It also forms the core theoretical argument in R. D. Putnam, “Bowling Alone: America’s Declining Social Capital,” *Journal of Democracy*, 6 (1995), 65-78.

⁴⁴ J. Elster, ed., *Deliberative Democracy (Cambridge Studies in the Theory of Democracy)* (Cambridge University Press, 1998), 296. , p.

⁴⁵ See James Fearon chapter 2 in Elster, *Deliberative Democracy (Cambridge Studies in the Theory of Democracy)*.

⁴⁶ C. S. King, K. M. Feltey, and B. O. Susel, “The Question of Participation: Toward Authentic Public Participation in Public Administration,” *Public Administration Review*, 58 (1998), 317-326; J. Fishkin,

legitimacy has been shown to translate into less resistance during implementation⁴⁷ and greater policy satisfaction overall.⁴⁸

Applying the above arguments to an authoritarian setting reveals several important differences. First, authoritarian leaders are not selected through free and fair elections, so their policies lack popular mandates — a claim frequently made in reference to China.⁴⁹ The relative legitimacy benefits of public participation should therefore be greater for authoritarian leaders than democratic leaders, since it opens up an opportunity to claim a popular mandate for policy choices that would otherwise be absent. Second, authoritarian policymakers often lack reliable information on public preferences due to restrictions on elections, media, and political debate,⁵⁰ making it more likely to misjudge public reactions and adopt unpopular policies.⁵¹ Instead, leaders have to rely on local agents for information, which is subject to manipulation, especially when these agents

When the People Speak: Deliberative Democracy and Public Consultation, (Oxford University Press, 2009).

⁴⁷ J. Randolph and M. Bauer, “Improving Environmental Decision-making Through Collaborative Methods,” *Review of Policy Research*, 16 (1999), 168-191.

⁴⁸ B. A. Olken, “Direct Democracy and Local Public Goods : Evidence from a Field Experiment in Indonesia,” *American Political Science Review*, 104 (2010), 243-267.

⁴⁹ M. Pei, *China’s Trapped Transition: The Limits of Developmental Autocracy* (Harvard University Press, 2006); Y. Chu, “Sources of Regime Legitimacy and the Debate over the Chinese Model,” *China Review*, 13 (2013), 1-42.

⁵⁰ This is commonly labeled the dictator’s dilemma, whereby the strongest authoritarian leaders have the most difficulty gathering honest information from a fearful and reluctant citizenry. See T. Kuran, *Private Truths, Public Lies: The Social Consequences of Preference Falsification* (Cambridge, MA: Harvard University Press, 1997).

⁵¹ B. van Rooij, *Regulating Land and Pollution in China, Lawmaking, Compliance and Enforcement: Theory and Cases* (Leiden University Press, 2006), p. 30; M. W. Svobik, *The Politics of Authoritarian Rule* (Cambridge University Press, 2012), p. 197.

have incentives to misrepresent bad outcomes into good ones. Such approaches can lead to tragic policy failure, as was the case in China's tragic Great Leap Forward.⁵²

By institutionalizing citizen participation on public policy issues, however, policymakers can tap into more sincere, accurate measures of public opinion, helping them avoid mistakes. Here again, since leaders in democratic systems already have ample information on public opinion through elections and a free press, the relative benefit of information generated from participation should be larger in autocracies.

Finally, it is noteworthy that the principal criticism of participatory decision-making under democracy — that participation is redundant and compromises existing legislative institutions — does not apply in authoritarian settings.⁵³ Underlying this criticism is the implicit assumption that robust representative institutions are already in place. However, as argued previously, the typical authoritarian regime either lacks such institutions entirely or severely limits their powers. To summarize, the institutional deficiencies of authoritarian decision-making serve to augment the relative benefits and lessen the drawbacks of public decision-making under autocracy.

2.4 *When do autocrats consult?*

Despite the theoretical benefits of consultative policymaking outlined above, the practice of consultative policymaking in authoritarian countries is far from universal., and

⁵² W. Li and D. T. Yang, "The Great Leap Forward: Anatomy of a Central Planning Disaster," *Journal of Political Economy*, 113 (2005), 840–877; J. K.-S. Kung and S. Chen, "The Tragedy of the Nomenklatura: Career Incentives and Political Radicalism during China's Great Leap Famine," *American Political Science Review*, 105 (2011), 27–45.

⁵³ T. Kousser and M. D. McCubbins, "Social Choice, Crypto-Initiatives and Policy Making by Direct Democracy," *California Legal Review* (2005), 949-965.

relatively recent. Even in countries where public participation is formally recognized as a decision-making institution, participation requirements are selectively applied and often ignored. The absence of uniform participation therefore raises the question: when do autocrats consult?

If information and legitimacy are the main products of consultation, the use of consultation will depend on the relative value of these products, which will in turn be determined by the decision-making scenario as well as the quality of the participatory process. To help identify these conditions, I readapt a prominent decision-making model from the management literature to the consultative example.

The Vroom-Jago contingency model for decision-making, in which a leader chooses a decision-making strategy ranging from unilateral autocracy to multilateral cooperation, provides a helpful starting point.⁵⁴ Although the model is most closely associated with corporate management, the implications are easily transferable to the authoritarian policymaking scenario. In particular, one of the model's core conclusions, that a manager's decision to include employees in the decision-making process is contingent on her desired level of compliance, can easily be translated to the authoritarian policy setting. Similarly, the model argues that the appropriate degree of inclusiveness depends on a trade-off between durability over decisiveness, with more inclusive decisions being more durable. Translating the Vroom-Jago logic to the authoritarian setting suggests that autocrats engage in public consultation when public compliance is

⁵⁴ See V. H. Vroom and A. G. Jago, *The New Leadership: Managing Participation in Organizations*. (Prentice-Hall, Inc., 1988).

important for policy success and when policy durability is preferred to policy decisiveness.

The translation above is helpful, but incomplete. In particular, the concept of compliance in the Vroom-Jago model is narrowly defined as acceptance of and acting in accordance with the manager's decision.⁵⁵ This definition, however, does not capture the full range of non-compliance, which, in theory, should also include the potential for costly opposition. While one could argue that compliance and opposition are two sides of the same coin, it is important to keep them separate because they can occur independently from one another. Take for example, a situation in which the state removes a fuel subsidy. Compliance is not an issue because market mechanisms implement the new price.⁵⁶ Opposition in the form of protest is, however, a very real possibility. The take-away here is that even when enforcement is not at issue, concerns about popular opposition may still make consultation attractive.

The Vroom-Jago trade-off between durability and decisiveness also deserves a second look. First, the authoritarian setting, by definition, puts the decision-maker in a unilateral decision-making position. In other words, we can assume that the authoritarian decision-maker must only decide whether or not to take a less decisive approach. Second, whereas the original contingency model treats compliance and durability as independent outcomes, it is not difficult to see how policy volatility could incentivize non-compliance and vice versa. Take, for example, an environmental decision that

⁵⁵ Vroom and Jago, *The New Leadership: Managing Participation in Organizations*.(p. 57)

⁵⁶ One could argue that corruption, in this case informal fuel markets, constitutes a form of non-compliance.

requires factories to meet specific discharge standards. If a polluting company anticipates standards to change tomorrow, they may choose not to expend the effort and resources to comply today. Policy fluctuation can also aggravate delegation problems, insofar as agents tasked with implementation must expend non-trivial costs when adjusting to new rules and policies. Imagine, again, the environmental scenario, but from the perspective of the local environmental regulator that must retrain staff each time standards are revised. Finally, it is important to consider the indirect effects of policy volatility. Political economists, for example, have long argued that policy fluctuation serves as a disincentive for investors, who, as third parties, have a preference for policy stability over changes they have little influence over.⁵⁷ To summarize, rather than facing an even trade-off between durability and decisiveness, the authoritarian policymaker's contingency points to participation any time decisiveness is not essential.

Readapting the Vroom-Jago model to the authoritarian setting translates into the following contingencies: autocrats consult when (a) compliance is important for policy success; (b) when the risk of popular opposition is high; (c) when policy decisiveness is not essential. Applying these insights to the policymaking setting suggests both temporal and thematic variation. With respect to temporal variation, scholars in the United States point out that federal and local governments were particularly keen to pursue participation procedures during the 1960s protest period, largely due to the ever-present

⁵⁷ T. Kenyon and M. Naoi, "Policy Uncertainty in Hybrid Regimes: Evidence From Firm-Level Surveys," *Comparative Political Studies*, 43 (2009), 486–510.

threat of street demonstrations.⁵⁸ In Europe, the use of participatory budgeting peaked around the time of the global financial crisis, when residents were asked to agree to higher taxes alongside cuts in public services.⁵⁹ In China, the first large-scale use of participatory decision-making occurred during price reforms in the mid-1990s, a contentious policy issue that necessitated approval from both residents and utility providers. A similar burst in participatory activity occurred when China began revising the labor contract law in 2004, which necessitated compliance from both employees and employers. With such examples in mind, some argue that participation procedures in China are deployed strategically during periods of risky policy reform, when painful restructuring has the potential to provoke collective opposition against the regime.⁶⁰ Such contingencies are unique to the authoritarian case, as public dissatisfaction under democracy mainly concerns the outcome of the next election⁶¹.

Having addressed the different contingencies that make authoritarian consultation attractive, it is important to consider the types of policies that are most appropriate, from the perspective of the policymaker, for consultation. To narrow down the range of possible themes, it is helpful to consider issue transparency, i.e. the government's willingness to freely disclose policy related information, as a core requirement for public participation. Issues that are not amenable to transparency, like intelligence, diplomacy,

⁵⁸ C. Howard, M. Lipsky, and D. R. Marshall, "Big-City Politics, Governance, and Fiscal Constraints," G. E. Peterson, ed (The Urban Institute, 1994), 275.

⁵⁹ Y. Sintomer and G. Allegretti, "Transnational Models of Citizen Participation : The Case of Participatory Budgeting," *Sociologias*, 8 (2012), 70–116.

⁶⁰ Y. Cai, "Managed Participation in China," *Political Science Quarterly*, 119 (2004), 425–451.

⁶¹ I thank Susan Shirk for making this point.

and anti-terrorism are therefore poorly suited for participation because the government has an interest in keeping policy details private. Arguably, the scope of issues for which privacy is preferred is broader under autocracy, extending to topics such as rules governing political organization, policies regarding state-backed companies, media censorship, or internal security. Nevertheless, authoritarian regimes still administer a wide-range of policy for which secrecy is not an issue. Public-oriented policies, for example, such as those concerning social welfare, taxes, labor, and environment, require public compliance and therefore are, by definition, public knowledge. Public-oriented issues also operate in a different policy enforcement environment, because they are most effective through voluntary compliance. For example, it is easier to provide national healthcare if everyone agrees to contribute and it is easier to tax individuals if they are willing to document and disclose their incomes. It is in this range of policy issues where the benefits of consultation are most significant.

2.4.1 The Value of Participation

Having outlined the conditions under public decision-making is most appropriate; I focus on the benefits of participation for the authoritarian policymaker. The literature on deliberative democracy, i.e., the making decisions through constructive discussion as opposed voting amongst predefined options, describes consultation as an alternative to voting, argues that it generates richer and more proximate information about citizens'

needs and preferences.⁶² James Fearon, for example, argues that deliberation reveals private information on public opinion, by allowing participants to express preferences as well as their intensity over those preferences.⁶³ Do these insights apply to a non-electoral, authoritarian decision-making scenario?

One could argue that, because authoritarian policymakers are not publically accountable the same democratically ones are, information on public opinion is of no interest to them, unless it borders on rebellion. This, however, would only be true if citizens and policymakers have purely conflicting preferences, such that they have no overlapping interests, and there is no room for negotiation. On many policy dimensions, however, the interests of policymakers are not completely at-odds with those of the average citizen. Take for example the case of air pollution, where officials are just as interested in avoiding lung disease as their civilian neighbors. In such situations, information on public policy preferences allows the policymaker to choose options closest to their ideal preferences. Even when the preferences of the policymaker are at odds with the general public, they should still have an interest in gauging the level of latent opposition. In other words, consultation allows autocrats to “test the waters,” so to speak, before investing in potentially unpopular initiatives.

⁶² Verba, S., Nie, N. H., & Kim, J. O. 1978. *Participation and Political Equality: A Seven-Nation Study*. New York: Cambridge University Press; Fishkin, J. S. 1991. *Democracy and Deliberation: New Directions for Democratic Reform*. New Haven: Yale University Press; Fung, Archon. 2004. *Empowering Participation: Reinventing Democracy*. Princeton, NJ: Princeton University Press.

⁶³ See James Fearon chapter 2 in J. D. Fearon, “Deliberation as Discussion,” J. Elster, ed, *Deliberative Democracy* (Cambridge, Mass: Cambridge University Press, 1999), 44–69.

The challenges autocrats face in collecting this type of information are not unlike those confronted by social scientists interested in measuring public opinion. In particular, the autocrat will want to reduce measurement error associated with the size and selection of the participant group. If the number of participants is too small, the process will produce unreliable measures of public support. Similarly, if the participants are not drawn from the right target groups, the resulting measures may be invalid. Cognizant of these risks, the social scientist tries to draw from a large and representative sample. Although autocrats certainly do not need to appeal to everyone, they will still want to get the best information possible from the groups they deem most important.

Whose opinion matters most to the authoritarian policymaker? In democracies, basic Downsian economic logic predicts that policymakers are most interested in the preferences of the median voter.⁶⁴ In an autocracy, because the policymaker faces no electoral incentives, the preferences of the median citizen are arguably less important. Instead, the authoritarian policymaker benefits most from seeking out the opinions of those most likely to criticize and challenge their policies, such as workers and employers in the case of labor policy, or environmental advocates and polluting businesses in the case of environmental protection. While many core interest groups are already

⁶⁴ A. Downs, "An Economic Theory of Political Action in a Democracy," *Journal of Political Economy*, 1957, 135–150, <http://www.jstor.org/stable/1827369>. This model has however been debated with some pointing out that economic voting like markets necessitates perfect information and that the economic voting model assumes only one-dimensional voters, neither of which are met in actual voting. See: K. Krehbiel, "Legislative Organization," *Journal of Economic Perspectives*, 18 (2004), 113–128; J. M. Buchanan and R. D. Tollison, *The Theory of Public Choice - II* (Michigan University Press, 1984), 464.

represented within the party, the NPC and the CPPCC, others lack any representation.⁶⁵ By giving these actors the opportunity to engage the policy formulation process, the policymaker can preempt and address their criticisms before adopting final decisions. In summary, for the participatory decision-making process to produce useful information it must be openly accessible to large numbers of participants, especially those most critical.

Large numbers and critical viewpoints are not only important for generating information; they also help bolster legitimacy for the policymaking process. Literature on electoral turnout provides a useful parallel for understanding why this is the case. First, low turnout is generally associated with unpopular candidates or disinterest in the electoral process, factors believed to reduce the electoral legitimacy of whoever triumphs in the process.⁶⁶ Second, deliberate non-participation by politically salient groups is often seen as a sign that these groups do not view the electoral process as a legitimate mechanism for deciding power relations.⁶⁷ A similar logic should hold in the case of participatory decision-making insofar as a policymaker's legitimacy is determined, in part, by the number of participants who subscribe to their policy initiative and, in particular, the participation of staunch critics.

⁶⁵ J. Unger and A. Chan, "China, Corporatism, and the East Asian Model," *The Australian Journal of Chinese Affairs* (1995), 29–53.

⁶⁶ C. McManus-Czubińska et al., "When Does Turnout Matter? The Case of Poland," *Europe-Asia Studies*, 56 (2004), 401–420.

⁶⁷ A. Schedler, "Electoral Authoritarianism," T. Landman and N. Robinson, eds, *The SAGE Handbook of Comparative Politics* (2009), 1–23.

2.4.2 *The Technology of Consultation*

Attracting large numbers of participants, let alone critical ones, involves both logistical and political challenges. Borrowing again from the turnout example, the likelihood that a citizen chooses to participate depends on the importance they attach to the policy issue at stake, the size of their expected utility from participating and the costs of participating.⁶⁸ While the first two of these parameters are subjective and difficult to estimate, the costs of participating are fairly straightforward. Participating in a town-hall meeting, for example, will absorb the good part of the day, maybe even several days, for the participant.⁶⁹ In Zeguo's budget participations, for example, some sampled participants work in other towns and cities, requiring them to transit home to attend the deliberative session.⁷⁰ This is a high price to pay, especially when the returns to participation are undefined. Such high costs explain why many public hearings are often delayed and cancelled due to low attendance rates⁷¹ and why local officials often try to boost attendance by recruiting participants – a strategy that undermines both the information quality and the legitimacy of the process.⁷²

The most sophisticated solution to the small-number problem is the deliberative polling method, which involves selecting a random, representative sample of citizens to

⁶⁸ W. H. Riker and P. Ordeshook, "A Theory of the Calculus of Voting," *American Political Science Review*, 62 (1968), 25–42.

⁶⁹ Public hearings for example are typically scheduled during work hours and almost always include a presentation by the local government representative, which is then followed by questions and deliberation.

⁷⁰ See Chapter 6 for more information on the Zeguo budget participation example.

⁷¹ G. Yang, "Zero Comments: Perhaps the Most Important Comment of All (Ling Yijian: Huoxu Shi Zuida de Yijian)," *Beijing News* 新京报, 2013.

⁷² W. Liao, "Concerns Arise about Credibility of Public Hearings in China," *People's Daily*, 2011, <http://www.bjnews.com.cn/opinion/2013/07/11/272702.html>.

deliberate current issues and policy proposals through small-group discussions.⁷³ This approach helps solve the selection problem and has even been shown to increase the legitimacy of the participatory process, but it remains very costly to implement.

There are a number of alternatives, however. In democracies, policymakers can offset the costs of participation by attaching measures to scheduled voting procedures in what are known as “ballot initiatives.” Such activities, typically reserved for direct-democracy initiatives, are less effective in situations requiring more than a “yes” or “no” response. For more complex topics, the most efficient alternative comes in the form of Notice and Comment participation, traditionally involving published notices in newspapers and leaflets to which citizens, businesses, and advocates could respond to in letter or through phone calls. Increasingly, however, Notice and Comment has shifted to the Internet, including in China (a point I discuss in Chapter Four).⁷⁴

An authoritarian policymaker’s ability to take advantage of online participation is limited by at least two constraints. The first is the quality of the government’s online infrastructure. In most authoritarian countries, government websites face more dire problems, from outdated source language to dead links and slow servers. Such weaknesses discourage potential participants and reduce the amount of traffic to a government website. Online participation is also constrained by the level of Internet penetration, which can vary dramatically across regions. Here, disparity in access

⁷³ J. S. Fishkin, *Democracy and Deliberation: New Directions for Democratic Reform*, 1991.

⁷⁴ C. Coglianese, “Citizen Participation in Rulemaking: Past, Present, and Future,” *Duke Law Journal*, 55 (2006), 943–968; S. M. Johnson, “Internet Changes Everything: Revolutionizing Public Participation and Access to Government Information through the Internet, The,” *GP Solo & Small Firm*, 16 (1999).

reduces the quantity of information policymakers can extract from public participation and may augment the selection problem by underrepresenting important but less connected groups. All this is to say that not all governments are equally positioned to take advantage of online participation tools. Those that are, are doing so at rapid pace.

The insights explored in this section provide a potential answer to why autocracies have only recently begun utilizing consultative decision-making. Extending the logic further suggests that as e-government technology spreads and more users log on, participatory decision-making under autocracy should also increase. While such claims are admittedly speculative, they are nevertheless testable. In the case of China, for example, the rapid development of online infrastructure that occurred between 2002 and 2010 provides a useful case for analysis. In particular, because different provinces developed at different rates their use of online participation should reflect these same development rates. I explore this hypothesis in further detail in Chapter 4.

2.5 *Conclusion*

In summary, this chapter provides a theoretical framework for explaining why autocrats are increasingly engaging in what appears to be a very democratic behavior; i.e., consulting their publics before making important decisions, laws, and regulations. I argue that autocrats engage in such behavior for instrumental purposes namely, collecting valuable information on public opinion regarding their policy initiatives and helping legitimate state policy to the masses.

In the next chapter, I address the institutional features of authoritarianism that are most amenable to a consultative decision-making strategy. In particular, I highlight single-party autocracies as being best positioned to take advantage of consultative

strategies because it is easier for them to isolate policy debates from political competition

I also provide a comparative political economy explanation for why consultative

policymaking is especially concentrated in single-party communist regimes.

CHAPTER 3: QUASI-DEMOCRATIC REFORM

Abstract: In the previous chapter I lay out a theoretical argument for why and under what circumstances autocrats consult the public when formulating policy. In summary, I argue that public consultation informs the authoritarian policymaking process and bolsters its legitimacy, particularly on issues where popular support and compliance is important. In making this argument, I draw explicit parallels between consultative policymaking and quasi-democratic institutions. Specifically, I argue that consultation provides some of the same informational and legitimacy benefits provided by legislative debate and electoral mandates. If this is true, however, it is unclear why a regime would prefer consultation to the institutional alternatives? Indeed, the majority of modern authoritarian regimes convene routine legislative sessions and hold regular, albeit predictable, elections. In this chapter, I try to answer this question by highlighting the risks associated with quasi-democratic reforms as well as drawbacks specific for Nomenklatura-based communist regimes. Taking stock of these drawbacks, I argue that consultative policymaking is a less costly approach to reform as it offers no formal concessions on policy or in personnel management. At the same time, I caution that authoritarian consultation is not costless. Consultation on one issue, for example, can raise public expectations for inclusion on others and may even embolden citizens to demand political participation.

“The most perilous moment for a bad government is when it tries to mend its ways.”

De Tocqueville - Old Regime (1856:214)

Introduction

Autocrats face several disadvantages when it comes to governance and policymaking. In particular, poor information on public opinion, weak institutional constraints, and a lack of electoral legitimacy or accountability are each believed to contribute to ineffective, unpopular, and error-prone decision-making.¹ Autocrats also have several options for overcoming these disadvantages and strengthening the policymaking process. A conventional prescription promoted by international development organizations, for example, argues for more robust legislative institutions and expanded electoral accountability. These benefits, however, can be extremely costly as legislatures and elections often emerge as forums and focal points for collective opposition against the leadership.

As an alternative, public consultation during policy formulation offers to provide some of the same benefits associated with legislative and electoral institutions,² but with fewer of the costs. In contrast to formal institution building, for example, consultation allows public inclusion in the policymaking process, but it empowers no new political actors or organizations that can challenge the regime. Similarly, policy consultation

¹ Rooij, *Regulating Land and Pollution in China: Lawmaking, Compliance, and Enforcement : Theory and Cases*; MacIntyre and MacIntyre, “Institutions and Investors: The Politics of the Economic Crisis in Southeast Asia”; Svobik, *The Politics of Authoritarian Rule*.

² Fishkin, *When the People Speak: Deliberative Democracy and Public Consultation*; Elster, *Deliberative Democracy (Cambridge Studies in the Theory of Democracy)*.

generates valuable information on public opinion but is unlikely to generate a focal point for popular opposition, as might be the case with an election.³

If consultation offers benefits with few costs, why don't we see more of it? Indeed, public consultation is a rare feature of the authoritarian landscape, with only a handful of single-party communist regimes employing it as a formal policymaking strategy.⁴ One explanation may be that consultation is simply ineffective. Indeed, the apparent 'costless-ness' of consultation has led skeptics to question its merits, dismissing the process as "authoritarian window dressing"⁵ that helps autocrats "market" decisions they have already made in private.⁶ This critique, however, concerns only the democratic merits of consultation and discounts a substantial theoretical and empirical literature on the potential policy contributions of consultation.⁷

A more plausible explanation is that consultation is only viable in certain types of authoritarian settings. In countries like North Korea, anything from bus routes to hairstyles can, to some degree, be linked to the central leadership.⁸ Similarly, in pre-2003 Iraq, Saddam Hussein coordinated a wide-range of decisions, from issuing scholarships

³ J. A. Tucker, "Enough! Electoral Fraud, Collective Action Problems, and Post-Communist Colored Revolutions," *Perspectives on Politics*, 5 (2007), 535.

⁴ The most prominent of these include China, Vietnam, and Cuba.

⁵ Wang, "Public Participation and Its Limits: An Observation and Evaluation on Public Hearings as Experimented in China's Administrative Process"; B. Tang, S. Wong, and M. C. Lau, "Social Impact Assessment and Public Participation in China: A Case Study of Land Requisition in Guangzhou," *Environmental Impact Assessment Review*, 28 (2008), 57–72.

⁶ Arnstein, "A Ladder of Citizen Participation"; F. E. Rourke, *Bureaucracy, Politics and Public Policy*, Little Brown & Co Boston, MA., 1984.

⁷ Elster, *Deliberative Democracy (Cambridge Studies in the Theory of Democracy)*; Fishkin, *When the People Speak: Deliberative Democracy and Public Consultation*; J. C. Thomas, *Public Participation in Public Decisions: New Skills and Strategies for Public Managers* (Jossey-Bass, 1995), 240; Olken, "Direct Democracy and Local Public Goods: Evidence from a Field Experiment in Indonesia."

⁸ A. Taylor, "Are the Men of North Korea Really Being Forced to Get Kim Jong Un Haircuts?," *Washington Post*, 2014.

to arbitrating civil disputes.⁹ In such dictatorships, public participation is unlikely to yield any useful information because policy criticism is impossible to distinguish from disapproval of the political leadership. In some single-party regimes, however, policy and politics are relatively delinked.¹⁰ This is particularly true when the central leadership dictates policy direction, but the bureaucracy handles articulation and implementation.¹¹ As Barbara Geddes points out in her seminal study of regime type: “single-party regimes survive in part because their institutional structures make it relatively easy for them to allow greater participation and popular influence on policy without giving up their dominant role in the political system.”¹²

This simple institutional difference may help explain why public participation in policymaking has been limited to a small subset of single-party communist regimes. For example, prior to adopting landmark economic liberalization reforms in 2011, the Cuban regime spent over a year organizing deliberative forums for around eight million public-sector employees. Similarly, in Vietnam, major constitutional revisions in 2013 were preceded by a mass consultation campaign that yielded around 26 million comments.¹³ These are not isolated examples. In Vietnam, for example, it has been commonplace for

⁹ L. Blaydes, *Compliance and Resistance in Iraq under Saddam Hussein: Evidence from the Files of the Ba’th Party*, Comparative Politics Speaker Series (San Diego, 2014), 33.

¹⁰ G. A. O’Donnell, *Bureaucratic Authoritarianism: Argentina, 1966-1973*, in *Comparative Perspective* (University of California Press, 1988), 338; S. N. Kalyvas, “The Decay and Breakdown of Communist One-Party Systems,” *Annual Review of Political Science*, 2 (1999), 323–343.

¹¹ G. A. Heeger, “Bureaucracy, Political Parties, and Political Development,” *World Politics*, 25 (1973), 600–607.

¹² B. Geddes, “What Do We Know about Democratization after Twenty Years?,” *Annual Review of Political Science*, 2 (1999), p. 135.

¹³ Cuba see: P. Peters, “A Viewer’s Guide to Cuba’s Economic Reform,” *Lexington Institute, Washington DC* (2012).; Vietnam see E. J. Malesky, “Vietnam in 2013: Single-Party Politics in the Internet Age,” *Asian Survey* (2014).

national policymakers to distribute draft legislation to mass organizations and even to the business community, and for lower level governments to consult local residents on budgeting issues since at least the early 1990s.¹⁴ For example, single-party regimes with a clear separation between political leadership and administration will find it easier to contain public criticism to policy issues rather than political ones.¹⁵

In this chapter, I extend regime-type logic by pointing a subset of single-party regimes that face not only risks but also high costs from institutionalization. In particular, I argue that regimes that rely on Nomenklatura-style personnel management are the least likely to adopt quasi-democratic institutions. This is because elections and legislatures constrain a regime's ability to generate patronage through government positions. In contrast, consultative procedures are limited to policy and in no way affect personnel decisions. Taken together, these insights help explain why single-party communist regimes with weak legislative and electoral institutions are at the forefront of consultative authoritarianism.

Is consultation a costless strategy? Consultation, though more palatable than legislative oversight or competitive elections, is unlikely to be costless. Consultation on one issue, for example, is likely to raise expectations about consultation on others, giving rise to a gradual increase in public consciousness about their ability to participate in

¹⁴ See J. Stromseth, "Business Associations and Policy-Making in Vietnam," B. J. T. Kerkvliet, H. Russell, and D. Koh, eds, *Getting Organized in Vietnam: Moving in and Around the Socialist State*, 2003. Also Warren and Nguyen, "The Diversification of State Power: Vietnam's Alternative Path toward Budget Transparency, Accountability, and Participation."

¹⁵ B. Geddes, "What Do We Know about Democratization after Twenty Years?," *Annual Review of Political Science*, 2 (1999), p. 135.

politics and policymaking. Such effects are not unlike the learning effects commonly attributed to authoritarian elections,¹⁶ and are central to Chinese concerns about the dangers of incremental liberalization.¹⁷ Unfortunately, proponents as well as critics of consultation ignore these potentialities, resulting in an incomplete discussion about the prospects for consultative authoritarianism.

3.1 Reforming Autocracy: The Conventional Prescription

When Bashar al-Assad took over power in Syria from his late father in 2000, his strategy was to open up the economy, modernize information infrastructure, and strengthen state institutions through quasi-democratic reforms like revamping the legislature and announcing new rounds of multiparty elections.¹⁸ Assad's strategy was by no means unique. A simple tally reveals that most authoritarian regimes and nearly all single-party regimes established legislative institutions and began holding elections for political leadership following the fall of the Soviet Union in 1990.¹⁹

¹⁶ S. I. Lindberg, *Democracy and Elections in Africa* (Johns Hopkins University Press, 2006), 227.

¹⁷ Q. Zhai, "1959: Preventing Peaceful Evolution," *China Heritage Quarterly* (2009).

¹⁸ R. Hinnebusch, "Syria: From 'authoritarian Upgrading' to Revolution?," *International Affairs*, 13 (2012), 95–113.

¹⁹ B. Magaloni and R. Kricheli, "Political Order and One-Party Rule," *Annual Review of Political Science*, 13 (2010), 123–143.

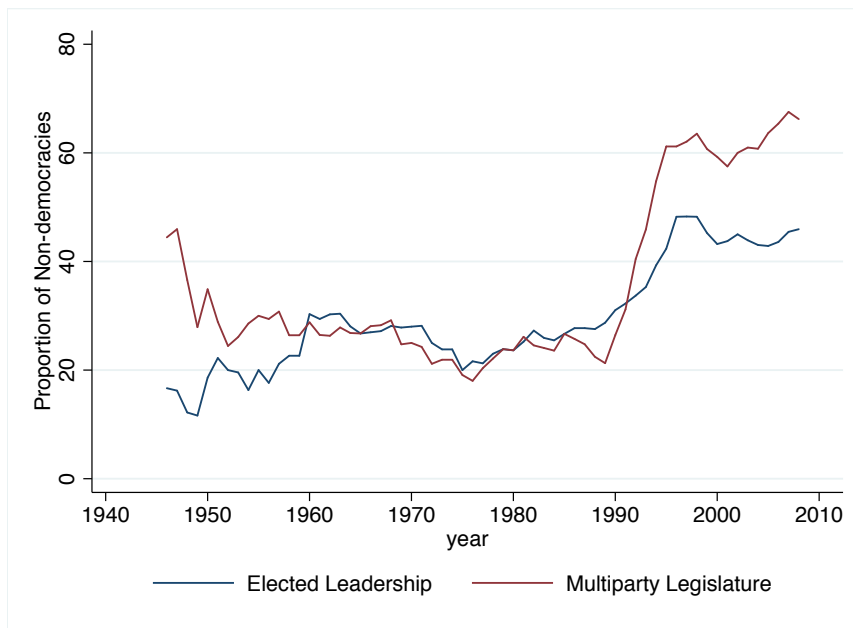


Figure 3-1: The Rise of Quasi-Democratic Autocracies

Part of the upsurge in quasi-democratic institutions can be explained by the collapse of Soviet-era trade networks and the resulting realignments towards the West, in particular the United States – a staunch promoter of democratic institutions.²⁰ But there is growing evidence that authoritarian regimes with quasi-democratic institutions also grow faster and outlive regimes that lack them.²¹ There are several prominent explanations for these salutary effects. Cooptation theory, for example, contends that quasi-democratic institutions offer limited policy influence in exchange for loyalty and

²⁰ S. Levitsky and L. A. Way, “International Linkage and Democratization,” *Journal of Democracy*, 16 (2005), 20–34.

²¹ J. Herbst, “Political Liberalization in Africa after Ten Years,” *Comparative Politics*, 33 (2001); T. Carothers, “The End of the Transition Paradigm,” *Journal of Democracy*, 13 (2002), 5–21.

investment from groups who are otherwise not represented within the ruling elite.²²

Another prominent argument is that quasi-democratic institutions provide regimes with valuable information on potential challengers as well as feedback on their own governance performance.²³ Similarly, some argue that authoritarian legislatures provide “policy-mapping” functions by allowing experts and represents embedded in local to communities help the regime navigate complex and potentially contentious policy challenges.²⁴ There is also the legitimacy argument, which maintains that quasi-democratic institutions simply serve to legitimate sustained autocratic leadership.²⁵

Although quasi-democratic reforms may strengthen an authoritarian in the long run, many regimes that have attempted these reforms have collapsed. Today, for example, Syria is engulfed in war and Assad’s regime has been whittled down to a small inner circle desperately struggling to maintain power. Syria is not the only regime that failed as it tried to reform. The same can be said of Ben Ali’s Tunisia or Mubarak’s Egypt, both of which were dabbling with legislative and electoral reforms prior to losing power.²⁶ Such collapses are not new phenomena. During the 70s and 80s, regimes in Spain, Brazil, and Uruguay also tried to bolster their governments by empowering

²² J. Gandhi and A. Przeworski, “Authoritarian Institutions and the Survival of Autocrats,” *Comparative Economic Studies*, 40 (2007), 1279–1301; Gandhi, *Political Institutions under Dictatorship*; Wright, “Do Authoritarian Institutions Constrain? How Legislatures Affect Economic Growth and Investment.”

²³ B. Geddes, “Why Parties and Elections in Authoritarian Regimes?,” *Paper Presented at the Annual Meeting of the American ...* (2005); J. Gandhi and E. Lust-Okar, “Elections Under Authoritarianism,” *Annual Review of Political Science*, 12 (2009), 403–422.

²⁴ R. Truex, *Co-Optation or Specialization? Politics and Policy in China’s Highest Congress*, 2011.

²⁵ Zakaria, “The Rise of Illiberal Democracy.”

²⁶ L. Guazzone and D. Pioppi, *The Arab State and Neo-Liberal Globalization* (Garnet Publishing Ltd, 2009); J.-P. Cassarino, “Participatory Development and Liberal Reforms in Tunisia: The Gradual Incorporation of Some Economic Networks,” S. Heydemann, ed, *Networks of Privilege in the Middle East: The Politics of Economic Reform Revisited* (Palgrave Macmillan, 2004), 223–243.

legislatures and holding limited elections. In each case, these moves precipitated the establishment of new democracies.²⁷

One could argue that regimes fail not because they try to adopt quasi-democratic institutions, but rather that they adopt these institutions when they are failing. This is very likely, but even stable autocracies, such as the PRI in Mexico, Chun Doo-Hwan's military dictatorship in South Korea, and the Nationalist government in Taiwan, have fallen as a direct result of democratic institutions they voluntarily adopted. Even in countries such as Malaysia, Singapore, and Zimbabwe, where autocrats still hold on to power by winning regular, albeit unfair, elections, the margins are getting slimmer. Such examples raise serious doubts over the viability of democratic institutions under autocracy. As Samuel Huntington put it: "a halfway house does not stand."²⁸

3.2 *Public Participation: A Costless Alternative?*

If elections and legislatures are too risky and unattractive for authoritarian regimes, are public participation reforms a safe alternative? From a game-theoretical perspective, any liberalizing authoritarian reform should be interpreted as a regime concession, which signals weakness (or 'softness') on the part of the regime. Strategically this means that concessions will embolden the opposition to demand even

²⁷ On Spain and Brazil, see: D. Share and S. Mainwaring, *Transitions from Above: Democratization in Brazil and Spain* (Helen Kellogg Institute for International Studies, University of Notre Dame, 1984), 68.. On Uruguay see J. M. Colomer, "Transitions by Agreement: Modeling the Spanish Way," *The American Political Science Review*, 85 (1991), 1283–1302.

²⁸ S. P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (University of Oklahoma Press, 1993), 366. p. 137

further concessions, an iterative process which eventually leads to transition.²⁹ This logic is at the heart of the creeping democratization literature and a central to the CCP's deep-seated fear of drip, drip, drip of liberal democracy, or what John Foster Dulles referred to as "peaceful evolution."³⁰

History suggests that the CCP's fears are not unwarranted. In Tsarist Russia, *Zemstvo* reforms aimed at introducing public participation in local administration, ended up being the locus of late-Tsarist opposition movements.³¹ In 1968, liberalizing reforms aimed at encouraging more public participation in Czechoslovakia resulted in a rapid opposition movement that prompted Leonid Brezhnev to invade the country with over 400,000 Soviet troops.³² In 1980, just weeks after the Polish Communist Party legalized labor union participation more than three million joined to form Solidarity, a movement that would eventually topple the regime.³³ Just three years after Gorbachev announced liberalizing reforms in 1986, the Soviet Union began to implode.³⁴

Unfortunately, both proponents and critics of public participation under autocracy have ignored these risks in their analyses, resulting in an incomplete discussion about the

²⁹ A. Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (Cambridge University Press, 1991), 210; W. Clark, M. Golder, and S. Golder, *Principles of Comparative Politics*, 2012. p. 295

³⁰ M. Pei, "'Creeping Democratization' in China," *Journal of Democracy*, 6 (1995), 65–79; Zhai, "1959: Preventing Peaceful Evolution."

³¹ R. T. Manning, "The Zemstvo and Politics, 1864-1914," T. Emmons and W. S. Vucinich, eds, *The Zemstvo in Russia: An Experiment in Local Self-Government*, 1982, 133–177.

³² G. Golan, *Reform Rule in Czechoslovakia: The Dubček Era, 1968-1969* (Cambridge University Press, 1973), 326.

³³ T. G. Ash, *The Polish Revolution: Solidarity* (Yale University Press, 1999), 439.

³⁴ E. A. Hewett and V. H. Winston, eds., *Milestones in Glasnost and Perestroika: Politics and People, Volume 2* (Brookings Institution Press, 1991), 568; M. Pei, *From Reform to Revolution: The Demise of Communism in China and the Soviet Union* (Harvard University Press, 2009), 264.

prospects for consultative authoritarianism. In this next section, I elaborate on these arguments by pointing to China's own experience with authoritarian reforms.

3.3 *China, an Ambivalent Reformer*

Since the 1978, China has found itself on an uncharted trajectory of rapid growth and mass social transformation. Along the way, officials at both central and local levels have had to adapt and reform economic, political, and administrative institutions. Chinese leaders have naturally looked outside for solutions. Most conventional prescriptions, advocated by academics as well as international development organizations, have been experimented with at one point or another. Some reforms, such as tenure limits and retirement rules, were introduced in high doses.³⁵ Others, like legislative development and competitive elections, were taken with apprehension and appear to be losing steam.³⁶

During the height of the Mao era, for example, People's Congresses in China existed in name only but rarely if ever convened. Instead matters of administration and rulemaking were handled by ad-hoc "revolutionary committees" composed of local cadre without any lawmaking experience and no accountability to the local population. In early

³⁵ S. L. Shirk, "The Delayed Institutionalization of Leadership Politics," J. Unger, ed, *The Nature of Chinese Politics: From Mao to Jiang*, 2002, 297–311; A. J. Nathan, "China's Changing of the Guard Authoritarian Resilience," *Journal of Democracy*, 14 (2003).

³⁶ Minxin, *China's Trapped Transition: The Limits of Developmental Autocracy*; D. Lisheng, "In Search of Direction After Two Decades of Local Democratic Experiments in China" (2009).

1980s, however, these committees were dismantled, legislative powers were strengthened in the constitution, and People's Congresses once again began to meet.³⁷

During the 1980s and 1990s, Chinese legislative institutions began to exhibit increasing professionalism and assertiveness. Spearheaded by the NPC chairman and spirited reformer Peng Zhen,³⁸ local People's Congress elections in the 1980s were some of the most dynamic China has ever seen.³⁹ Peng's successors, Wan Li and later Qiao Shi, carried on the reformist effort by strengthening the role of both the NPC and LPCs below them by routinizing the legislative process, lengthening the time congresses hold session, and financing more staff to allow the congresses to function even when not in session.⁴⁰ These reforms contributed to an increasingly assertive Chinese legislature.

During the turbulence of the 1989 Tiananmen protests, for example, delegates to the NPC tried calling a special session of the standing committee to challenge Premier Li

³⁷ K. J. O'Brien, *Reform Without Liberalization: China's National People's Congress and the Politics of Institutional Change* (Cambridge University Press, 1990), 280; R. MacFarquhar, "Provincial People's Congresses," *The China Quarterly*, 155 (1998), 656–667.

³⁸ Pitnam Potter argues that Peng's reformist attitude was strengthened when he was passed up for promotion to the politburo standing committee in 1982, making his position as NPC chairman his pinnacle appointment. See P. B. Potter, *From Leninist Discipline to Socialist Legalism: Peng Zhen on Law and Political Authority in the PRC* (Stanford University Press, 2003), 259. p. 119

³⁹ K. J. O'Brien and L. Li, "Accommodating 'Democracy' in a One-Party State: Introducing Village Elections in China," *The China Quarterly*, 162 (2000), 465–489; B. Womack, "The 1980 County-Level Elections in China: Experiment in Democratic Modernization," *Asian Survey*, 2 (1982), 261–277. For Peng Zhen's position on legislative development, see: Peng Zhen, "Qunzhong zizhi shi fazhan shehuizhuyi minzhu de zhongyao yi huan" ("Mass Autonomy is an Important Link in the Development of Socialist democracy"), Speech at the Chairmanship Meeting of the Sixth NPCSC, November 23, 1987, unpublished compilation (Beijing: Minzhengbu jiceng zhengquan jianshesi, 1990), p. 25.

⁴⁰ M. S. Tanner, "The National People's Congress," M. Goldman and R. MacFarquhar, eds, *The Paradox of China's Post-Mao Reforms* (Harvard University Press, 1999), 100–129; K. J. O'Brien, "Chinese People's Congresses and Legislative Embeddedness: Understanding Early Organizational Development," *Comparative Political Studies*, 27 (1994), 80–107.

Peng's decree of martial law.⁴¹ In 1992, NPC delegates again challenged the government on the issue of the Three Gorges Dam, with one-third of delegates voting against or abstaining.⁴² Although the project was eventually approved, the incident stoked the optimism of reformers hoping for the NPC to play a larger role in China's politics.

Legislative assertiveness was even more pronounced at lower levels.⁴³ Provincial congresses, for example, increasingly criticized local governments, courts, and even party decisions.⁴⁴ In the late 1980s, the Hunan provincial congress impeached a vice-governor. In 1993 congresses in Guizhou and Zhejiang rejected party-sponsored nominees for governor. In Jiangsu, the congress managed to assert its choice for High Court Judge.⁴⁵ Internally, delegates began meeting to select congressional leaders they preferred over those that were endorsed by the party. In the 1995 LPC elections, more than 17,000 Communist Party candidates lost.⁴⁶

This progressive period only lasted for about two decades. In 2002, the Party leadership tightened their grip over provincial legislatures through a directive instructing provincial party secretaries to take on concurrent roles as chair of Local People's Congresses.⁴⁷ The immediate effect of this was to reclaim the legislative agenda from the

⁴¹ S. Hu, "Representation without Democratization: The 'signature Incident' and China's National People's Congress," *Journal of Contemporary China*, 2 (1993), 3–34.

⁴² Tanner, "The National People's Congress."

⁴³ (Dickson 1999; Li et al. 2006; Manion 2009; O'Brien 2010)

⁴⁴ (Cho 2003, Xia 2008; Manion 2008)

⁴⁵ (Pei 1995; Xia 1996)

⁴⁶ M. Manion, "When Communist Party Candidates Can Lose, Who Wins? Assessing the Role of Local People's Congresses in the Selection of Leaders in China," *The China Quarterly*, 195 (2008), 607–630.

⁴⁷ 《关于认真做好2003年省级人大、政府、政协领导班子换届工作的通知》 [Directive Concerning Provincial Leadership Appointments in People's Congress, Government, and People's Consultative

delegates and tie it directly to that of the party secretary's policy ambitions.⁴⁸ Historical records of legislative activity clearly demonstrate this shift through a marked reduction in delegate bill submission (see Figure 3-3).⁴⁹ Equally revealing is the lack of any major debate in the People's Congress during the entire Hu-Wen administration (2002-2012). Most importantly perhaps, since the late 1990s there has been no challenge to party nominations either in the LPCs or the NPC. During the March 2013 ratification of China's new cabinet, for example, all but one of the more than three thousand NPC delegates voted in support of the nominees.

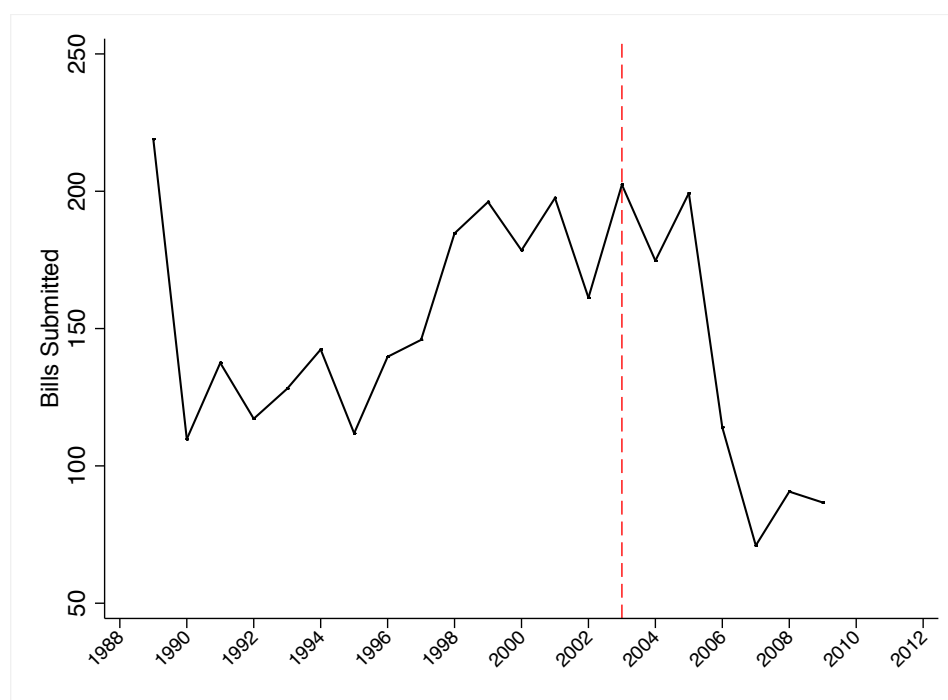


Figure 3-2: Delegate Sponsored Bills in Chinese Provincial Congresses

Committees]. For further description, see W. Shi and Z. Liu, “间接选举 [Indirect Elections],” vol. 2 (Beijing: Chinese Academy of Social Sciences Publishing, 2004), pp. 60-65.

⁴⁸ Author's interview with a standing committee member of the Wenling People's Congress, August 2012.

⁴⁹ D. Gueorguiev, *Party Leadership in China's Provincial People's Congresses: Capacity vs. Autonomy Revisited* (Chicago, 2013), 0–28.

As with legislative development, China experimented with a variety of electoral reforms. First, direct elections for county-level people's congresses were held throughout the country in 1980-1981.⁵⁰ Soon thereafter, experimentation started with direct election for local village committees, a process institutionalized in 1988 and again in the 1998 versions of the Organic Law.⁵¹ In the late 1990s, entrepreneurial local party secretaries, encouraged by the central leadership began experimenting with elections at the district and township levels, where actual local administration takes place. These progressive electoral experiments, as was the case with legislative development, ground to a halt in the early 2000s and formally forbidden in a nation-wide moratorium on electoral experimentation announces in 2006.⁵² Some blame conservatives in the top leadership for preventing further electoral expansion.⁵³ Others point to more systemic roots, namely that opening up political positions at the township level undermined the core of China's patronage system: political appointments.⁵⁴

⁵⁰ S. Weimin, "The Development of Grassroots Democratic Elections in China," *Social Sciences in China*, 25 (2004), 113–125.

⁵¹ O'Brien and Li, "Accommodating 'Democracy' in a One-Party State: Introducing Village Elections in China."

⁵² See, 《依法做好县乡两级人大换届选举工作》. 盛华仁. H. S. Sheng 2006. Xian xiang Renda huanjie mianlin xin wenti, xu jianchi san da yuanze 县乡人大换届面临问题, 须坚持三大原则 [The term change of the county and township People's Congresses faces new problems and three major principles must be adhered]. Seeking Truth, available at the website of the National People's Congress on August 30, 2006. Available at <http://npc.people.com.cn/GB/14554/4758934.html>.

⁵³ L. Li, "The Politics of Introducing Direct Township Elections in China," *The China Quarterly*, 171 (2002), 704–723.

⁵⁴ J. Tomm, "Village and Township Elections in China Elements of Democratic Governance" (2006), 85–96; L. Hairong, "Semi-Competitive Elections at Township Level in Sichuan Province," *China Perspectives* (2004).

3.4 *The Primacy of Nomenklatura*

China's ambivalence towards institutional reform could be explained by its fear of losing control or simply losing elections. However, this explanation ignores the fact that a number of authoritarian regimes, with very similar backgrounds, institutional frameworks, and even economic outlooks have successfully strengthened both their legislative institutions and expanded semi-competitive elections up to the national level. Vietnam in particular holds semi-competitive elections for its national-assembly, which on many issues has been much more outspoken than China's National People's Congress.⁵⁵ The CCP itself, on the few occasions that it has expanded local elections, has seen its Party candidates triumph over their competitors.⁵⁶

So what explains China's unique resistance to institutional reform, and in particular the eventual tapering-off of reforms? One potential explanation is that backtracking resulted over concerns about how institutional reforms were affecting the CCP's Nomenklatura-based patronage system. The nomenklatura-system of list-based personnel management is seen by many as the essential pillar of the CCP's grip on power.⁵⁷ What makes the Nomenklatura system so valuable for the Party is that it is

⁵⁵ R. Abrami, E. J. Malesky, and Y. Zheng, "Vietnam through Chinese Eyes: Comparing Vertical and Horizontal Accountability in Single-Party Regimes," M. K. Dimitrov, ed, *Why Communism Didn't Collapse: Understanding Regime Resilience in China, Vietnam, Laos, North Korea, and Cuba*. (9: Cambridge University Press, 2013), 237–275.

⁵⁶ Li, "The Politics of Introducing Direct Township Elections in China"; Tomm, "Village and Township Elections in China Elements of Democratic Governance"; Hairong, "Semi-Competitive Elections at Township Level in Sichuan Province."

⁵⁷ J. P. Burns, *The Chinese Communist Party's Nomenklatura System: A Documentary Study of Party Control of Leadership Selection, 1979-1984* (M.E. Sharpe, 1989), 166; B. J. Naughton and D. L. Yang, *Holding China Together: Diversity and National Integration in the Post-Deng Era* (Cambridge University Press, 2004), 304.

exercised in secret and that it is undisputable. Having the power to decide promotions, transfers, and excommunication in private, gives the Party, through its Organizational Department, enormous control over its cadre. This control is at the root of the cadre evaluation system and is a necessary condition for theories of growth and policy implementation.⁵⁸

Viewed from the perspective of Nomenklatura, institutional reforms like stronger legislatures and competitive elections can be seen as existential threats. These threats arise not necessarily in the form of collective opposition from legislators or electoral upsets at the polls. Instead, these threats can be seen as constraints on the Party's free hand in personnel management, which generates patronage essential for the Party's ability to maintain loyalty among its members. For example, when local legislatures in the late 1990s began rejecting regime nominees for positions of power, they were not simply challenging the regime's preferences they were endangering its most valuable currency, Nomenklatura patronage.⁵⁹ Similarly, expansion of elections to township and county governments⁶⁰ meant that the local organizational departments might not be able to guarantee positions anymore, undermining the very foundations of the Party's patronage network.

While the Nomenklatura hypothesis is speculative at best, it does provide a potential explanation for China's unique aversion towards institutionalization. Moreover,

⁵⁸ Naughton, "A Political Economy of China's Economic Transition"; C. Xu, "The Fundamental Institutions of China's Reforms and Development" (2011), 1076–1151.

⁵⁹ See Tanner (1999); Cho (2006); Manion (2008)

⁶⁰ Li, "The Politics of Introducing Direct Township Elections in China"; L. Hairong, "Semi-Competitive Elections at Township Level in Sichuan Province", 51 (2010), 1–21.

the nuances of Nomenklatura highlight the attractiveness of consultation. Unlike institutional reforms that involve political positions, consultation involves only policy. No matter how many concessions the regime makes on a specific policy issue, they retain total control over the policymakers. Understanding this simple difference goes a long way in understanding why participatory policymaking in China has progressed so much further than participatory politics.

CHAPTER 4: CONSULTATION IN THE PRC

Abstract: In the preceding two chapters I outlined an administrative and political logic for policy consultation under autocracy. First, I provided a theoretical framework for why and under what circumstances authoritarian policymakers consult the public. Next, I assessed the utility of consultation as an alternative to democratic institutionalization for single-party communist regimes. In summary, I argued that consultation provides some of the same informational and legitimacy benefits provided by legislative debate and electoral mandates, but with fewer risks and costs, especially for single-party communist regimes. In this chapter, I proceed with my inquiry by tracking the origins of consultative policymaking in China. Initially adopted as a means for implementing unpopular price changes, public consultation has increasingly made its way into central and local policymaking strategies. Whereas only a handful of provinces experimented with consultation in the early 2000s, today nearly all legislation and administrative policy proceeds through at least one of these procedures.

To ensure scientific and democratic decision-making, we will improve the information and intellectual support for it, increase its transparency and expand public participation. In principle, public hearings must be held for the formulation of all laws, regulations and policies that bear closely on the interests of the public. We will improve the open administrative system in various areas and increase transparency in government work, thus enhancing the people's trust in the government.

- Hu Jintao (2007) Report to the 17th National Congress of the CCP.

Introduction: A New Approach to Legislation

In March 2006, China's NPC officially announced that the highly anticipated draft version of the Labor Contract Law was open for public comment. In thirty days following this announcement, the NPC received 191,849 online comments, in addition to approximately 150,000 comments collected during meetings between workers and grassroots labor unions.¹ Media attention, however, focused on the online submissions, which drew in a diverse and highly engaged audience. One comment from an eighteen-year-old worker, for example, pointed out that Article 39 of the draft, intended to make it harder for employers to terminate probationary contracts, did not extend protections to migrant workers. Likewise, a small business owner complained that draft provisions inappropriately prevented employers from terminating employees who secured positions using fake credentials.

Extensive public interest in the LCL encouraged policymakers to hold three additional rounds of consultation and revision, each time targeting participants from opposing sides of the policy debate. On one end, workers, NGOs, and the state-backed

¹ See "Labor Contract Law Open for Notice and Comment," *Xinhua News Agency*, April 21, 2006, available at http://news.xinhuanet.com/legal/2006-04/21/content_4457789.htm.

All-China Federation of Trade Unions (ACFTU) pushed for greater protections from wage arrears, layoffs, and fixed-term contracting. Migrant workers, in particular, demanded mobility for pension accounts. On the other side, a much smaller but highly organized contingent of domestic and foreign business lobbies focused efforts on eliminating collective bargaining on health, safety, wages, and layoffs, as well as on curbing limitations to probationary employment. Depending on which group was targeted, average citizens (in rounds one and three) or business interests (round two), the policy pendulum swung accordingly – either strengthening or watering down the draft legislation.

Consultation procedures were paralleled by extensive media coverage and vocal confrontation between the business community, labor advocacy groups, and academics.² Most notably, Ms. Zhang Yin, a delegate to China’s People’s Political Consultative Conference, and China’s richest woman at the time attacked the draft saying, “signing labor contracts without a fixed-term is equal to the “iron rice-bowl” policy during the age of planned economy.”³ Some disgruntled businesses engaged in pre-emptive layoffs.⁴ Foreign business interests made similar, albeit less abrasive, critiques. The European Union Chamber of Commerce in China (EUCCC), for example, warned, “Strict regulations in the new law will limit employers’ flexibility and will finally result in an

² For a review of these debates, see P. Leung and A. Y. So, “The New Labor Contract Law in 2008: China’s Legal Absorption of Labor Unrest,” *Journal of Studies in Social Sciences*, 4 (2013), 131-160.

³ “Zhang Yin Proposes to Eliminate the Open-Ended Clause in the New Labor Contract Law (張茵建議取消“新勞動法”無固定期限合同),” *China Review News (中國評論新聞)*, 2008, <http://hk.crntt.com/doc/1005/8/1/3/100581306.html>.

⁴ M. E. Gallagher, “Industrial Relations in the World’s Workshop: Participatory Legislation, Bottom-Up Law Enforcement, and Firm Behavior” (2010).

increase of production costs in China [that] will force foreign companies to reconsider new investment or continuing their activities in China.”⁵ The US-China Business Council (USCBC) seconded this claim by warning that the new regulations “may reduce employment opportunities for PRC workers and negatively impact the PRC’s competitiveness and appeal as a destination for foreign investment.”⁶ The regime, as represented by the NPC standing committee and the All China Federation Trade Union (ACFTU), favored a worker-friendly policy outcome, claiming that, “the only negative impact of the Labor Contract Law would be to help reduce the employers’ excessive and inappropriate profits that resulted from over-exploitation of workers’ rights.”⁷ The regime, however, did not overtly impose its preference during the consultative period nor in the final legislation, adopted in June 2007.⁸ Instead, the regime set the agenda at the outset and allowed competing voices to cancel each other out over a period of almost fifteen months. Had the government chosen to formulate the policy privately, many of the criticisms that emerged during consultation period are likely to have emerged during implementation, with labor claiming the policy did not go far enough and business protesting that it went too far. In the end, most observers concluded that the LCL was a successful compromise and an important step towards regulating China’s massive labor

⁵ EUCCC, “Re: Comments of the European Union Chamber of Commerce in China on the Draft Labour Contract law, April 18, 2006,

⁶ USCBC, “Comments on the Draft Labor Contract Law of the People’s Republic of China” (Draft of March 20, 2006). Available at: uschina.org/public/documents/2006/04/uscabc-comments-labor-law.pdf

⁷ See: “Disputes over the new labour contract law” <http://www.clb.org.hk/en/content/disputes-over-new-labour-contract-law-foreign-business-groups-threaten-withdraw-investments>

⁸ “Disputes over New Labour Contract Law, Foreign Business Groups Threaten to Withdraw Investments,” *China Labour Bulletin*, 2006, <http://www.clb.org.hk/en/content/disputes-over-new-labour-contract-law-foreign-business-groups-threaten-withdraw-investments>; B. Smith, “Chinese Heat Is on US Sweatshop Lobby,” *Asia Times*, n.d., http://www.atimes.com/atimes/China_Business/ID05Cb02.html.

market. More importantly the LCL has proven effective in achieving its most proximate objective – getting a larger portion of China’s labor force engaged in formal contracted relationships, with millions of existing and new workers signing contracts shortly after the law came into effect.⁹

At first glance, vibrant debate during formulation of the LCL looks like a significant departure from China’s traditionally authoritarian approach to making decisions. Indeed, the LCL was a milestone in the evolution of participatory decision-making in China – it attracted the largest and most diverse collection of public comments since the Marriage Law in 2002. Since the LCL, China’s policymakers opened an ever-greater number of policies to public debate. Today, for example, all national legislative and regulatory changes, such as China’s revised Environmental Protection Law (EPL), proceed through at least one round of public consultation.¹⁰ Anticipated policy efforts that will use similar participatory procedures over the next several years, including land reform, household registration, and education policy.

Paralleling this increase in the supply of participatory opportunities is a growing demand for inclusion and consultation among the Chinese public. These demands manifest in NIMBY (not in my backyard) campaigns across the country, with residents citing “lack of consultation” as a prime justification for their opposition.¹¹ Demands for inclusion and consultation also manifest in policy debates that pit different ends of

⁹ X. Li and R. B. Freeman, “How Does China’s New Labour Contract Law Affect Floating Workers?,” *British Journal of Industrial Relations* (2014), n/a–n/a.

¹⁰ The EPL actually proceeded through three separate rounds of participation.

¹¹ B. Blanchard, “China Pollution Protest Ends, but Suspicion of Government High,” *Reuters*, July 07, 2012, available at www.reuters.com/article/2012/07/08/us-china-pollution-idUSBRE8670HP20120708.

society against one another, as frequently occurs in the case of education reform and urban registration. What is clear is that the nuances and expectations of Chinese society, as well as the challenges for policymakers tasked with incorporating them, have grown more diverse. At the same time, legislative institutions tasked with representing public sentiment have failed to keep up, and in some cases become weaker (see Chapter 3). Previous work has focused on a number of key mechanisms employed by the regime to harness these sentiments, including the petition system and strategic tolerance of local protests. I contribute to this literature by focusing on participatory decision-making as a distinct form of participation that is tied exclusively to policymaking and designed to preempt rather than react to public grievances.

In the following sections, I review the precursors of participatory decision-making in China. Specifically, I point to policy challenges in communist China's early days and the bottom-up approaches adopted to meet them. Though supplanted by top-down policy mobilization during the Mao period, elements of the earlier bottom-up approach reappeared during modern China's most volatile period: the dismantling of China's socialist infrastructure in the 1990s. In particular, the need to push through painful and unpopular policies like price rationalization and privatization prompted policymakers to once again start from the bottom-up, consulting with the population, businesses, and labor unions in order to avoid protests, strikes, and stalled initiatives.

4.1 *From Point to Surface*

Since the “reform era” was officially inaugurated in 1978, China has gone from a closed agrarian economy to an open and dynamic global leader.¹² Household incomes rose from an estimated \$225 in 1978 to about \$6,700 today, and over three hundred million have been elevated out of poverty and into a growing middle class. Today, China vies with the world’s great powers in areas such as technology, architecture, sport, and even pop culture. To anyone concerned with development or innovation, China’s achievements are undeniable. As dramatic as these achievements are they were never assured.

Beginning with the tragic protests of 1989, the fall of the Soviet Union, the Asian Financial Crisis in the late 1990s, and, more recently, the global financial crisis in 2008, China’s leaders have governed “in the age of trial.”¹³ Many of the crucial policy choices that contributed to China’s current success were widely unpopular and precarious at the time of implementation. How China’s leaders were able to push through these efforts, without being derailed, is the subject of an extensive literature on reform strategy.¹⁴

Less attention has been given to the public relations strategies employed by the regime to navigate sensitive policy issues. The most important of these strategies is

¹² This is commonly referred to as the start of China’s “Reform and Opening Up” policy (Gaige Kaifang 改革开放), announced during the Third Plenum of the CCP’s 11th Central Committee.

¹³ D. L. Yang, *Remaking the Chinese Leviathan: Market Transition and the Politics of Governance in China* (Stanford University Press, 2004), p. 1.

¹⁴ For further reading on the China’s approach to reform see S. L. Shirk, *The Political Logic of Economic Reform in China* (Berkeley, CA: University of California Press, 1993); B. J. Naughton and D. L. Yang, *Holding China Together: Diversity and National Integration in the Post-Deng Era* (Cambridge University Press, 2004).

perhaps the same as what was used to initiate economic growth: simple trial-and-error — a strategy immortalized by Deng Xiaoping’s maxim, “crossing the river by feeling the stones.” This pragmatic approach to policy reaches far back into CCP history. As early as the revolutionary period, the Party, limited in capacity and experience, approached policy challenges by moving from “point to surface” (*youdian daomian*), i.e., experimentation with policies at the local level before committing nationally. This type of bottom-up experimentation allowed the Party to adapt its policy intentions to local conditions while keeping exit options available should they run into trouble.¹⁵

Some early examples of the “point-to-surface” strategy occurred during land reforms in the 1950s. At the time, the ultimate goal of land reform was redistribution but the terms of transfer were never set in stone. In the Minxi area of Fujian province, leading cadres adopted a consultative approach to dealing with local landowners, giving them a say in how their land would be reorganized and avoiding class-leveling strategies that included requisition of personal property in addition to land.¹⁶

Despite early successes, the bottom-up approach was soon to be supplanted by a harder, top-down, version of mass-line politics beginning with the Great Leap Forward (GLF, 1958-1961).¹⁷ Whereas cadres treated localities like Minxi as test points for informing the national land reform effort, during the GLF they arrived with ready-made

¹⁵ S. Heilmann, “From Local Experiments to National Policy: The Origins of China’s Distinctive Policy Process,” *The China Journal*, 59 (2008), 1-30.

¹⁶ C. Coggins, *The Tiger and the Pangolin: Nature, Culture, and Conservation in China* (University of Hawaii Press, 2003), 339. p. 109.

¹⁷ In theory, the mass-line approach was intended to be both bottom-up and top-down, but in practice it was almost always the latter. See: Young, “On the Mass Line.”

industrialization “templates.”¹⁸ The relationship between the state and the masses was further distorted during the Cultural Revolution period (1966-1971), when Chinese citizens were instructed to attack the political hierarchy en-masse and challenge any and all established policies.

Acutely aware of the dangers associated with mass campaigns, Deng’s approach to reform after 1978 sought to avoid mass-line tactics entirely. While experimentation was encouraged, the practice of mobilizing citizens behind policy goals was to be strictly avoided: “Rely on the masses but do not launch campaigns.” Deng’s turn away from mass politics coupled with a growing public awareness to corruption contributed to a “party no longer capable of building broad-based social coalitions to pursue its policies.”¹⁹ Instead, China’s leaders looked outside for solutions. Indeed, China dabbled with most conventional prescriptions for economic and political reform — from strengthened legislatures to local elections — at one point or another during the 1980s and early 1990s. By the mid-1990s, Murray Scot Tanner declared that China’s lawmaking system had evolved from a top-down rule of force into a “multi-stage, multi-arena” production process.²⁰

As with legislative development, the introduction of direct local elections progressed quickly following the start of reforms in 1979. For example, in 1981 elections for county-level People’s Congress deputies were held and completed throughout the

¹⁸ Heilmann, “From Local Experiments to National Policy: The Origins of China’s Distinctive Policy Process.”

¹⁹ M. Pei, *China’s Trapped Transition*, p. 182.

²⁰ M. S. Tanner, “How a Bill Becomes a Law in China: Stages and Processes in Lawmaking,” *China Quarterly*, 141 (1995), 39.

country.²¹ In 1988, the National People's Congress institutionalized direct elections for village committee members through the Organic Law of Villagers' Committee. In some localities, direct elections were expanded to urban equivalents of village committees.²² The most dramatic innovations, however, occurred in rural areas. In Sichuan province, for example, Zhang Jinming, a progressive local party secretary in Shizhong District of Suining City, introduced direct elections for township heads in 1998. Similar experiments were undertaken in other provinces, notably in Hubei and Guangdong.²³

This progressive period only lasted for about two decades. During the 2001 session of the National People's Congress, Jiang Zemin reported that, "villagers' self-government must not be extended to higher levels."²⁴ In 2002, the Party reestablished top-down control over provincial legislatures through a directive instructing provincial party secretaries to reign in their respective legislatures by taking on concurrent roles as chair of local people's congresses.²⁵ Similarly, a nation-wide moratorium on electoral experimentation was announced in 2006.²⁶

²¹ Weimin, "The Development of Grassroots Democratic Elections in China."

²² Lisheng, "In Search of Direction After Two Decades of Local Democratic Experiments in China."

²³ Weimin, "The Development of Grassroots Democratic Elections in China."

²⁴ Li, "The Politics of Introducing Direct Township Elections in China."

²⁵ 《关于认真做好2003年省级人大、政府、政协领导班子换届工作的通知》 [Directive Concerning Provincial Leadership Appointments in People's Congress, Government, and People's Consultative Committees]. For further description, see W. Shi and Z. Liu, "间接选举 [Indirect Elections]," vol. 2 (Beijing: Chinese Academy of Social Sciences Publishing, 2004), pp. 60-65.

²⁶ See, 《依法做好县乡两级人大换届选举工作》. 盛华仁. H. S. Sheng 2006. Xian xiang Renda huanjie mianlin xin wenti, xu jianchi san da yuanze 县乡人大换届面临问题, 须坚持三大原则 [The term change of the county and township People's Congresses faces new problems and three major principles must be adhered]. Seeking Truth, available at the website of the National People's Congress on August 30, 2006. Available at <http://npc.people.com.cn/GB/14554/4758934.html>.

Like institutional reforms, administrative reform in China encountered numerous setbacks. Since the mid-1980s, Chinese legal reformers have pushed for a comprehensive administrative procedure law that would serve as an overarching rule and standards book for all Chinese government agencies, comparable to the U.S. Administrative Procedures Act (APA). This goal, however, has yet to be accomplished and appears to have stalled indefinitely since 2004, when the NPC Legal Affairs Committee shelved the proposed legislation without further comment. The failure to pass a single comprehensive framework is largely offset by extensive progress on individual aspects of administrative reform. Beginning with the Administrative Litigation Law (ALL) in 1989, the regime began introducing new administrative rules in a piecemeal fashion. For its part, the ALL provided Chinese citizens their first opportunity to challenge government decisions through the courts system. Soon after enacting the ALL, the State Council introduced the Administrative Reconsideration Regulations (ARR, 1990), the State Compensation Law (SCL, 1994), and the Administrative Punishment Law (APL, 1999).

On paper, each of these laws was a clear victory for citizens, providing them an increasingly diverse set of mechanisms through which to challenge state officials and seek compensation for illegal and improper administrative actions. The Achilles heel of this effort was that the courts themselves were never strengthened vis-à-vis the local government. Court finances and appointment of judges remained under local government authority. As a result courts tasked with enforcing administrative guidelines and defending citizen rights, had no incentives to do so. Policymakers did, however, include something new into the rules: public access. As part of each of the new administrative

laws and regulations mentioned above, policymakers attached public participation clauses that would allow cases to be heard in public, the hope being that public scrutiny might help persuade bureaucrats and court officials to follow the new procedures.²⁷ This was a half-measure at best, but it laid the groundwork for a type of lateral thinking that emphasized the untapped potential of engaging members of the public in the administrative process. Yet, it was not until the regime faced its most serious policy challenges that the value of public engagement was officially recognized.

4.2 *Risky Reforms*

Policy reforms have many motives. Some reforms are aimed at improving economic conditions others are attempts to hold on to power in the face of growing opposition. Most reforms are simply an effort at adapting to changing environments. Irrespective of the motives, however, all reforms share a common challenge: those who benefit from the status quo will resist changes to it.²⁸ In democracies, this ironclad rule means that many worthwhile reforms are stifled because politicians are wary of riling such vested interests. Whereas democratic politicians and their parties can sniff out opportunities for reform in changing electorates, autocrats are often left to undertake reforms unilaterally and without electoral mandates. This lack of information and

²⁷ Wang, "Public Participation and Its Limits: An Observation and Evaluation on Public Hearings as Experimented in China's Administrative Process."

²⁸ J. S. Hellman, "Winners Take All: The Politics of Partial Reform in Postcommunist Transitions," *World Politics*, 50 (1998), 203–234.

legitimacy exposes autocrats to greater and less predictable risks of elite as well as popular opposition.²⁹

In an effort to avoid these risks, China's leaders went through great lengths to design reform strategies that could absorb these costs, that is, improving the economy without creating losers.³⁰ At the core of this strategy was the dual-track pricing system, which allowed the creation of a market to incentivize competition and productive, but imposed subsidies to buy-off potential losers.³¹ While this strategy was successful in overcoming initial political hurdles, it also incentivized corruption among those in a position to take advantage of subsidized prices and contributed to inflation and deficits across the board. Clearly the dual-track pricing system was unsustainable, but abandoning it required dealing with opposition from political and economic actors who profited from the policy and public interests who relied on it for everyday survival. As such, price rationalization was the regime's first big reform test, that is, there was no more room to offset the pain of marketization process. It was also during price reforms that consultation began to reemerge in China's policymaking process. Following localized experiments in Guangdong Province, a public consultation requirement was inserted in the 1996 Price Law, aimed at restructuring prices on a variety of public utilities and commodities. At the time, raising prices was necessary for moving away from dual-track pricing, which encouraged arbitrage among state-owned providers.

²⁹ Cai, "Managed Participation in China."

³⁰ Shirk, *The Political Logic of Economic Reform in China*.

³¹ L. J. Lau, Y. Qian, and G. Roland, "Reform Without Losers: An Interpretation of China's Dual-Track Approach to Transition," *William Davidson Institute Working Papers Series* (1997).

Unfortunately, local governments tasked with implementing price reforms, faced opposition from all sides: average consumers who were accustomed to stable subsidized prices, state-owned manufacturers who relied on cheap inputs, and state-owned utility providers who preferred production quotas to fluctuating demand. While each of these groups favored the status quo, they all disagreed with each other on the new prices. Producers overstated their production costs and lobbied for higher prices, while consumers (both citizens and businesses that relied on inputs from state-owned suppliers) wanted to keep prices as low as possible. Opposition from either side had the potential to derail the new pricing scheme.

In an effort to mitigate these risks, the Price Law stipulated that government representatives, providers, and consumers must deliberate price changes in public hearings prior to any final decisions. By pitting private citizens and state-owned providers against one another in public forums, policymakers acquired more reliable information on what new prices could and should be, while at the same time maintaining a claim to objectivity within the debate.³² Recognizing the effectiveness of this approach, CCP General Secretary Jiang Zemin offered a formal endorsement of consultative decision-making during a Party Plenum in 1997, calling on township-level governments to make public their political and financial affairs open to the public so that citizens could directly take part in discussion and decision-making.³³

³² Wang, "The Public, Expert, and Government."

³³ Report to the 15th National Congress of the Communist Party of China. Part VI, Reforming the Political Structure and Strengthening Democracy and the Legal System. Available at <http://www.fas.org/news/china/1997/970912/-prc.htm>

The next big test was privatization and, in particular, the challenge of restructuring China's labor force. Like the Price Law, China's Labor Law, adopted in 1994, was an effort at bringing China closer to a more market-based economy. Ostensibly, the law would place workers from newly emerging private and foreign-invested firms on equal footing with workers in state-owned companies. In reality, however, the law aimed to break the "iron rice bowl" of state-insured employment, by establishing a new system based on fixed-term contracting, an onerous task for what was and still is technically the "workers party." Unlike the Price Law however, the Labor Law was initially adopted without any provisions for public consultation.

Between 1995 and 2005, about 100,000 firms, worth over 11.4 trillion RMB in assets were privatized, comprising around two-thirds of China's state-owned fixed capital. Mass privatization also saw about 60 million workers formally laid-off. The 1994 Labor Law had included a litany of worker protections and stakeholder rights, most of which were routinely ignored.³⁴ According to more critical observers, vagueness in the 1994 Labor Law caused more labor disputes than it defused because it gave factory owners wide discretion in rescinding existing employee contracts. As privatization efforts geared up in 1995, labor disputes across China began skyrocketed. In the period beginning in 1995 through 1999, Chinese provincial labor unions recorded 431,330 labor disputes of which 81,341 were considered "collective disputes," involving three or more participants," more than double the amount recorded in 1994.

³⁴ Gallagher, "Industrial Relations in the World's Workshop: Participatory Legislation, Bottom-Up Law Enforcement, and Firm Behavior."

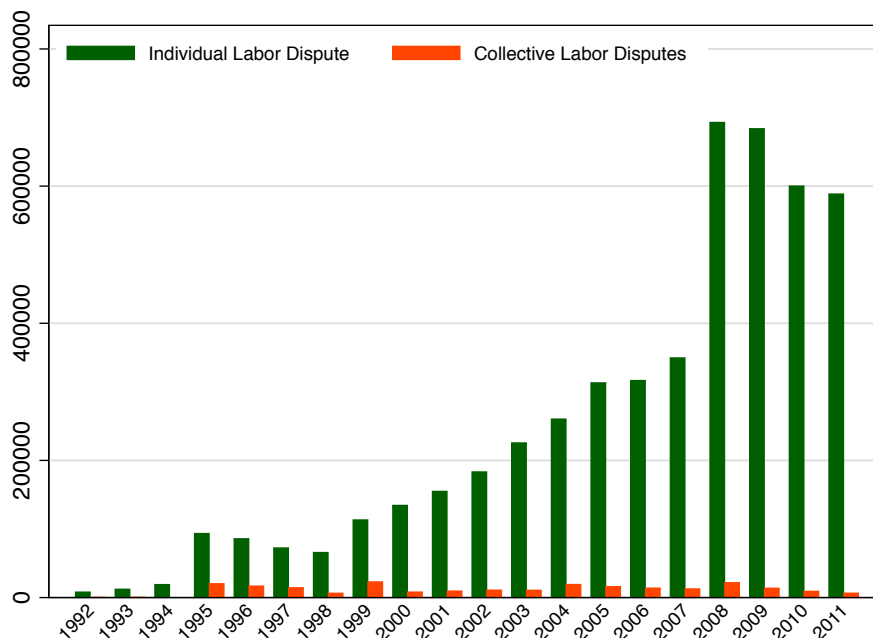


Figure 4-1: Individual and Collective Labor Disputes

Recognizing the inadequacy of the Labor Law, local governments moved forward with their own regulations, addressing issues like severance packages, re-employment services, and living allowances for the long-term unemployed. Importantly, the majority of these stopgap measures were formulated in consultation with grassroots labor unions.³⁵ In all, provincial statistics on grassroots labor union participation in policy drafting reveal that in 1999 alone, arguably the tensest year for privatization reform,³⁶ local governments consulted with grassroots labor unions on over 14,000 occasions (see Figure 4.1).

³⁵ J. Zhang, "State Power, Elite Relations, and the Politics of Privatization in China's Rural Industry: Different Approaches in Two Regions," *Asian Survey*, 48 (2008), 215–238.

³⁶ J. Zeng, *State-Led Privatization in China: The Politics of Economic Reform* (Taylor & Francis, 2013), 216; C. K. Lee, *Against the Law: Labor Protests in China's Rustbelt and Sunbelt* (University of California Press, 2007), 340.

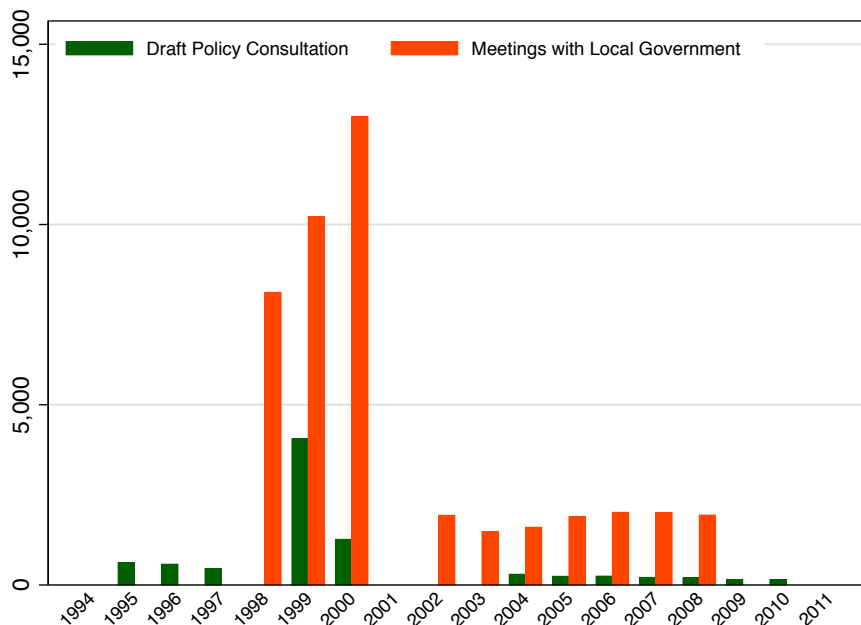


Figure 4-2: Policy Consultation with Grassroots Labor Unions

Why did policymakers consult the labor unions? The ultimate objective was to sell off non-profitable firms, but the regime also wanted SOE managers, eager to convert their assets, to also honor existing commitments to workers in order to head off demonstrations of laid-off workers.³⁷ In parallel, policymakers needed to convince workers that the terms of privatization were not arbitrarily set against them and that holding strikes and demonstrations would not result in better outcomes. For both objectives, the role of labor unions was key. Often dismissed as representing managers rather than workers, Chinese labor unions shared many common interests with workers during the privatization era. In particular, both workers and unions faced an existential

³⁷ “The Circular on Several Issues Regarding the Sale of Small SOEs” (known as the Circular No. 89), jointly promulgated by the State Economic and Trade Commission, the Ministry of Finance, and the People’s Bank of China in February 1999

threat, insofar as privatized firms were not required, or even allowed, to have unions.³⁸ Importantly, union law specified that transfer of ownership required the approval of 70 percent of workers, providing them with considerable leverage during sales.³⁹ Finally, workers were, by law, entitled to a stake in the company's assets and were in some instances offered shares during privatization. Again, these terms could only be enforced through the labor unions.⁴⁰

For union representatives, the clearest route to a future position was to be reabsorbed into the new re-employment services sector erected to help manage worker transitions from SOEs to private businesses.⁴¹ Local governments, however, funded the re-employment services, ironically, through the sale of state-owned assets.⁴² This setup presented an opportunity. Labor unions wanted more money diverted to re-employment services and severance benefits while SOE managers, who would in most cases turn out to be the purchasers of the SOE assets, wanted to undervalue these assets as much as possible.⁴³ Managers could try to undervalue their assets through informal means, or they could deflate assets legally by inflating their employee liabilities, which would be partly offset by central grants and subsidies. Though these bargains ultimately shifted the

³⁸ F. Chen, "Between the State and Labour: The Conflict of Chinese Trade Unions' Double Identity in Market Reform," *The China Quarterly*, 176 (2004), 1006–1028.

³⁹ Zhang, "State Power, Elite Relations, and the Politics of Privatization in China's Rural Industry: Different Approaches in Two Regions." p. 222

⁴⁰ Zhang, "State Power, Elite Relations, and the Politics of Privatization in China's Rural Industry: Different Approaches in Two Regions."

⁴¹ T. Pringle, "Industrial Relations in the People's Republic of China," *Trade Unions in China: The Challenge of Labour Unrest* (Taylor & Francis, 2011), 11–56.

⁴² Y. Cao, Y. Qian, and B. R. Weingast, "From Federalism, Chinese Style to Privatization, Chinese Style," *The Economics of Transition*, 7 (1999), 103–131.

⁴³ R. Smyth, "Asset Stripping in Chinese State-Owned Enterprises," *Journal of Contemporary Asia*, 30 (2000), 3–16.

costs onto the Chinese taxpayer, they were nevertheless instrumental in helping reduce lengthy and at times violent labor disputes.⁴⁴

It is impossible to know if national consultation on the 1994 Labor Law, similar to the one employed during the more recent drafting of the Labor Contract Law, would have helped avert some of these disputes. It could be argued, however, that a more robust piece of legislation would have been more successful in protecting the rights of workers while also facilitating the privatization effort. It can also be argued that no single piece of legislation could have dealt with the regional challenges facing different parts of China. For example, Sichuan was not only laying-off state-owned workers, it was losing over six million of them each year to out-migration. Jiangsu, on the other hand, was privatizing and absorbing millions from neighboring provinces. Both provinces consulted extensively with labor unions during privatization and have continued to be active users of public consultation since; Sichuan became the first province to secure benefits for its migrant workers and Jiangsu adopting the first comprehensive labor contract rules, both policies having been formulated with consultation and both policies used as templates for sections of the national Labor Contract Law adopted in 2007.

4.3 *Embracing Consultation*

The positive contributions of consultation during price reform and privatization led to further endorsement from the central leadership. In 1999, Jiang Zemin once again

⁴⁴ W. Dongsheng, "Making a Good Job Out of Reemployment Programs," *Jingji Yanjiu Cankao (Economic Research References)* (1997).

came out in support of participatory decision-making,⁴⁵ a move seen as an indication that participation would be included in the much-anticipated Law on Legislation. Indeed, when the Law on Legislation was finally adopted the following year, provisions on public participation in law making were included in Article 58. Shortly thereafter, the State Council promulgated its rulemaking provisions, also including provisions on participation in the decision-making process.⁴⁶ These central-level endorsements were key for promoting the consultative approach, but there was still no agreement on what exactly participation should or would entail. According to the Law on Legislation, consultation procedures were encouraged for all decisions “with direct and significant impact” on the public. What qualified as either “direct” or “significant” was left undefined. As such, the inclusion of public participation in the Law on Legislation can just as easily be interpreted as a legalization of consultation as a requirement for it. The Ministry of Environmental Protection decision in 2006 to mandate public hearings as part of the Environmental Impact Assessment review process (EIAs), resolved some of this ambiguity, at least in the area of industrial development. But questions remained regarding when in the policy formulation process consultation ought to occur, in what format, and how the government should handle the products of participation.

⁴⁵ Jiang Zemin's Report at 16th Party Congress: Build a Well-off Society in an All-Round Way and Create a New Situation in Building Socialism with Chinese Characteristics. Section 5. Available here: <http://english.people.com.cn/features/16thpartyreport/home.html>

⁴⁶ In addition to the National People's Congress, the State Council is empowered to create regulatory policy. To complement the Legislation Law, the State Council adopted the *Ordinance Concerning the Procedures for the Formation of Administrative Regulations* and the *Provisions on the Procedures for Making Administrative Rules* in 2001.

The central government's endorsement of public participation was instrumental for encouraging localities to experiment with various forms of consultation. Throughout this process, however, refining the terms of consultation occurred almost entirely at the local level. In 1999, for example, Shanxi became the first provincial government to adopt implementation guidelines for holding public hearings — including a list of situations in which public hearings must occur, procedures for selecting participants, and qualifications for hearing moderators.⁴⁷ Going a step further, in 2008, Hunan adopted a province-wide administrative procedure regulation (APR), which further elaborated the use of public consultation in major administrative decision-making (*zhongda xingzheng juece*). Similar measures have been adopted by Shandong Province and in municipalities like Xian, Shantou, and are currently in trial phases in Chongqing.

Progress in these localities can largely be attributed to strong academic advocacy from domestic and international scholars. In particular, professors Ying Songnian, Wang Xixin, and Wang Wanhua, to name a few, have played pivotal roles in promoting APR in localities where they have strong networks. For example, Hunan's APR came shortly after Zhou Qiang, then provincial governor now party secretary, met with scholars at the Yale China Law Center in Beijing, which is itself closely affiliated with Ying Songnian's Administrative Law Research Center (ALRC) in the Chinese Academy of Governance and Wang Xixin's University Center for Public Participation Studies and Support

⁴⁷ “Shanxi Province Hearing Procedures for Policy-Making Regulation, 1999,” cited in Wang, *Public Participation and Its Limits*, p. 2.

(CPPSS) at Beijing University Law School.⁴⁸ Similarly, Shandong and Xian's adoption of a similar APR rule was in no small part a result of the respective connections of professors Wang Xixin and Ying Songnian with Shandong University and Northwest University of Politics and Law in Xian.

Not all advances, however, have been formally codified. One of the most significant, particularly with respect to public participation, occurred in Guangzhou, which does not have a formal APR. In 2005, Guangzhou authorities, in cooperation with the Yale China Law Center, experimented with a number of different participatory decision-making mechanisms, including publishing full text regulatory proposals, hosting public hearings, holding press conferences, as well as soliciting public comments and conducting public opinion surveys online. The main conclusion of these experiments was that written Notice and Comment—not the traditional public hearing—was the most efficacious format for public consultation, both for participants and the government.⁴⁹ The experiments also suggested that a formal government response to comments received was important for boosting procedural legitimacy. Similarly, localities, like Wenling in Zhejiang, Mingsheng in Shanghai, and Baimiao in Sichuan have each raised the bar on what counts as consultative decision-making. For example, in Wenling, annual budget participation, since as early as 2006, involves randomized participant selection, third-party observation from academics and the press, and, perhaps most importantly, full budgetary transparency.

⁴⁸ See: http://www.gov.cn/gzdt/2007-05/17/content_617642.htm

⁴⁹ J. S. Lubbers, "Notice-and-Comment Rulemaking Comes to China," *Administrative and Regulatory Law News*, 32 (2006), 5–6.

Local experimentation eventually led to some central clarification, particularly from within the State Council, which in 2008 published its Decision on Strengthening Administration under Law in Municipal and County Governments. Rather than identifying all areas where public participation should be used, the State Council listed three areas where participation should be restricted; namely, decisions regarding state secrets, commercial secrets, and personal privacy.⁵⁰ Moreover, the State Council decision also stipulated that public consultation activities be preceded by transparency over the related decision and followed by a formal government response to comments received, in effect outlining the format followed in the Notice and Comment experiments held several years earlier in Guangzhou. Shortly after the State Council issued its 2008 decision, a separate directive was also published wherein “online consultation” was outlined as the standard medium for future public participation activities.⁵¹

4.4 *The Format of Consultation*

Before discussing the function of online consultation in further detail, it is helpful to first consider the alternatives. Broadly speaking, there are three main formats for public consultation in China. The most frequently practiced has always been the closed-door meeting (*zuotan hui* or *lunzheng hui*), consisting of bureaucrats, party representatives and a handful of civilian “experts.” A better-known format is the standard town hall-style public hearing (*tingzheng hui*), where members of the public are

⁵⁰ see: 《国务院关于加强市县政府依法行政的决定》国法〔2008〕17号 article 8.

⁵¹ “China’s State Council to use Internet for public opinion” Xinhua News Agency, (25 February 2008), available at: http://www.chinadaily.com.cn/china/2008-02/22/content_6477918.htm.

invited to participate in discussions followed by a question-and-answer period. The third format for consultation is the notice-and-comment campaign (*zhengqiu yijian*).⁵²

Traditionally, this involved print advertisements to which citizens could respond with comments and concerns, but since 2006, notice-and-comment has rapidly shifted to online e-government platforms.⁵³

From the perspective of the policymaker, notice-and-comment consultation boasts some obvious advantages. For example, if the policymaker focuses on the quantity of participants, both expert and public hearings become unattractive. Public hearings, for example, are notorious for delays and cancellations due to low attendance. Even if the policymaker values quality over quantity, expert hearings necessitate the inclusion of critical experts, a condition that is hard to satisfy when the policymakers are also in charge of recruitment. Instead, China's policymakers are increasingly turning to the Internet in the hope of attracting volunteer participants from an ever-expanding respondent pool through an extensive e-government infrastructure.⁵⁴

Conducting consultation online is gradually getting easier for China's decision-makers.⁵⁵ By the end of December 2013, China had 618 million Internet users,

⁵² J. S. Lubbers, "Notice-and-Comment Rulemaking Comes to China," *Administrative & Regulatory Law News*, 32 (2006), 5-6.

⁵³ In 2007, a notice-and-comment platform was featured on the website of the State Council's Legislative Affairs Office, and in 2008 the State Council announced that online consultation would become the "standard method of inviting public opinion on draft laws and regulations." For further information, see www.chinadaily.com.cn/china/2008-02/22/content_6477918.htm.

⁵⁴ In an online consultation campaign, policymaking bodies such as local Legislative Affairs Offices publish draft policies and solicit public comments for a period typically lasting about thirty days. Interested citizens can respond through written letters or in digital format.

⁵⁵ In an online consultation campaign, policymaking bodies such as local Legislative Affairs Offices publish draft policies and solicit public comments for a period typically lasting about thirty days.

equivalent to about 45.5 percent of the population and more than double the amount in 2008 (See Figure 4.3).⁵⁶ E-government infrastructure has grown apace, increasing from around 300 government websites in 1997, to more than 55,000 today. In 2007 alone, 53.3 million Chinese (25.4 percent of Internet users) visited government websites, many of which now host dedicated notice-and-comment forums that list upcoming opportunities for public consultation.⁵⁷

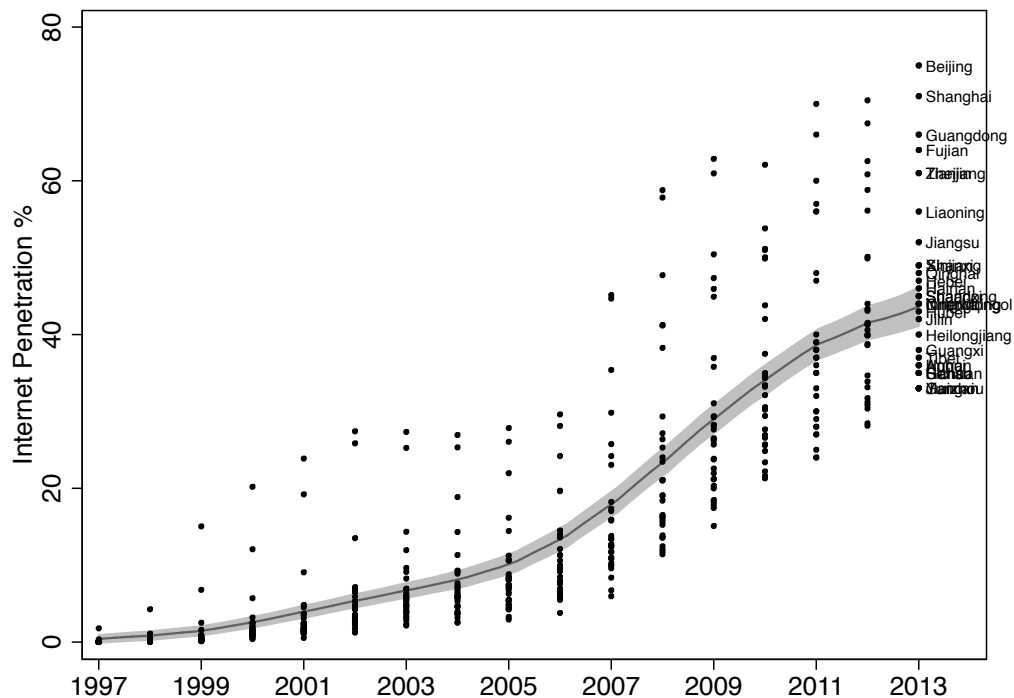


Figure 4-3: Internet Penetration in China

Note: Data collected from CNNIC annual reports, various years. Line depicts the mean penetration level, grey bands depict the 95 percent confidence interval.

⁵⁶ “33rd Annual China Internet Development Survey Report,” *China Internet Network Information Center* (2014), available at www1.cnnic.cn/AU/MediaC/rdxw/hotnews/201401/t20140117_43849.htm.

⁵⁷ “21st Annual China Internet Development Survey Report,” *China Internet Network Information Center* (2008), available at www.apira.org/data/upload/pdf/Asia-Pacific/CNNIC/21streport-en.pdf.

Tapping into this growing infrastructure augments the number of potential participants and helps to lower the costs incurred by policymakers and participants. It has also allowed the regime to initiate public consultation procedures through online notice-and-comment at various stages in the policy formation process, further increasing the chances that public input influences the final result. In contrast, public hearings typically occur only after policies have been vetted and prepared for public presentation, meaning they are unlikely to change further.

A close examination of how online consultation has evolved in China suggests that it has become an attractive approach for both central and local authorities. Since the early 2000s, the National People's Congress (NPC) and State Council, China's central legislature and top executive policymaking institution respectively, have gradually expanded their use of consultation. Today, all draft laws and regulations appear on the NPC and State Council websites with scheduled periods of devoted to receiving public comments.⁵⁸ Table 1 provides a complete list of national legislation opened for consultation.

⁵⁸ On legislation, see Zhu Zhe "NPC to Make All Draft Laws Public," *China Daily*, April 21, 2008, available at www.chinadaily.com.cn/china/2008-04/21/content_6630400.htm; on rules and regulation, see "China's State Council to Use Internet for Public Opinion," *China Daily*, February 22, 2008, available at www.chinadaily.com.cn/china/2008-02/22/content_6477918.htm.

Table 4-1: Online Consultation on National Policy

Draft Laws	Consultation		Draft Laws	Consultation		No. of Comments	Draft Laws	Consultation		No. of Comments
	Start	End		Start	End			Start	End	
Contract Law	4-Sep-98	15-Oct-98	Organic Law on Village Comm. (Amend)	26-Dec-09	31-Jan-10	160	Organic Law on Village Comm. (Amend)	26-Dec-09	31-Jan-10	6526
Marriage Law	11-Jan-01	21-Feb-01	Administrative Supervision Law (Amend)	28-Feb-10	31-Mar-10	3829	Administrative Supervision Law (Amend)	28-Feb-10	31-Mar-10	277
Property Law	7-Oct-05	20-Aug-05	Reserve Officers Law (Amend)	1-Jul-10	31-Jul-10	9605	Reserve Officers Law (Amend)	1-Jul-10	31-Jul-10	76
Labor Contract Law	20-Apr-06	19-Apr-06	Civil Mediation Law	1-Jul-10	31-Jul-10	187773	Civil Mediation Law	1-Jul-10	31-Jul-10	2871
Employment Promotion Law	25-Apr-07	25-Apr-07	Deputy Law (Amend)	29-Aug-10	30-Sep-10	7647	Deputy Law (Amend)	29-Aug-10	30-Sep-10	1984
Law on Water Pollution Prevention	5-Sep-07	11-Oct-07	Foreign civil law Act	29-Aug-10	30-Sep-10	1408	Foreign civil law Act	29-Aug-10	30-Sep-10	766
Food Safety Law	20-Apr-08	21-May-08	Criminal Law (Amend)	29-Aug-10	30-Sep-10	9604	Criminal Law (Amend)	29-Aug-10	30-Sep-10	7848
Fire Prevention Law (Amend)	4-May-08	5-Jun-08	Cultural Heritage Act	29-Aug-10	30-Sep-10	2180	Cultural Heritage Act	29-Aug-10	30-Sep-10	240
Criminal Law (Amend)	29-Aug-08	10-Oct-08	Soil and Water Conservation Law (Amend)	29-Aug-10	30-Sep-10	3238	Soil and Water Conservation Law (Amend)	29-Aug-10	30-Sep-10	7189
Law of Insurance	30-Aug-08	10-Oct-08	Travel Tax Act	28-Oct-10	30-Nov-10	2756	Travel Tax Act	28-Oct-10	30-Nov-10	97295
Patent Law (Amend)	31-Aug-08	11-Oct-08	Income Tax Law (Amend)	25-Apr-11	31-May-11	1530	Income Tax Law (Amend)	25-Apr-11	31-May-11	237684
Law of Post	28-Oct-08	30-Nov-08	Occupational Hazards Law (Amend)	1-Jul-11	31-Jul-11	5365	Occupational Hazards Law (Amend)	1-Jul-11	31-Jul-11	4520
Amend to State Compensations	29-Oct-08	30-Nov-08	Criminal Procedure Law (Amend)	30-Aug-11	30-Sep-11	1966	Criminal Procedure Law (Amend)	30-Aug-11	30-Sep-11	80953
Law on Disaster Management	30-Oct-08	1-Dec-08	Clean Production Promotion Law (Amend)	29-Oct-11	30-Nov-11	7308	Clean Production Promotion Law (Amend)	29-Oct-11	30-Nov-11	179
Amend to the Law on Statistics	28-Dec-08	15-Feb-09	Mental Health Law	29-Oct-11	30-Nov-11	4327	Mental Health Law	29-Oct-11	30-Nov-11	2868
Rural Land Contract Arbitration Law	29-Dec-08	16-Feb-09	Civil Procedure Law (Amend)	29-Oct-11	30-Nov-11	4125	Civil Procedure Law (Amend)	29-Oct-11	30-Nov-11	8030
Social Insurance Law	30-Dec-08	17-Feb-09	Exit and Entry Law	31-Dec-11	31-Jan-12	68208	Exit and Entry Law	31-Dec-11	31-Jan-12	1193
National Defense Mobilization Law	24-Apr-09	31-May-09	Asset Valuation Law	29-Feb-12	31-Mar-12	417	Asset Valuation Law	29-Feb-12	31-Mar-12	156122
Law on the People's Armed Police	24-Apr-09	31-May-09	Agricultural Innovation Law (Amend)	27-Apr-12	31-May-12	411	Agricultural Innovation Law (Amend)	27-Apr-12	31-May-12	3244
State Secrets Law (Amend)	27-Jun-09	31-Jul-09	Budget Amend Law (second review draft)	6-Jul-12	5-Aug-12	2112	Budget Amend Law (second review draft)	6-Jul-12	5-Aug-12	330960
Diplomatic personnel Act	27-Jun-09	31-Jul-09	Senior Citizens Law (Amend)	6-Jul-12	5-Aug-12	837	Senior Citizens Law (Amend)	6-Jul-12	5-Aug-12	56861
Island protection law	27-Jun-09	31-Jul-09	Labor Contract Law (Amend)	6-Jul-12	5-Aug-12	244	Labor Contract Law (Amend)	6-Jul-12	5-Aug-12	557243
Administrative enforcement law	28-Aug-09	30-Sep-09	Securities and Investments Law (Amend)	6-Jul-12	5-Aug-12	3874	Securities and Investments Law (Amend)	6-Jul-12	5-Aug-12	88226
Renewable Energy Law (Amend)	28-Aug-09	30-Sep-09	Special Equipment Safety Law	31-Aug-12	30-Sep-12	254	Special Equipment Safety Law	31-Aug-12	30-Sep-12	527
Tort law	6-Nov-09	5-Dec-09	Tourism Law	31-Aug-12	30-Sep-12	3468	Tourism Law	31-Aug-12	30-Sep-12	2270
Amend to the elections Act	6-Nov-09	5-Dec-09	Environmental Protection Law (Amend)	31-Aug-12	30-Sep-12	348	Environmental Protection Law (Amend)	31-Aug-12	30-Sep-12	11748
Protection of Oil and Gas Pipelines	6-Nov-09	5-Dec-09	Trademark Law (Amend)	28-Dec-12	31-Jan-13	489	Trademark Law (Amend)	28-Dec-12	31-Jan-13	544

A cursory look at Table 4.1 reveals that certain issues attract a great deal of attention while others do not. In July 2012, for instance, a draft amendment of the Budget Law received over 300,000 comments during its thirty-day consultation period. Others, like the Equipment Safety Law, which opened for consultation just one month later, attracted only 500 comments. These discrepancies are not surprising since public policy issues, such as labor standards or health insurance, have greater salience to citizens than more technical ones, such as equipment standards or exit-entry permits. Although the number of participants is revealing, it is unrealistic to expect that any particular comment has equal weight or that the comments will stack up overwhelmingly in any one direction. What is perhaps more important is that views from all sides of an issue are solicited.

4.5 Consultation an Emerging Norm

Despite the growing recognition given to consultative measures in legislative and regulatory documents, consultation opportunities have often been denied. For example, even though the 1996 Price Law required consultation prior to changes in services pricing, the law had little effect on the practice by the powerful Ministry of Railways to arbitrarily change fares, especially during holidays. In 2002, however, a persistent lawyer from Hebei managed to pressure the ministry into holding a public forum in Beijing later that year. Successive public hearings resulted in a ban on fare hikes in 2007.

A similar narrative describes consultation provisions in China's environmental review process, which are frequently violated by developers who begin work prior to formal approval. But increasingly, such violations have encountered resistance from public protesters demanding their "right" to be consulted. A particularly telling example

comes from Xinhe Town in coastal Zhejiang Province, where, in 2007, a newly appointed party secretary attempted to forgo annual budget deliberations in the hope of passing the town's budget more speedily. Almost immediately, members of the local legislature, media, and citizens showed up in full force to protest the move and demand new deliberation proceedings, which were held soon thereafter.¹

A more recent example comes from Wukan Village, where, in late 2011, local villagers staged what turned out to be China's most significant village protests to date.² The background of the Wukan incident is not unlike the tens of thousands of similar collective land-disputes taking place across China each year.³ There were two important differences, however. The first being the demands of the villagers. Rather than simply demanding a return of their land or greater compensation, the villagers appealed to the administrative framework by arguing that the land deal was not handled openly or fairly, i.e., they had not been consulted about it. According to deputy provincial party secretary Zhu Mingguo who acted as a mediator during the incident, villagers claimed, "The Chinese Communist Party is good! They allowed us to farm the land without paying taxes and we also enjoyed subsidies and free education. What we oppose is the village selling the land without telling us." The second difference was the government's response. Even though provincial police and paramilitary had effectively surrounded the village several weeks after the start of protests, the imminent siege many envisioned and

¹ Author's interviews, Wenling Propaganda Department, June 2011.

² Page, Jeremy; Spegele, Brian (16 December 2011). "Beijing Set to 'Strike Hard' at Revolt", *The Wall Street Journal*.

³ Fisher, Max (5 January 2012). "How China Stays Stable Despite 500 Protests Every Day". *The Atlantic*. Retrieved 6 January 2012.

anticipated never happened. Instead, a deal was brokered, by the Guangdong provincial government, in which a portion of the sold land was returned and several of the protest agitators were given the jobs of those they were agitating against.

Though some warned that the conciliatory Wukan resolution set a dangerous precedent by encouraging similar demonstrations elsewhere⁴, the general reception from central leaders, media and academics was positive. During a nearby visit less than two months after the resolution, Chinese Premier Wen Jiabao proclaimed that “farmers’ rights must be protected,” a statement widely seen as an endorsement of the provincial government’s handling.⁵ Around the same time, Sun Liping, Tsinghua professor and Xi Jinping’s dissertation advisor, wrote in the *Economic Observer* that the incident was of “historic significance” and proof that, “democracy and stability could go hand in hand.”⁶ The question, of course, is what kind of democracy we are talking about. Although village leadership positions were handed over to protest leaders through elections, it was not the provision or quality of elections that the demonstrators were viscerally upset about. Indeed, hostility in Wukan emerged not because of who made the decisions but rather how they were made. As Zhu Mingguo pointed out, the Wukan case demanded a change of strategy for how local governments handle contentious public politics from “surveillance and control” of villagers to one of “consultation and coordination”.⁷

⁴ http://news.ifeng.com/opinion/zhuanlan/xiaoshu/detail_2011_12/21/11473579_0.shtml ; also: <http://www.ft.com/intl/cms/s/0/2af66980-5337-11e1-950d-00144feabdc0.html#axzz357mF9CSA>

⁵ <http://thediplomat.com/2012/02/the-wukan-effect/>

⁶ <http://eeo.com.cn/2012/0217/221017.shtml>

⁷ Cited in <http://www.economist.com/news/china/21564871-year-after-their-uprising-wukan%E2%80%99s-leaders-see-drawbacks-democracy>

CHAPTER 5: CONSULTATION AND POLICY DURABILITY

Abstract: Can non-binding consultation substitute for legislative development under autocracy? In this chapter, I argue that public consultation generates policy-specific information on public opinion and opposition prior to policy implementation as well as a soft-constraint on authoritarian decision-making. I test this argument using an original dataset on sub-national policy and online consultation. To account for selection, I identify unique sets of policies implemented across different administrative regions so the only difference across policies is whether or not they are released for public comment prior to adoption. I find that since 2007, out of 611 laws and regulations adopted through consultative procedures, none were repealed. Similarly, I find that consultation reduces the likelihood of future amendment by almost 3 percent and increases policy lifespan by about 47 days.

“Government should be participatory. Public engagement enhances the Government's effectiveness and improves the quality of its decisions. Knowledge is widely dispersed in society, and public officials benefit from having access to that dispersed knowledge. Executive departments and agencies should offer Americans increased opportunities to participate in policymaking and to provide their Government with the benefits of their collective expertise and information. Executive departments and agencies should also solicit public input on how we can increase and improve opportunities for public participation in Government.”

Barack Obama (2009)

– Memorandum to heads of executive departments and agencies

Introduction: Yellow on Red

In addition to being the political and cultural capital of China, Beijing is also home to the country's worst traffic.¹ At least some of this congestion can be blamed on impatient drivers placing their vehicles into intersections on yellow signal. During the last weeks of 2012, local traffic bureau officials devised a plan to alleviate this problem by requiring vehicles to stop on yellow, in addition to the traditional red. The new policy involved no monetary penalty and was to be enforced entirely by existing CCTV cameras. Penalties would come in the form of 6 demerit points and were intended to come into effect almost immediately, starting January 1st 2013.²

Although well intentioned, the speed and disregard for public consultation on the new policy quickly led to its demise. The same day the policy was announced and adopted residents, and experts began to lambast it and its authors. Some raised safety concerns about the increased risk of rear-end collisions, but most pointed to the blatant

¹ IBM Global Commuter Pain Survey: www-03.ibm.com/press/us/en/pressrelease/32017.wss

² For further background see: <http://news.ifeng.com/mainland/special/xinjiaogui/>

disregard for basic physics, i.e., cars need time to stop. Surely and swiftly, public uproar quickly led to delayed implementation and then permanent shelving within less than a week of the announcement. Traffic in Beijing is still terrible.

Policy blunders can occur in any government and for a variety of different reasons, but they tend to occur more frequently under authoritarianism. One explanation, explored in Chapter 2, is that errors arise from inadequate institutional constraints in the authoritarian decision-making process.³ Moreover, because authoritarian governments lack the information generating institutions of democracies, they are more likely to misjudge public reactions and provoke opposition.⁴ An institutional prescription, therefore, might involve strengthening elections and legislatures to inform and constrain the decision-making process. Unfortunately, authoritarian regimes try hard to avoid such institutions, hence their predisposition to policy blunders and instability.

Institutions, however, might not be the only option. In this chapter, I consider public consultation as an alternative for generating policy stability. Indeed, many believe that deliberation always leads to “better” policy outcomes, in both a normative and an administrative sense. Unfortunately, this literature has struggled to test these arguments empirically. Their challenges are partly theoretical and partly conceptual. First, proponents offer overdetermined and difficult to operationalize predictions about

³ Svobik, *The Politics of Authoritarian Rule*. p. 197

⁴ Lorentzen, “Regularizing Rioting: Permitting Public Protest in an Authoritarian Regime”; Rooij, *Regulating Land and Pollution in China: Lawmaking, Compliance, and Enforcement: Theory and Cases*.

consultation leading to categorically “better” policy.⁵ If one were to try to operationalize this claim in a social choice setting, they would have to show that consultation contributes to Pareto-superior decisions for all interested parties, which for obvious reasons is very hard. Participatory decision-making, like any decision-making scenario, is about reaching compromises in which there are always some winners and some losers.

Rather than imposing a normative outcome, a more conservative approach might be to conceptualize policy quality in terms of its relative capacity to achieve government defined policy objectives. For example, the stated objective of Obama Care is to expand health insurance coverage and decrease healthcare costs. Therefore, a reasonable metric for policy quality might involve looking at coverage rates or healthcare expenditures. The problem with such an approach is that it necessitates very narrow outcome concepts, undermining the generalizability of the exercise.

An alternative proxy for policy quality, regardless of whether it concerns healthcare or crime prevention, is policy stability. The logic being that if a policy is not, or is no longer, achieving its stated objectives, it will have to be replaced or revised. For example, to address this hypothesis, one empirical strategy might involve identifying all instances of policy failure, defined as repeal or amendment of the policy, and retrospectively assessing whether or not consultation would have prevented that failure. Such an approach faces an enormous inferential hurdle, however, because we learn next to nothing about how public consultation affects policy that does not result in failure. A

⁵ Thomas, *Public Participation in Public Decisions: New Skills and Strategies for Public Managers*; He et al., “Authoritarian Deliberation: The Deliberative Turn in Chinese Political Development.”

better approach is to observe the impact of consultation on the entire universe of policies. This, however, requires two core pieces of information: a policy-specific measure of consultation and a full policy sample. This is precisely what I set out to do in this Chapter.

Specifically, I will argue that public consultation generates policy-specific information on public opinion and opposition prior to policy implementation as well as a soft constraint, in the form of public pressure, on authoritarian decision-making. I test this argument using an original dataset on sub-national policy and online consultation. I find that public consultation during drafting reduces the likelihood a policy is repealed or amended in the future. In particular, since 2007, out of 611 policy items adopted with consultation, none have been repealed in comparison to 151 policy that were repealed over the same period of observation. Similarly, amendment rates for policies adopted with consultation are significantly lower than average. These effects, however, depend on the institutional origin of the policy. While consultation appears to have had a strong effect on administrative regulations, its effect on formal legislation is negligible.

5.1 Public Participation in Policy Formation

In Chapter Two, I argued that policy formulation is key for understanding policy outcomes. Policies made in small private groups can be bold and decisive, but may prove difficult to implement or lead to undesired outcomes. Even when policymakers are professional and methodical in their work, they still suffer from bounded rationality,

limiting their ability to foresee all potential obstacles a policy might encounter once adopted.⁶ Instead, most policymakers muddle their way through simple trial and error. Decision-making procedures are designed, in large part, to reduce the number of errors. In most countries, these procedures include bipartisan exploratory committees, legislative debate, revision, and ultimately voting.⁷ The more rigorous and open this process, the more likely it is that policy challenges are identified and resolved prior to adoption.

Authoritarian decision-making is usually neither open nor rigorous. Most decisions are limited to individual leaders or small groups of trusted advisors, who meet in private, largely outside of any institutional constraints. The products of this type of decision-making process can be very decisive and directly inline with the interests of the policymaker.⁸ Unfortunately, the effectiveness of authoritarian policy tends to be low, highly prone to non-compliance and often associated with blunders.⁹ Some blunders come in the form massive disasters, like Mao's Great Leap Forward, Ceausescu's demographic crusade, or Ne Win's self-inflicted currency crisis.¹⁰ Many are systemic failures, usually in the form of stringent policies that are impossible to enforce and are circumvented instead. China, for example, has extensive environmental protection and food safety standards that are routinely ignored.

⁶ Simon, *Administrative Behavior: A Study of Decision-Making Processes in Administrative Organizations*.

⁷ Berman, *A Bill Becomes a Law: Congress Enacts Civil Rights Legislation*.

⁸ Parsons, *Public Policy: An Introduction to the Theory and Practice of Policy Analysis*. p. 248

⁹ Rooij, *Regulating Land and Pollution in China: Lawmaking, Compliance, and Enforcement : Theory and Cases*. p. 29

¹⁰ D. Wallechinsky, *Tyrants: The World's Worst Dictators* (HarperCollins, 2009), 368.: p. 61-62

5.2 *The Effects of Policy Volatility*

Policy blunders, errors, and failures, especially when frequent, can lead to a number of undesirable outcomes, such as uncertainty and non-compliance.¹¹ For example, uncertainty over the prospects of a new social welfare policy might encourage local governments to ignore its adoption in anticipation of a looming revision. Similarly, a new set of environmental regulations might necessitate costly investment in technology that will be rendered ineffective if the policy is revised or abandoned. Under such circumstance, non-compliance might actually be the best strategy.¹² Frequent policy revision can also deter investment and increase the transaction costs of economic exchange.¹³ This is particularly true with respect to foreign investors who place a premium on stable and credible policy commitments.¹⁴ A similar logic has been extended to areas such as hiring, consumption, and even trade.¹⁵ Finally, because policy compliance is closely associated with policy legitimacy, rapid fluctuations in policy can contribute to a general disregard for existing laws and regulations.¹⁶

¹¹ M. W. McLaughlin, "Learning From Experience: Lessons From Policy Implementation," *Educational Evaluation and Policy Analysis*, 9 (1987), 171–178.

¹² M. Hallward-Driemeier, G. Khun-Jush, and L. Pritchett, "Deals versus Rules: Policy Implementation Uncertainty and Why Firms Hate It" (2010).

¹³ A. Brunetti and B. Weder, "Investment and Institutional Uncertainty: A Comparative Study of Different Uncertainty Measures," *Weltwirtschaftliches Archiv*, 134 (1998), 513–533; Kenyon and Naoi, "Policy Uncertainty in Hybrid Regimes: Evidence From Firm-Level Surveys"; T. Frye, "The Perils of Polarization: Economic Performance in the Postcommunist World," *World Politics*, 54 (2002), 308–337.

¹⁴ N. M. Jensen, *Nation-States and the Multinational Corporation: A Political Economy of Foreign Direct Investment* (Princeton University Press, 2008), 216.j

¹⁵ S. R. Baker, N. Bloom, and S. J. Davis, "Measuring Economic Policy Uncertainty" (2013); A. Arpaia and A. Turrini, "Policy-Related Uncertainty and the Euro-Zone Labour Market," *Economic Briefs*, 24 (2013).

¹⁶ R. Peerenboom, *China's Long March toward Rule of Law, System*, vol. 63 (Cambridge University Press, 2002), 692.

Scholars point to several institutional options for improving policy stability under autocracy. First, empowered legislatures increase the number of veto-points in the decision-making process, making it harder for any one actor to change the status quo.¹⁷ Moreover, legislatures, by virtue of their representativeness and their deliberative formats also provide policy-mapping functions, whereby legislators work with government agencies to refine policy guidelines.¹⁸ Similarly, routine competitive elections raise the costs of policy failure while providing valuable information on public opinion and popular policy alternatives. In addition to elections, administrative decentralization can foster competition for policy performance and increase local policy accountability.¹⁹

Such arguments, however, often take for granted that the stabilizing effects of authoritarian institutions are in fact rather surprising. For example, in addition to policy mapping benefits, empowered legislatures can also serve as a forum for critics and opponents.²⁰ Similarly, while elections can increase political accountability, electoral events can also generate focal points for organized opposition and elite splits.²¹ For

¹⁷ G. Tsebelis, "Decision Making in Political Systems: Veto Players in Presidentialism, Parliamentarism, Multicameralism and Multipartyism," *British Journal of Political Science* (1995); MacIntyre and MacIntyre, "Institutions and Investors: The Politics of the Economic Crisis in Southeast Asia"; Wright, "Do Authoritarian Institutions Constrain? How Legislatures Affect Economic Growth and Investment."

¹⁸ Tanner, *The Politics of Lawmaking in Post-Mao China: Institutions, Processes, and Democratic Prospects*; Truex, *Co-Optation or Specialization? Politics and Policy in China's Highest Congress*.

¹⁹ G. S. Cheema and D. A. Rondinelli, *Decentralizing Governance: Emerging Concepts and Practices* (Brookings Institution Press, 2007), 326; P. K. Bardhan and D. Mookherjee, *Decentralization and Local Governance in Developing Countries: A Comparative Perspective* (MIT Press, 2006), 363.

²⁰ (Schuler 2013)

²¹ Tucker, "Enough! Electoral Fraud, Collective Action Problems, and Post-Communist Colored Revolutions"; Schuler, Gueorguiev, and Cantu, "Risk and Reward: The Differential Impact of Authoritarian Elections on Regime Decay and Breakdown."

precisely these reasons, most authoritarian elections are heavily scripted and rarely competitive.²²

5.3 *Public Consultation, an alternative for better policy*

In addition to institutional solutions, academics and policy experts argue that public consultation can contribute to better policy.²³ This perspective has been particularly common with respect to authoritarian decision-making.²⁴ Skeptics, however, argue that consultation procedures merely “market” policy choices that have already been decided but have no substantive effect on policy content.²⁵

Nevertheless, there are several reasons why authoritarian consultation might be more than simply “marketing.” For example, consultation procedures require policymakers to produce drafts and make them public well in advance of adoption. Once the policy draft is public, the policymakers must sit on it for a fixed period of time, usually about 30 days while the public responds. Consequently, authoritarian consultation procedures should, if anything, have a decelerating effect on policy. This of course is only an intermediate effect and is not a real policy outcome. In fact, this

²² E. J. Malesky and P. J. Schuler, “Paint-by-Numbers Democracy: The Stakes, Structure, and Results of the 2007 Vietnamese National Assembly Election” (2008).

²³ Fishkin, *Democracy and Deliberation: New Directions for Democratic Reform*; Thomas, *Public Participation in Public Decisions: New Skills and Strategies for Public Managers*; Elster, *Deliberative Democracy (Cambridge Studies in the Theory of Democracy)*.

²⁴ G. Yang, “The Internet and Civil Society in China: A Preliminary Assessment,” *Journal of Contemporary China*, 12 (2003), 453–475; Fishkin et al., “Deliberative Democracy in an Unlikely Place: Deliberative Polling in China”; Warren and Nguyen, “The Diversification of State Power: Vietnam’s Alternative Path toward Budget Transparency, Accountability, and Participation.”

²⁵ Arnstein, “A Ladder of Citizen Participation”; Rourke, *Bureaucracy, Politics and Public Policy*; Wang, “Public Participation and Its Limits: An Observation and Evaluation on Public Hearings as Experimented in China’s Administrative Process”; Tang, Wong, and Lau, “Social Impact Assessment and Public Participation in China: A Case Study of Land Requisition in Guangzhou.”

decelerating effect is precisely what public decision-making critics rail about in democracies.²⁶ Also, if leaders repeatedly make changes in their public positions, they damage their reputation.²⁷

Yet, in a fast-paced and overly decisive decision-making environment a little sand in the gears might be desirable. During this delay, any number of policy obstacles may arise. Lawyers and advocates may criticize the legal quality of a draft or its implications as policy. This is especially true when drafts are available online, making them easy targets for online debate and criticism. Take for example a draft amendment to China's Environmental Protection Law (EPL), initially released for public consultation in August 2012 but only adopted in April 2014.²⁸ The EPL went through multiple rounds of public notice-and-comment, and like the LCL it was revised each time in response to public pressure. The revised environmental law includes two important provisions demanded by public participants. The first is more severe fines for industrial polluters — i.e., companies will be required to pay cumulative penalties (as opposed to a one-time lump sum) that will accrue daily until violations are resolved. The second is a provision that allows environmental NGOs to bring public-interest lawsuits against polluters for the first time.²⁹ Although these provisions do not go as far as some had hoped — many argued

²⁶ Z. K. Brzezinski, *Between Two Ages: America's Role in the Technetronic Era* (Praeger, 1982), 334; F. Fischer, "Citizen Participation and the Democratization of Policy Expertise: From Theoretical Inquiry to Practical Cases," *Policy Sciences*, 26 (1993), 165–187.

²⁷ I thank Philip Roeder for pointing out this consideration.

²⁸ See Y. Yi, "China's Legislature Adopts Revised Environmental Protection Law," *Xinhua News Agency*, April 24, 2014, available at http://news.xinhuanet.com/english/china/2014-04/24/c_133287570.htm.

²⁹ "Environmental Protection: Green Teeth," *The Economist*, May 17, 2014, available at www.economist.com/news/china/21602286-government-amends-its-environmental-law-green-teeth.

that NGOs and members of the public should also be able to file lawsuits against government agencies that failed to enforce environmental regulations — they do represent a bold step forward in China’s struggle with environmental pollution.

Additional scrutiny and potential criticism should in theory also raise the political profile of a policy initiative and may incentivize policy proponents to be more judicious in their drafting. This may encourage coordination and consensus building within and outside the bureaucracy prior to making drafts public, something that rarely happens in authoritarian systems. Even in the absence of overt disagreement, deliberation theory suggests that consultation contributes to more complete and long-lasting policy. For example, James Fearon argues that deliberation helps reveal private information and overcome bounded rationality in complex policy choices that might otherwise manifest as implementation failures.³⁰ Consequently, we should expect consultation to contribute to fewer policy errors, which are resolved during planning stages rather than implementation. With this logic in mind, the hypothesized effects of consultation on policy outcomes can be summarized as follows:

H1: Policy that includes public consultation should be less prone to failure and less likely to be repealed.

H2: Policy that includes public consultation should be less prone to error and require less revision.

H3: Policy that includes public consultation should take longer to adopt.

³⁰ Fearon, “Deliberation as Discussion.”

Extending the theoretical implications further suggests that the policy constraint and information effects of consultation should be larger when existing institutional constraints and information are weaker. For example, we would expect a public hearing to be more informative if it supplements a simple back-room draft than when it accompanies a formal legislative process. Legislative drafts, for example, go through standing committee review and general assembly confirmation before adoption. Regulations, although subordinate to legislation, can proceed with much fewer constraints, often simply by decree. As such, if the consultation effect is substantive and not purely a result of marketing, we should expect it to be larger in the case of regulations than for legislation. On the other hand, if consultation is simply marketing of pre-determined policy, then it should not matter how the policy emerged.

H4: Consultation effect should be larger for administrative regulations than for legislation.

Assessing these theoretical propositions faces two serious challenges. The first challenge is empirical. How do we measure the effect of consultation on policy outcomes in a consistent and generalizable manner? Consultation comes in several formats, consisting of different actors and procedures that affect policy at different stages of development. For example, expert consultation occurs very early in the drafting process, whereas public hearings occur just prior to adoption. Similarly, policy outcomes can take long periods of time to materialize. For example, a new trade agreement can have an immediate impact on firms whereas education reforms may take years to affect student performance. More importantly, if consultation is selectively practiced, then any differential outcome is subject to selection bias.

I address both of these challenges in Section 4. In particular, I address selection concerns by isolating unique policy initiatives across different administrations so that the only difference among individual policies is whether or not they were opened to consultation. To confirm that local officials are not selectively choosing to make less controversial policies public, I point to qualitative evidence from administrative officials in local legislative affairs offices in Hunan, Sichuan, and Guangdong.

5.4 *Empirical Strategy*

The first empirical challenge is to identify what consultation looks like and how to measure it. In China, this is not an easy task. The “public participation, or *gongzhong canyu*” label is liberally applied to a host of different consultation activities, few of which are genuinely public, and fewer of which are systematically recorded. Broadly speaking, there are three categories of consultation in China. The most frequently practiced has always been the closed-door meeting (*zuotan hui* or *lunzheng hui*), consisting of bureaucrats, party representatives, and a handful of civilian ‘experts’. A better-known format is the standard town-hall style public hearing (*tingzheng hui*), where members of the public are invited to sit-in on seminar-style discussions followed by Q&A. The third format for consultation is the Notice and Comment campaign (*zhengqiu yijian*).

Traditionally this involved print advertisements to which citizens could respond with

comments and concerns, but since 2006 Notice and Comment has rapidly shifted to online e-government platforms.³¹

Ideally, we would want to measure each type of consultation and assess it independently. Yet, in the case of expert meetings and public hearings, this presents a serious empirical and conceptual challenge. First, neither of these consultation formats is systematically recorded. Expert hearings are sometimes referenced in the media and almanacs, but they are almost never directly associated with a piece of legislation or regulation. To some degree, this is due to the timing and scope of expert hearings, which typically occur early in the policymaking process, often before drafts have been formulated and often concerning multiple policy issues. Moreover, there is scant public information on which experts are invited to participate or how they are selected.

Similar limitations apply to public hearings, which are tallied in some provincial yearbooks, like expert-hearings, are not archived in association with any particular policy item. Public hearings also tend to be small events, composed of 15-20 participants, who, like experts, are recruited by the government. Indeed, a number of participants have been exposed as routine recruits, almost always in support of the government.³² The public hearing is also the last step in the policy formation process, just prior to adoption.

³¹ In 2007 a Notice and Comment platform was featured on the national Legislative Affairs Office website, and in 2008 the State Council announced that online consultation would become the “standard method of inviting public opinion on draft laws and regulations”. For reference see: http://www.chinadaily.com.cn/china/2008-02/22/content_6477918.htm

³² Hu Litian, a retiree in Chengdu, Sichuan Province, gained notoriety in July 2011 after it was revealed that she participated in 23 public hearings since 2003, always in support of the government.

Coming in so late in the game, it is hard to imagine how consulting a handful of individuals can inform, let alone influence the policymaking process.

In contrast, Notice and Comment consultation is least susceptible to deliberate selection and recruitment, because policy proponents cannot choose who reads and responds to solicitation. Notice and Comment consultation also tends to occur during mid-stages of the policy formation process, after an initial draft is created, but well in advance of formal review. This means that Notice and Comment is both policy-specific and timed in such a way that policymakers could, if they chose to, incorporate public comments into the policy content.

Theoretically, Notice and Comment also is the closest approximation of an information-generating consultation process, because the information flow is predominantly bottom-up whereas in public hearings it is top-down. Moreover, the shift to internet-based Notice and Comment has amplified this information flow by exponentially increasing the number of potential participants while also dramatically reduce the costs of consultation for both the state and the citizen. Indeed, whereas public hearings were estimated to cost between 30 to 70 thousand RMB for the state and about a day's worth of time for the individual,³³ posting Notice and Comment online is exponentially less costly and easier to manage. As a result, we are seeing the highest rates of public consultation today than at any time in the past (see figure 5.1).

³³ Cite Fewsmith, but find other references.

Notice and Comment is also attractive because, unlike expert meetings and public hearings, it leaves behind a digital signature that can be systematically collected and measured. I measure this trail by visiting the administrative websites of local legislative affairs offices and recording each posting. In addition, a centrally run government website, “[locallaw.gov.cn](http://www.locallaw.gov.cn), 地方立法网,” has, since 2006, archived all online Notice and Comment solicitations at both national and local levels.³⁴ Because individual websites are sometimes relocated or revamped, and not all information is kept in archive, I rely primarily on the second source, using postings on government websites for cross-validation. In total, this dataset identifies 2105 instances of online consultation between 2004 and 2013, 1641 of which occurred at sub-national levels (see Figure 5.1).

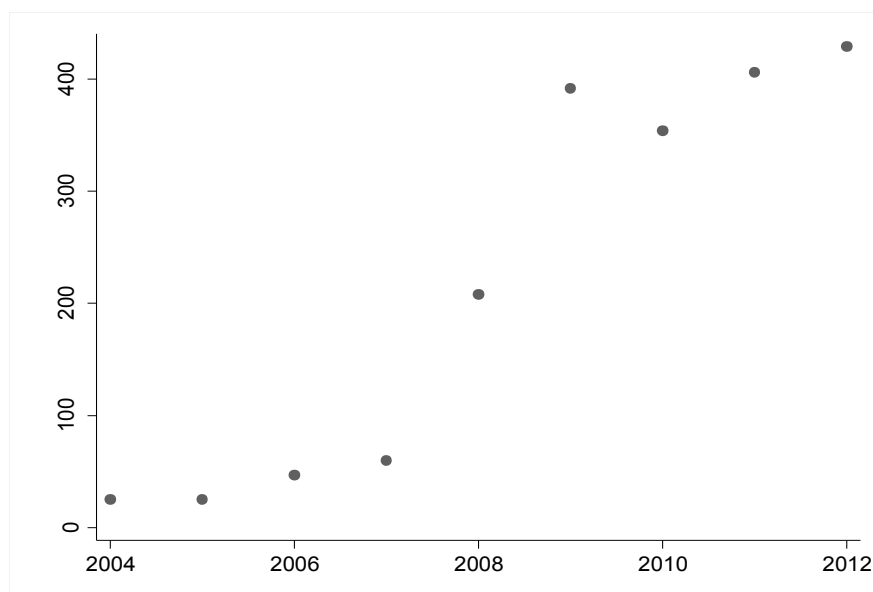


Figure 5-1: Growth in Online Notice and Comment Consultation

Note: Based only on Online Notice and Comment consultation. Data collected from national and sub-national Legislative Affairs Office e-government platforms.

³⁴ The website can be accessed from: <http://www.locallaw.gov.cn/>

The next challenge is dealing with selection. Because consultation is not applied uniformly, there is an immediate concern that it is applied selectively. This would not be a problem if selection were random or arbitrary, but outside a handful of academic-backed experiments, this is simply not the case.³⁵ Consequently, we have to think carefully about at what stage in the policy making process selection could possibly occur and which parties would be in charge of influencing that process. One scenario is that selection is occurring at the institutional level, such as when consultation is required by statute or protocol.³⁶ Alternatively, selection might occur at the policy level, such as when policymakers decide, on a case-by-case basis, whether or not to open up a policy item to public consultation.

In China, no national or regional administration mandates the use of public consultation in decision-making. On the contrary, policymakers have wide-discretion on what they choose to make public. For example, the national *Legislation Law* stipulates that any policy may be opened to public consultation, but includes no requirements or details on which policies have to be opened or how public consultation should be carried out.³⁷ Local administrative procedure regulations are more specific, but even then, the

³⁵ In Indonesia, Olken (2010) has experimented with randomized consultation on public works projects but not on policy, Truex (2012) describes an online survey, which randomly provided respondents information on policy consultation opportunities, but they did not actually participate.

³⁶ For example, in many countries public consultation is required during environmental impact assessment J. L. Moorman and Z. Ge, "Promoting and Strengthening Public Participation in China's Environmental Impact Assessment Process: Comparing China's EIA Law and U.S. NEPA," *Vermont Journal of Environmental Law*, 8 (2006)..

³⁷ See Article 58 of the Legislation Law.

language suggests that public consultation is only necessary when the policy in question is of direct public interest.

Example - Hunan Administrative Procedure Regulations- Article 38: “*A (public) hearing concerning an administrative decision should be held under any one of the following circumstances:*

1. *When it involves a major interest of the general public, 涉及公众重大利益的;*
2. *When the general public has major differences on the decision-making plan, 公众对决策方案有重大分歧的;*
3. *When it might influence social stability, 可能影响社会稳定的; or*
4. *When laws, regulations or rules stipulate that a hearing should be held, 法律、法规、规章规定应当听证的。”*

Indeed, the decision of what to make public and what to keep private is often at the discretion of the local legislative affairs office, which is responsible for managing public hearings and soliciting N&C. Selection bias resulting from such a setup could be potentially devastating for causal inference. If policymakers selectively choose to make popular policies public and keep controversial policies private, any relationships between consultation and policy outcome would be clearly endogenous. Similarly, if policymakers only allow public consultation when they have already reached a unanimous agreement, then public consultation would serve a purely “marketing” purpose. A cursory look at the online Notice and Comment data does not support this conclusion. In particular, over 30 percent of policies opened up to online Notice and Comment consultation were never adopted. Moreover, many of policies put up for Notice and Comment remained in limbo much longer than the necessary 30 days, suggesting that the policies in question were not foregone conclusions to begin with.

Alternatively, policymakers might resort to public consultation when they are uncertain about the policy outcome or when they are concerned about public backlash. As outlined in Chapter 2, information on public opinion and the need to generate policy legitimacy is greatest when the policy topic is controversial and when there is a need for voluntary compliance. Such concerns appear to have been at play in the American experience with public consultation during the civil rights era, a period in which large segments of the population were highly politicized and collective policy demonstrations were frequent.³⁸ It is also consistent with China's own experience with policy consultation, which emerged during periods of instability caused by price reforms and mass privatization.³⁹ The online Notice and Comment supports this conclusion, with about 90 percent of Notice and Comment consultation involving new legislation.

If risk or uncertainty is motivating provincial governments to utilize Notice and Comment, then the selection effect should bias against the main hypotheses because sensitive and untested policies should be more susceptible to amendment and repeal. In other words, if policymakers are selectively employing consultation when risks and uncertainty is high, we should expect policies with consultation to be more fragile than policies without it. Even if selection bias is not fatal, it is still critical to ensure that we are comparing apples to apples, i.e. that we are not comparing sensitive policies to innocuous ones. One approach is to analyze the effects of consultation within common policy arenas. This is possible when a national law or ordinance is re-interpreted and

³⁸ Howard, Lipsky, and Marshall, "Big-City Politics, Governance, and Fiscal Constraints."

³⁹ Cai, "Managed Participation in China."

implemented locally, or when multiple sub-national governments formulate similar policies to deal with the same issue. For example, nearly all of China's 31 provinces passed local interpretations of the Labor Contract law, some with public consultation and some without it.

Based on this logic, I construct an original panel archive of all sub-national legislative and administrative regulations formulated and adopted in China since the 1980s. This data was collected using the Beijing University Law Center Legal Archive and corroborated using annual versions of the Law Yearbook. In total, the dataset contains over 27,500 administrative regulation related observations and 19,200 legislative records. While these data provided a detailed description of policy development over the last two decades, only a small portion will be used in the main analysis so that it matches the smaller time period covered by the consultation dataset, which does not begin until 2004.

Note that fine-grained policy data and common policy issues give us much more control over the selection problem, but do not solve it entirely. By identifying common policy initiatives, containing policies of nearly identical content and implication, we can insure that it is not the policy item itself that is driving selection. We are left one of two scenarios, either selection into consultation is driven by some unobserved local factor or it is purely the result of individual-level choices in the local legislative affairs office, which is responsible for posting online N&C. The first scenario is manageable through policy arena controls and regional fixed effects. The second scenario would only be a problem if we believed that policymakers adopting almost identical policies felt that

these policies would be less popular in one place than another and that consultation would aggravate the process.

To address this second scenario of the selection problem described above, I rely on structured interviews with administrative officials at Legislative Affairs offices in Hunan, Sichuan and Guangdong. Results from these surveys suggest that policies are opened up based on two main factors.⁴⁰ The first factor concerns whether or not the public has a direct interest in the policy. For example, topics like residential policy, construction, pets, and social security are often opened to public input, whereas economic and industrial policies tend to be decided internally or through expert hearings.⁴¹ Looking at relative consultation frequencies across policy issues categories in the data seems to confirm such sentiments (see Table 5.1). Public interest categories like agriculture, construction, and education received the most consultation, whereas consultation on administration and trade policy was less frequent.

⁴⁰ Interview protocols were designed by the author for an unrelated research project and administered by the Administrative Law Research Association (ALRA). For details contact author directly.

⁴¹ Interview record: HN.4.p9; JS.2.p5; ST.3.p9.

Table 5-1: Policy Categories

Policy Category	Consultation		Consultation Rate
	No	Yes	
Administrative	778	61	7%
Agriculture	238	43	15%
Economic	310	35	10%
Education	91	18	17%
Environment	245	29	11%
Industry	353	40	10%
Infrastructure	1039	183	15%
Labor	132	24	15%
Legal	714	76	10%
Social	323	43	12%
Tax Finance	103	20	16%
Trade	51	8	14%
Use of Land	8	1	13%
Welfare	212	27	11%
Overall	4610	611	12%

Note: Categories created by pooling issue tags provided by Beijing Law School for each policy item.

The second factor concerns the policymaker's estimate of their instrumental benefit from consultation. If they think they will receive many comments, they will post online but will not go through the trouble otherwise. Indeed, a number of officials expressed frustration over consultation proceedings that are "tedious" and "unhelpful". This sentiment is particularly targeted towards public hearings, which are doubly disliked for being expensive "luxuries" (奢侈品). In contrast, respondents showed high esteem for comments they receive from academics, lawyers, and professionals. In short, no respondents reported public criticism as a concern when deciding whether or not to make a policy public or not. Here, it is important to remember that criticism under consultation is observable by the policymaker but does not need to be made public, although many provinces do publish and provide feedback to critical comments. Instead, respondents described their decisions as based on a cost-benefit analysis of how much time and effort

it would take them to make something public versus the benefit they would get from receiving public comments. This instrumental approach to consultation is consistent with previous work, which finds that concerns about policy delay and participant competence are the top concerns among policymakers considering consultation.⁴²

If policymakers base their decisions to publish policy drafts online on instrumental calculations, Internet infrastructure should also play a part in their calculus. In particular, the size of the online audience and the quality of the website infrastructure directly influence the amount of information that can be collected through consultation and the costs of doing so. As mentioned previously, Internet penetration in China varies dramatically across China, with over seventy-five percent of Beijing residents having access compared to only thirty-two percent in Jiangxi, according to the most recent 2013 statistics.⁴³

Government website infrastructure also varies significantly across provinces. Annual assessments conducted by the China Software Test Center (CTSC), a research institute under the Ministry of Industry and Information (MITT), reveals that Chinese governments collectively spend about 500 billion RMB each year on e-governance development, but many of the websites and local servers hosting these e-government platforms are outdated and difficult to operate.⁴⁴ Some of the worst performers are Gansu and Tibet, which have declined in their rankings since measurement started in

⁴² T. H. Y. Li, S. T. Ng, and M. Skitmore, "Public Participation in Infrastructure and Construction Projects in China: From an EIA-Based to a Whole-Cycle Process," *Habitat International*, 36 (2012), 47–56.

⁴³ CNNIC, "33rd Annual China Internet Development Survey Report."

⁴⁴ Chinese Government Website Performance Evaluation. Accessible from <http://politics.people.com.cn/GB/44160/51694/236051/index.html>

2004. At the forefront are predictable provinces, such as Beijing and Guangdong, but they are accompanied by Sichuan, which, despite being one of the poorest provinces in China, scores higher than Beijing on a number of dimensions, including open government information and public consultation.⁴⁵

If policymakers are making strategic choices on when to utilize online consultation based on information potential on cost, we should expect policymakers in provinces with high Internet penetration and good website infrastructure. Leveraging the data from CNNIC on Internet Penetration and from CSTC on e-governance infrastructure along with my data on online Notice and Comment, I run a Probit model to estimate the probability a provincial policy item was made subject to online consultation. Controlling for the size and wealth of the economy as well as for provincial expenditures, I find that both penetration and website quality are strong predictors of online consultation. Holding all else equal, moving towards the highest rate of Internet Penetration in 2012 increases the marginal likelihood of using online consultation to about seventy percent. Similarly, moving to the top of the Website Quality ranking, increases the predicted probability of consultation to about fifty-five percent (see Figure 5.2).⁴⁶

⁴⁵ CSTC does not provide an explanation for why Sichuan scores so highly, but one plausible explanation which I have come across was the impact of the 2008 Wenchuan Earthquake, which devastated Sichuan and resulted in major reforms in local governance spurred by accusations of corruption and incompetence. Indeed, looking at the trend in Sichuan's rankings nearly double between 2007 and 2009, from 46 points to 70 points respectively on a 100-point scale.

⁴⁶ The regression results are available in Appendix A1.

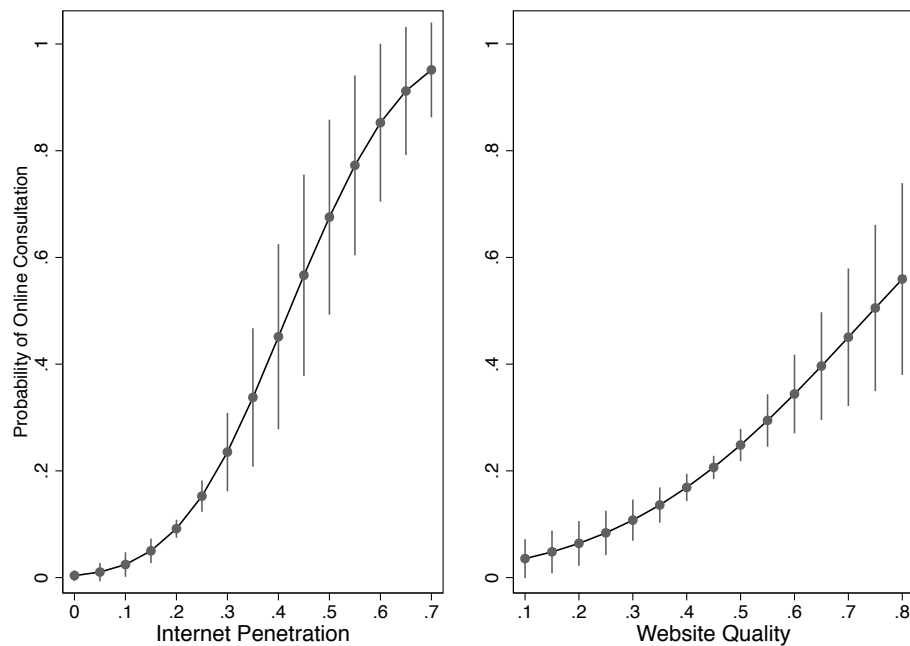


Figure 5-2: Internet Infrastructure and Online Consultation

Note: Figures report the marginal effect of increases in Internet Penetration and improvements in website quality based on Probit estimation of the likelihood that a policy draft is opened to consultation prior to adoption (see Appendix A1). Internet Penetration data comes from annual CCNIC reports. Measures of Website Quality come from the China Software Test Center (CTSC).

These findings, along with the interview evidence, give me confidence that online consultation is not the result of autocrats selectively choosing non-contentious topics, hoping that the public will not notice. On the contrary, Chinese policymakers appear to be using consultation strategically in situations where they benefit most. Knowing that this calculation is at least in part driven by Internet penetration and website quality also gives me confidence that, as China continues to upgrade its e-governance capabilities, the use of online consultation will expand as well.

5.5 Data and Description

Having addressed operationalization and selection threats in the previous section, I transition to describing the data sources and the structure of the dataset. In order to take

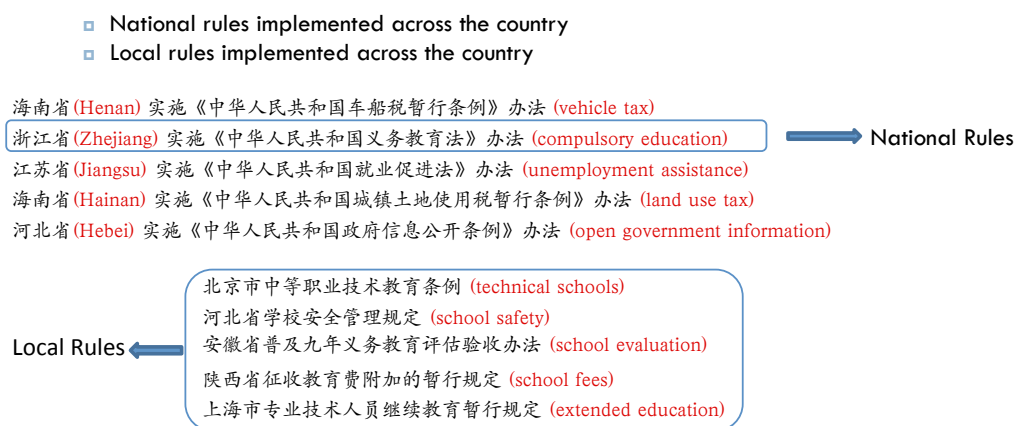
advantage of sub-national comparisons, I rely on several levels of policy aggregation. The first level involves grouping together different iterations of the same policy into one *Family Tree*. This includes all revisions a policy might go through during its lifespan, meaning that some families might include a single item or that item plus as many revisions that occurred in its lifespan. Unfortunately, China's policy documents, though archived chronologically based on when and where they are adopted, do not include unique identifiers. This means that two iterations of the same policy, initially adopted in 2006 but revised in 2008, only bear a similar title and preamble. To identify unique family trees, I used regular expressions to organize documents by title and then successive Levenshtein Distance tests to incrementally strip away superfluous information from these titles until only the root title remains. Once titles are in their root, date codes and preambles were used to make sure each item in the tree was properly ordered. Once this is done, consultation data can be merged using policy title and date.

The next level of aggregation is the *Policy Issue*, which aggregates policies together based on the issues they address. To construct issues, I rely on issue descriptions provided by Beijing University Law School. These descriptions assign one to three issue tags for each policy item in order of relevance. While these tags are extremely helpful, they do not allow us to isolate individual policies and their subsequent revisions, nor do they guarantee the level of discreet identification necessary for sub-national policy comparison described previously.

In order to drill down even further, I construct *Policy-Arena* identifiers based on common root elements extracted from the policy titles. For example, “义务教育, compulsory education” is a policy *root* common to multiple pieces of regulation and

legislation across localities and time, yet in each instance the substantive policy initiative is the same (see Figure 5.2). As such, ‘roots’ are less restrictive than policy family tree because they ignore locality, but are more restrictive than issue topics because they distinguish between sub-topics. For example, in Figure 5.3 the common *Policy Issue* is education but the *Policy Arena* distinguishes between compulsory education, after-school education, and education expenditures. In the case of sub-national interpretation of national-level laws, as in the case of the Labor Contract Law, the policy Root will simply be the Labor Contract Law, which is common to all localities. Using policy roots to infer common *Policy Arenas*, I am able to compare nearly identical policies depending on whether they included consultation or not.

Figure 5-3: Coding Rules



Outcome variables that best capture the concept of policy stability are policy repeals, policy amendments, and policy segment duration.⁴⁷ Each of these measures

⁴⁷ The policy segment is the period of time a law or regulation is in effect before it is amended or rescinded.

has its advantages and disadvantages. Policy repeals may be a good way to measure the mortality rate of failed policy, but it may also conflate bad policy with a policy that is no longer relevant. Nevertheless, some constitutionalists might argue that the best policies never lose their relevance. Similarly, frequent amendments may signal a poorly developed policy prone to implementation or enforcement problems, but frequent amendments may also be the indirect consequence of a rapidly changing socio-economic environment. This is surely a concern when dealing with China because many of its localities are changing at an unprecedented pace both demographically and economically. Yet a policy that gets revised annually will probably be difficult to enforce or comply with. In either scenario, both policymakers and citizens should prefer policy that lasts to policy that is frequently changing.

Measuring policy survival addresses some of these issues. A policy that only lasts a couple of months before it is repealed or revised has a high risk of being fundamentally flawed. In contrast, a law or regulation that is repealed ten years on down the line was probably a perfectly good policy to begin with, but lost its purpose over time. Measuring policy survival in terms of duration facilitates this distinction. The biggest hurdle associated with a measure of policy survival comes in deciding when to start and turn off the clock. For example, should a policy's duration begin at birth and end at death, or should the timer be restarted after each amendment? Similarly, how does one deal with the fact that different policies are born at different times and that many are still in effect?

Because the units of analysis deployed here are independent records of all policies, each time they are referenced, we can take advantage of the number and

sequence with which a particular policy appears within the dataset and in its policy family. In other words, any given law or regulation can appear as an individual or as multiple observations within the dataset. If, for example, a policy was only created and never amended or repealed, then it would appear as one single observation. If, on the other hand, it were amended twice and then finally repealed, it would appear as four separate observations united under a common family tree. This approach provides an objective view of policy evolution, which would not be possible if looking only at the current status of each law or regulation.

Each observation in the dataset also includes several relational pieces of information, namely, the issuing body (i.e. a provincial or local People's Congress in the case of legislation or government body in the case of regulations), the time it was adopted and ratified, the topic it covers, as well its issue classification. Utilizing this information and the iterated structure of the data, I construct three distinct dependent variables based on the previous measurement discussion: policy repeal, policy amendment, and policy segments. The first measure, *repeal*, is simply a dichotomous history of whether or not a given piece of legislation or regulation is ever repealed after being adopted. The second measure, *amend*, catalogues each instance of amendment. If a given policy only occurs once within the dataset, then the *amend* measure is '0' by default. If it is amended twice, but never repealed, it is coded as '0' on the first appearance along with '1' and '2' on the second and third appearance (see Table 5.2). The total number of amendment occasions, within a single policy family tree, is aggregated in the variable *amend-total*. Finally, policy *segments* are measured in duration segments, i.e. the number of days from the point of first adoption up to the

first amendment. Once amended, the clock is reset until the next change or until the end of the dataset, which in this version of the analysis is April 1, 2013.

Table 5-2: Sample Data Frame

Province	Policy Tree	Year	Issue	Open	Iteration	Repeal
Jiangsu	Compulsory Edu	1986	Education	0	0	0
" "	" "	1997	" "	0	1	0
" "	" "	2004	" "	0	2	0
" "	" "	2010	" "	Yes	3	0

This approach to measuring policy *segments* is preferable to a continuous measure, which starts from policy adoption to policy death, for two principal reasons. First, it is a better approximation of policy stability, because, much like a used car, a policy that does not get repealed but undergoes constant repair and revision does convey ‘stability’. Second, although ninety regulations and sixty-one laws were repealed within the period of observation, tabulating these numbers against the presence of public consultation reveals that no openly formulated policy was ever repealed.⁴⁸ This provides deterministic support for Hypothesis 1, but it means that we cannot measure duration simply from start to finish because all policies tagged with public consultation would carry a duration measure that lasts through the terminal date of the dataset. Table 5.3 provides descriptive statistics on amendments, repeals, and other core variables used in the analysis.

⁴⁸ There was one open policy, Shenzhen’s Social Security Statute, which included a repeal, but even in this example, consultation came during amendment stages, not drafting stages. See 《深圳经济特区失业报保条例》

Table 5-3: Descriptive Statistics

Variable	Regulations					Legislation				
	Obs	Mean	Std. Dev.	Min	Max	Obs	Mean	Std. Dev.	Min	Max
Consultation (0 1)	1415	0.29	0.45	0.00	1.00	2381	0.14	0.35	0.00	1.00
Num. of Amendments	1415	0.71	0.84	0.00	4.00	2381	0.04	0.22	0.00	3.00
Prob. of Amendment	1415	0.52	0.50	0.00	1.00	2381	0.04	0.20	0.00	1.00
Life-Segment	1203	939	604	6	2253	2381	1089	621	0	2240
Date of Adoption	1415	18396	622	17167	19414	2381	18295	619	17170	19390
Expenditure Per Cap	1374	6501	3760	1444	20762	2336	5840	3241	1444	20762
GDP Per Cap	1374	35582	19221	7283	91181	2336	31370	16477	7283	91181
Website Quality (100 scale)	1147	46	16	14	81	1990	46	15	14	81
Internet Penetration (%)	1372	34	15	4	70	2331	31	14	4	70

How well do these measures operationalize the concept they intend to measure? Unfortunately, there are no off-the-shelf measures of policy stability, especially not for authoritarian countries like China's where scholarship on policymaking remains largely qualitative. There are, however, some unique and novel attempts at measuring policy uncertainty using media coverage. In particular, Baker et al. (2013) construct a monthly Policy Uncertainty Index for China dating back to 1995 using economic policy related media reports from the Southern China Morning Post, a leading English-Language political newspaper.⁴⁹ To test the convergent-validity of policy stability measures explored, I construct an Instability factor based on *amend* and *repeal* variables.⁵⁰ Operationally, this means that months in which a higher proportion of policy actions came in the form of amendments rather

⁴⁹ The Policy Uncertainty Index uses computer-assisted content analysis to track the language used in journalistic accounts of economic forecasts and economic policy reports. Language that communicates uncertainty is used to code the index. See: Baker, Bloom, and Davis, "Measuring Economic Policy Uncertainty."

⁵⁰ Convergent validity is a sub-category of concurrent validity, which, in the absence of a conventional measure for policy instability, I am unable to directly assess. See: D. T. Campbell and D. W. Fiske, "Convergent and Discriminant Validation by the Multitrait-Multimethod Matrix." (n.d.).

than new policy, the political instability factor will be large. Figure 5.4 presents the overtime variation in the (*Uncertainty*) index produced by Baker et al. (2013) in red and (*Instability*) based on *amend* and *repeal* variables. The correlation is quite strong, 0.68, and significant to the 95 percent level, providing some confidence that the policy stability variables have a real world relationship with political and economic uncertainty.

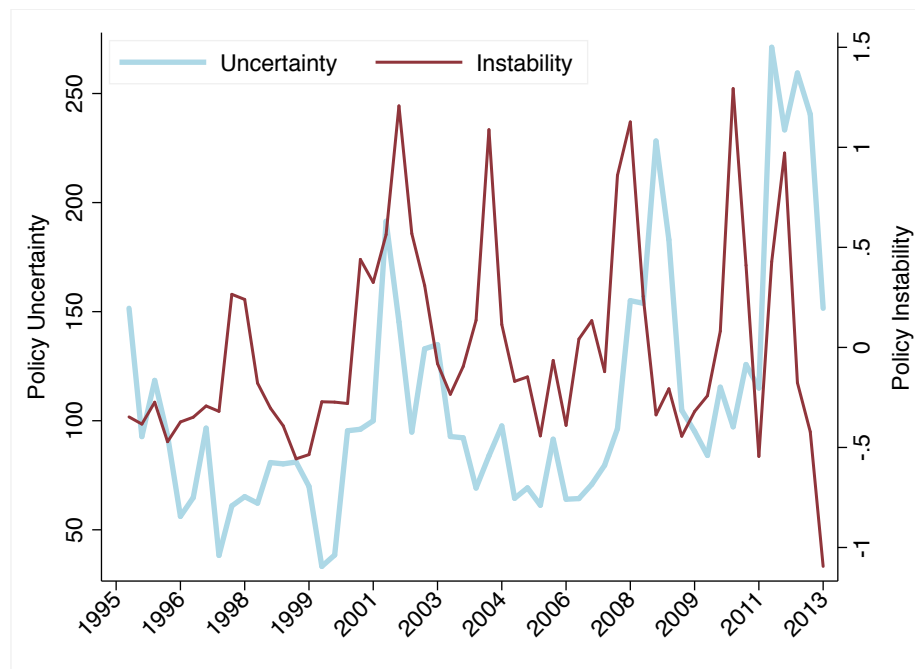


Figure 5-4: Convergent Validity

Note: Uncertainty is based on data from Baker et al. (2013) who construct a monthly index using economic policy related media reports from the Southern China Morning Post, a leading English-Language newspaper in Hong Kong. Instability is measured as a factor-based index of *amend* and *repeal* variables. Operationally, this means that months with a higher proportion of amendments and repeals will have larger index values.

A final point of discussion concerns the range of the data used in the analysis: only the subset of the policy data beginning from 2007 will be analyzed. This decision is based on reasonable concern that some policymaking initiatives, in prior periods, may have undergone similar public consultation procedures but did not make

it onto any digital record. Although this choice reduces the breadth of the analysis, it should not introduce bias in any particular direction. Moreover, it was in 2007 that Internet penetration in China reached a regional inflection point⁵¹, meaning that potential subscriber populations for Notice and Comment consultation are most comparable after this point, not across it. Finally, it was in 2007 and 2008 that the national government made its oft-cited push for transparency, crowned by the State Council's passing of the Open Government Information Statute in January 2008.

5.6 *Analysis*

The analysis proceeds in four sub-sections. Sub-section 5.6.1 addresses the relationship between consultation and policy stability in terms of policy repeal, as described in Hypothesis 1. Sub-section 5.6.2 is devoted to measuring policy revision and stability, as described in Hypothesis 2. Sub-section 5.6.3 deals with the effect of consultation on policy adoption delays, as described in Hypothesis 3. Although results for regulations and legislation are reported together for comparison and consistency, the central focus of the analysis is on administrative regulations. As described previously, legislation already faces moderate constraints within the people's congress. In contrast, administrative regulations are formulated and adopted by local governments and their subordinate administrative agencies with few institutional constraints in their way. As such, if public consultation through Notice and Comment does introduce an additional constraint on the policymaking process it

⁵¹ See Figure 4.3 in Chapter 4.

should be more apparent with regards to administrative regulation than legislation. I find this to be the case throughout the analysis, providing some support for Hypothesis 4.

5.6.1 Policy Repeal

The first step in measuring consultation effects on policy stability is to look at policy repeal rates. If consultation is contributing information to the decision-making process, and thereby reducing policy failure, we should observe a negative relationship between consultation and policy repeals. Looking only at policies enacted in the post-2006 period shows that ninety regulations and sixty-one laws were repealed (see Table 5.4). However, tabulating these numbers against the presence of public consultation reveals that no openly formulated policy was ever repealed. While this simple tabulation provides deterministic support for Hypothesis 1, it may also be the result of chance because repeal and consultation rates are quite low. Unfortunately, the lack of variation in the consultation category prevents further analysis. Instead, I proceed with two alternative measures of stability: *amendment rates* and *policy segments*.

Table 5-4: Tabulating Repeals and Amendments

Regulations (2007-2013)				Legislation (2007-2013)			
Consultation	Repeals	Amend	Total	Consultation	Repeals	Amend	Total
NO	90	272	2557	NO	61	131	2088
YES	0	13	273	YES	0	9	338
Total	90	285	2830	Total	61	140	2426

5.6.2 Policy Amendment

Next I examine the relationship between consultation and policy stability, measured as the frequency of policy amendment. As argued in section 2, policy is amended when it fails to achieve specific objectives or when policy protagonists see a

political advantage from making a revision. For example, a local mayor may want to take credit for lifting the minimum wage or changing the speed limit. In China, the political motive is arguably less of an issue because policy is presented, either without sponsor information, or as a consensus initiative.⁵² Instead policy amendments are intended as additions to fill gaps in the original policy or as updates to articles and statutes that are no longer relevant. Taking this perspective, frequent revisions should suggest a lack of completion and foresight in the original document. If Hypothesis 2 is correct, then additional information provided through public consultation should resolve some of these weaknesses.

I test this logic in Table 5.5. Each of the models is presented in basic OLS in order to accommodate multiple fixed effects for province, year, and policy-arena.⁵³ Models labeled “Base” report the unconditional effect of consultation on amendment. Models labeled “Policy” include policy-arena fixed effects, which allow us to identify and directly compare common policy initiatives. “Full” models add additional administrative and economic controls as well as provincial fixed effects to account for permanent differences in amendment rates across provinces. In addition, the “Full” models also include controls for time since adoption to absorb differences in the amount of time that has been available for amendment.

⁵² For a discussion of decision-making by consensus, see Shirk (1993: 116-129).

⁵³ Ideally, a negative binomial count model would have been used. However, concerns about using numerous fixed effects in non-linear equations make OLS a more appropriate, albeit less accurate, substitute. That said, negative binomial estimates were conducted, and provide similar results.

Table 5-5: Consultation and Policy Amendment

<i>DV: Policy Amendment (2007-2013)</i>	Regulations			Laws		
	Base (1)	Policy (2)	Full (3)	Base (4)	Policy (5)	Full (6)
Consultation	-0.0782*** (0.0249)	-0.0557** (0.0239)	-0.0619* (0.0328)	-0.0213 (0.0147)	-0.0262 (0.0219)	-0.0222 (0.0206)
Draft/Provisional	0.0739* (0.0383)	0.0898** (0.0406)	0.0816 (0.0514)	0.0468** (0.0206)	0.0478 (0.0321)	0.0467 (0.0328)
Expend per cap			5.17e-06 (1.67e-05)			-2.61e-06 (6.14e-06)
GDP per cap			-7.62e-07 (5.34e-06)			-4.45e-06 (4.14e-06)
Municipality			0.0211 (0.0313)			0.0376 (0.0258)
Minority			0.00686 (0.0449)			0.0207 (0.0458)
Time			9.73e-06 (8.33e-05)			-3.69e-05 (8.70e-05)
Time^2			3.99e-08 (3.81e-08)			3.81e-10 (2.21e-08)
Policy Arena FE	no	YES	YES	no	YES	YES
Province FE	no	no	YES	no	no	YES
Constant	0.105*** (0.0214)	0.0557** (0.0239)	0.0537 (0.172)	0.0246*** (0.00616)	-0.0216 (0.0138)	0.149 (0.147)
Observations	739	739	710	1,068	1,068	1,052
R squared	0.016	0.472	0.561	0.008	0.259	0.311
Clusters	53	53	53	60	60	60

Notes: Dependant variable measures the total number of amendments each policy experiences. Each model is based only on policy arenas which have included participation. The Base Models 1 & 4 only control for whether or not a policy was in its draft version prior to adoption. The Policy Models 2 & 5 includes a fixed effect for each policy arena to control for heterogeneity between policies items that were or were not opened to public participation. The Full Models 3 & 6 include economic and administrative controls, as well as province and year fixed effects. Each model uses OLS due to multiple fixed effects. Robust standard errors clustered on policy issue: *** p<0.01, ** p<0.05, * p<0.1

Consistent with Hypothesis 2, we observe a negative relationship between consultation and policy amendment. Including policy-arena fixed effects in models 2 and 4 increases R-squared dramatically, suggesting that the models are well identified. While the effect of consultation on reducing amendments is large and robust for regulations, it is smaller and not significant for legislation. Holding all else equal, the substantive impact of consultation in Models 3 and 6 yields a reduction of

roughly 2 percent in the likelihood of undergoing an additional amendment for regulations, while the effect on legislation is not significant. One explanation for why consultation does not appear to affect legislative amendment is that the legislative amendment process is logistically more complex, because any amendment must first be accepted onto an upcoming agenda, and therefore occurs less often. Another explanation is that legislation already receives some degree of policy mapping and vetting within the congress, which reduces the additional information value provided by consultation. Nevertheless, these results provide strong supporting evidence for Hypotheses 2.

An alternative measure of policy stability is how long a policy lasts until it is revised or repealed, or what I term the policy's average life segment. This method allows us to break policies apart into segments, from birth until amendment, and then until the next subsequent amendment or repeal. In so doing, we capture a larger sample of policies, including those that were revised with consultation. This method also does a better job of capturing policies that are revised or abandoned very early after adoption.

Models 1 & 2 and 5 & 6 in Table 5.6 report the main results of the *life segment* test using standard OLS regression. As with the analysis on amendment, OLS was chosen as the primary model specification due to the need to include multiple policy fixed effects. One limitation to using OLS for these models is that the sample period artificially cuts short the life segment of policies that start late or are never repealed or amended. To account for this, a *Time* variable that tracks the number of days between the policy adoption date and the dataset terminus represented

by April 1, 2013. The variable $Time^2$ is the squared value of $Time$, and captures the old age effect, i.e. the larger the $Time$ value, the greater the likelihood for revision. An alternative approach is to censor policies that end with the sample period using a survival model. For robustness, I include results from a Cox Proportional Hazards specification in Models 3 & 4 and 7 & 8. As in the previous analysis, the “Policy” models include policy-arena fixed effects to identify unique policy initiatives across administrations.

Table 5-6: Consultation and Policy Lifespan

DV: Policy Lifespan (2007-2013)	Regulations				Laws			
	OLS		Hazard Analysis		OLS		Hazard Analysis	
	Base (1)	Policy (2)	Base (3)	Policy (4)	Base (5)	Policy (6)	Base (7)	Policy (8)
Consultation	45.84** (18.55)	42.96* (22.20)	-0.793** (0.308)	-1.012** (0.423)	32.60** (15.78)	31.06 (19.49)	-0.741 (0.484)	-0.550 (0.635)
Draft/Provisional	-59.89** (26.90)	-73.33** (28.38)	0.614* (0.318)	1.262** (0.538)	-29.64** (14.16)	-26.42 (18.73)	-0.0108 (0.520)	0.0610 (0.663)
Expend per cap	-0.00288 (0.00632)	-0.00905 (0.00832)	0.000122 (0.000141)	-0.000130 (0.000174)	0.00766* (0.00384)	0.00750* (0.00399)	-0.000709*** (0.000243)	-0.000777** (0.000326)
GDP per cap	-0.00136 (0.00294)	-0.00110 (0.00351)	-1.61e-05 (3.67e-05)	7.39e-06 (4.57e-05)	0.00330** (0.00161)	0.00400** (0.00198)	0.000176*** (5.12e-05)	0.000174*** (6.61e-05)
Municipality	9.401 (13.60)	11.50 (20.03)	-0.0941 (0.241)	-0.290 (0.399)	5.680 (8.863)	0.373 (9.047)	-0.274 (0.328)	-0.193 (0.416)
Minority	14.18 (29.80)	20.12 (34.92)	-0.191 (0.510)	-0.209 (0.884)	6.375 (28.23)	20.53 (26.67)	-0.548 (0.605)	-0.919 (0.820)
Time	1.008*** (0.0708)	0.978*** (0.103)			1.062*** (0.0391)	1.063*** (0.0402)		
Time^2	-4.71e-05 (4.90e-05)	-2.88e-05 (6.92e-05)			-1.15e-05 (9.69e-06)	-1.12e-05 (1.01e-05)		
Policy Arena FE	no	YES	no	YES	no	YES	no	Yes
Province FE	YES	YES	YES	YES	YES	YES	YES	YES
Constant	59.52 (58.30)	19.99 (121.0)	NA NA	NA NA	-172.6** (73.26)	-181.5** (82.81)	NA NA	NA NA
Observations	1,160	1,160	1,160	1,160	1,724	1,724	1,714	1,714
R squared	0.872	0.895	0.0422	0.217	0.943	0.949	0.0957	0.293
	-7860	-7745	-709.2	-579.6	-10999	-10900	-1627	-283.5
Clusters	60	60			63	63		

Notes: Dependant variable measures of the number of days a policy segment lasts between creation and amendment/repeal, or amendment to next amendment/repeal. Base Models includes all controls and provincial Fixed Effects. Policy Models includes a Fixed Effect for each policy arena to control for heterogeneity between policies items that were or were not opened to public participation. Models 1, 2, 5, and 6 use OLS with robust standard errors are clustered on policy issue. Models 3, 4, 7, and 8 use a Cox Proportional Hazards Model. Robust standard errors clustered on policy issue:*** p<0.01, ** p<0.05, * p<0.1

In the case of regulations, consultation is significantly associated with longer life segments in each of the models. In the OLS models 1 and 2, the coefficient can

be interpreted directly as the additional number of days a policy lasts, or about 45 days in the Base Model 1 and 42 days in the Policy Model 2. The negative coefficient in the Survival models represents a reduction in the proportional hazard of policy ending in amendment or repeal and increases the predicted life segment period from 950 days to 995 days.

As with policy amendments, in each of the model specifications, we see that the estimated effect of public consultation on a policy's life-segment length is larger and more significant for regulations than for legislation. This may be due to the fact that legislative sessions are more regularized, which reduces variation in life segment. Alternatively, it suggests that public consultation is most effective in regulatory decision-making, where institutional constraints are weakest.

5.6.3 Policy Deceleration

Having established that consultation has an effect on policy stability, it is important to think about the causal process underlying that relationship. As argued in the theoretical overview, the first observable impact of consultation should be that it slows policy making down, forcing decisive leaders to communicate their policy intentions to the public. It is during this period that new information can help iron out unpopular and unanticipated problems in the policy. To paraphrase Hypothesis 3, if more information is being collected and digested with consultation than without, we should expect that policy that involves consultation takes, on average, longer to adopt. The most straightforward way of testing this hypothesis is to look at variation

in the dates of adoption across similar policies that included consultation activities to those that do not.⁵⁴

I perform this analysis in Table 5.7 using data on sub-national administrative regulations and legislation. In order to take advantage of adoption dates as a continuous dependent variable, they were transformed into a single value that begins at zero in Jan-01-1960 and counts forward.⁵⁵ As such, larger values correspond to more recent dates and positive coefficients represent delay in adoption. For example, the constant on Model 1 of Table 5.6 (18,219) corresponds to Nov-18-2009. As such larger values correspond to later adoption dates. The coefficients of the IVs can be directly interpreted as the additional number of days it takes to adopt a policy given a one-unit change in the independent variable and all other variables held constant. For example, the effect of having Notice & Comment consultation on a Regulation in Model 3 is a delay in adoption of about 122 days. Results are distinguished as *Base*, *Policy*, and *Full* results. The *Policy* models include a policy-arena fixed effect based on policy roots as described in section 4. Policy-arena fixed effects control for selection bias by identifying unique policy initiatives across provinces. *Full* models include administrative and economic controls as well as provincial fixed effects. Each model is run using OLS due to the large amount of fixed effects, with robust

⁵⁴ The assumption here is that, local governments could adopt national policy initiatives at the same time leaving no variation in adoption dates.

⁵⁵ The choice of Jan-01-1960 is an arbitrary setting in the Stata statistical package digital date function and has no impact on the analysis.

standard errors clustered on policy issue to capture non-independence across issue topics.

Table 5-7: Consultation and Policy Adoption

<i>DV: Policy Adoption Date (2007-2013)</i>	Regulations			Laws		
	Base	Policy	Full	Base	Policy	Full
	(1)	(2)	(3)	(4)	(5)	(6)
Consultation	503.2*** (38.69)	408.5*** (59.81)	121.8*** (32.91)	464.2*** (35.43)	410.8*** (61.66)	110.7*** (27.80)
Draft/Provisional	-180.8*** (67.26)	-245.4** (102.5)	-52.56 (55.15)	-127.8** (49.61)	-153.0** (68.39)	-4.226 (34.57)
Expend per cap			0.0471*** (0.00333)			0.0869*** (0.0210)
GDP per cap			0.0877*** (0.0112)			0.0465*** (0.00490)
Municipality			75.45 (46.17)			29.77 (36.98)
Minority			45.03 (58.57)			40.65 (60.47)
Policy Arena FE	no	YES	YES		YES	YES
Province FE	no	no	YES	no	no	YES
Constant	18,219*** (32.86)	18,661*** (59.81)	17,166*** (122.2)	18,209*** (29.91)	18,942*** (66.91)	17,232*** (83.50)
Observations	739	739	710	1,072	1,072	1,056
R squared	0.122	0.470	0.936	0.082	0.319	0.794
Log Likelihood	-5790	-5603	-4616	-8453	-8293	-7532
Clusters	53	53	53	60	60	60

Notes: The DV represents the date a policy is adopted, for example: the constant on Model 2 corresponds to Jan-10-2007. The coefficient on Notice & Comment can be interpreted as the additional number of days it takes to pass a policy with public participation. Base Models 1 & 3 include no controls or Fixed Effects. Policy models 2 & 5 include a Fixed Effect for each policy arena. Full Models 3 & 6 add provincial Fixed Effects. Each of the models is run using OLS due to the large amount of fixed effects. Robust Standard errors are clustered on policy issue: *** p<0.01, ** p<0.05, * p<0.1

Interpreting the results of Models 1 and 4, we see that, on average, policy with consultation is adopted later than policy without consultation. This is consistent with what we know about consultation trends, which have been increasing, and general policy trends, which are steady. In order to arrive at a more meaningful estimate, it is critical to compare policies directly. This is what applying the policy-arena fixed effect allows us to do in Models 2 and 5. Including this constraint reduces the size of the coefficient by about 90 days and the R-squared to (0.47) for regulations (50 days

and (0.31) for legislation), suggesting that there is a considerable amount of heterogeneity across policy-arenas. Models 3 and 6 add province fixed effects. Again, the size of the coefficient is reduced dramatically, and the R-squared increases to about (0.94) and (0.79) respectively, suggesting that different provinces have consistently different policy schedules. In particular, wealthier provinces who spend more on their populations tend to be slower in adopting new regulations and legislation. Overall, the results provide strong evidence for Hypothesis 3, that consultation decelerates policy adoption.

5.7 Conclusion

Rather than dismissing consultation under autocracy as “window-dressing,” I demonstrate that the process of consulting the public on policy choices has real and measurable effects. In particular, policies that are adopted through public consultation appear more stable than policies that do not. I argue that this is because consultation provides a soft constraint in the decision making process that decelerates decision-making and facilitates the inclusion of outside information in the final policy choice. This function is similar to that of legislative debate, in that it constrains government from taking rash decisions while also providing them with a helpful gauge of support and opposition on policy initiatives. The fact that China regularly engages in policy participation but stifles legislative debate should not be overlooked. Indeed, the Chinese case suggests that direct consultation with the public may be a partial substitute for legislative debate and a CCP strategy for getting some of the benefits of feedback on proposed policies while avoiding the strengthening of legislative institutions.

Yet compared to the benefits obtained from legislatures, consultation provides less. Although consultation informs and softly constrains the decision-making process, it offers no reprieve for traditional regime challenges like power struggles and elite splits. This is because consultation occurs on a policy-by-policy basis, and does not involve the co-optation of any individual or group. Moreover, while consultation can reveal information that is critical, that information remains policy-specific and is of much lower strategic value than information on political opposition, which might be revealed through elections. In short, while consultation appears to contribute to general policy stability, it would perhaps be an overstatement to suggest that it contributes to regime stability.

Moreover, consultation is not entirely riskless. For example, including members of the public in the decision-making process may raise expectations for inclusion in other dimensions of decision-making as well. The difference between expressing an opinion over an education policy is not so different from expressing an opinion on who should be in charge of education policy. Similarly, having the chance to participate in local decision-making may highlight the lack of opportunity to participate in national decision-making. Understanding how consultation impacts individual level perceptions is vital for understanding the broader political consequences of the consultation strategy. I approach this question in the next chapter by looking at the effects of consultation on local budgets on randomly sampled participants and non-participants to a local budget deliberation experiment in Zeguo, China.

CHAPTER 6: LOCAL BUDGETS NATIONAL STAKES

Abstract: Having abandoned socialist idealism in favor of market-driven growth, China's leaders have increasingly had to rely on economic performance to justify monopoly over political power. Unfortunately, the incentive structure put in place for delivering growth has uprooted the regime from its grassroots by pitting local government against the population – a governance challenge that manifests as frequent protest and non-compliance towards government policies. In response, authorities have experimented with a range of reforms aimed at bolstering public opinion and approval; notably, local elections and participatory decision-making. Have these efforts succeeded in improving state-society relations? Using survey results from a local participation experiment in China, this chapter measures the impact of participatory decision-making on local and central government approval ratings. In comparing randomly selected participants and non-participants, there is strong evidence that local-level reforms are effective at garnering local-level approval, but have little, or possibly even negative, effect on support for the central leadership. These findings confirm the legitimizing effect of consultation but call into question generic claims about impact on regime legitimacy.

Introduction: An Unlikely Hero

In June 2008, Yang Jia, a young unemployed man from Beijing who had on multiple occasions suffered the blunt force of China's state security forces, slipped into the Zhabei Public Security Station carrying a knife, a hammer, a gas mask, pepper spray, and Molotov cocktails.¹ After killing six police officers and injuring two more, Yang was arrested and subsequently charged with intentional homicide to which he unconditionally confessed to committing. Yet, what seemed like an open and shut case became a national drama precipitated by an outpouring of support for Yang in the streets, online, and in the press. During Yang's initial hearing, hundreds descended upon the Shanghai Higher People's Court, shouting "Down with the Communist Party", "Down with fascists." Online many compared Yang to Wu Song, one of China's great literary heroes who killed a tiger with his bare hands.² During Yang's trial, more than four thousand supporters, predominantly middle-class and well educated, signed an open petition urging Yang's life be spared. Around the same time, *Southern Weekend*, an influential publication from Guangdong, published a long front-page story, lionizing Yang.³ The outpouring of popular support for Yang suggests that, in some respects, he had carried out the secret will of many Chinese citizens to retaliate against the injustices

¹ Zhabei is a district in Shanghai.

² See: Moore, Malcolm (27 August 2008). "Chinese Cop-Killer Becomes Internet Hero". The Daily Telegraph (UK).

³ See "Sharenzhe Yang Jia Qingchun Dangan" [杀人者杨佳的青春档案], Southern Weekly [南方周末], July 18, 2008, <http://news.qq.com/a/20080717/000866.htm>.

of local government. As one blogger nicknamed Xiao Bin put it, "Yang did what we dare not do."⁴

There is evidence that public support for Yang was bolstered by reports of police mistreatment – an experience many Chinese citizens emphasize with.⁵ Yet, Yang's high profile case was not an isolated case of collective contempt towards the state. Animosity towards local government in China is widespread and often violent and countless instances of both solitary and collective acts of aggression against the state are recorded on a daily basis. Typically, these acts are directed towards local public security and city management personnel, but almost always with a clear anti-government undertone. Some of this anger can be explained by China's rapid urbanization, which has forced together people of different backgrounds, dialects, and, increasingly, income status, into close proximity. However, many incidents occur in rural areas, far from urban centers, suggesting a more general and systemic enmity towards the state. Indeed, in the eyes of many Chinese citizens, local governments are not there to govern but to rule over them and profit, by crook or by hook.⁶ Scholars trying to explain the source of public opposition and weak legitimacy in local Chinese governance typically focus on an

⁴ See: Fan, Maureen (November 14, 2008). "Confessed Police Killer Lionized by Thousands in China". The Washington Post, Washington Post Foreign Service, www.washingtonpost.com/wp-dyn/content/article/2008/11/13/AR2008111304384.html

⁵ Two years prior to the incident, Yang sustained a concussion and lost three teeth when police beat him for cutting in line at a train station and arrested him for stealing a bicycle, which he had clearly rented, according to his lawyer Liu Xiaoyuan. In reaction to the killings, bloggers defended Yang's sacrifices, "Because of him, when we go to Shanghai and bike on the street, we don't have to fear policemen beating us." (see fn. 4)

⁶ The Chinese characters of governing and ruling (管) are the same, leading some to use a play on words which roughly translates into the statement that government in China is only interested in ruling the people but not governing the country (管人不管事).

incentive structure defined by the ruling regime that prioritizes economic growth above all else.⁷ The negative consequences for legitimacy from this growth driven political culture are endemic.

Despite this acrimonious relationship between the Chinese state and society, public approval for the Chinese leadership is higher than in many Western democracies.⁸ To understand how this can be the case, it is necessary to abandon a unitary conception of the Chinese state and think in terms of layers. The uppermost layer, inhabited by the Party leadership, claims credit for three decades of uninterrupted growth that have seen hundreds of millions escape the pull of poverty and enter into middle-income status. It is this layer that is recognized internationally for China's gleaming skylines, its unmatched high-speed rail, and its soaring global profile. Yet, for most Chinese, the further down the layers you go, the closer you get to a rotten base. Paradoxically, this rotten base helps the top layer shine, by allowing the CCP leadership and central government blame governance failures, from environmental disasters to food scares and health outbreaks, on local incompetence. The powerful central leadership intervenes in crises to show that it has the people's interests at heart and is capable of protecting citizens from their ruthless local administrators. At the end of the day, however, it is local governments that govern China, it is local governments that implement national policies and initiatives, and increasingly it will be local governments that collect revenue from Chinese taxpayers.

⁷ K. J. O'Brien, "Rightful Resistance," *World Politics*, 49 (2011), 31–55.

⁸ B. Gilley, "The Meaning and Measure of State Legitimacy: Results for 72 Countries," *European Journal of Political Research*, 45 (2006), 499–525.

Realizing that widespread disaffection towards local governments could undercut support for CCP rule as a whole, the regime has experimented with a range of reforms aimed at bolstering public support toward local governments, including responding to grievances and fostering a more inclusive governance system, most notably through consultation. Whether these reforms have contributed to more effective policy and greater political legitimacy is very unclear. Existing literature on participatory decision-making, for example, is torn between those who see it as an all-purpose solution,⁹ and those who dismiss it as just another form of authoritarian “window-dressing.”¹⁰

In this dissertation, I demonstrate that policy consultation is not mere window dressing but has measurable effects on policy outcomes and public views of political legitimacy. I provide a theoretical rationale for how participation under autocracy can contribute to better governance and by providing empirical verification of these claims. Specifically, I make two theoretical points. First, I argue that consultation informs the policymaking process by revealing information on potential shortcomings and implementation challenges by giving anyone, including critics, a way to voice their concerns over policy initiatives. In Chapter 5, I provide evidence for this claim by demonstrating that policies drafted through online consultation are less prone to revision and repeal than policies made in private. Second, I argue that participatory decision-making has the potential to boost policy legitimacy but that the effect is proximate and

⁹ He et al., “Authoritarian Deliberation: The Deliberative Turn in Chinese Political Development”; Pan, “Toward a Consultative Rule of Law Regime in China”; Tsang, “Consultative Leninism: China’s New Political Framework.”

¹⁰ Wang, “Public Participation and Its Limits: An Observation and Evaluation on Public Hearings as Experimented in China’s Administrative Process.”

does not extend to regime legitimacy. Findings provided in Chapter 5 can be interpreted as support for this second argument, insofar as more successful policies are probably more legitimate as well. However, because the anticipated effects of information and legitimacy on policy outcomes are observationally equivalent, measuring the independent contributions of legitimacy requires looking beyond policy outcomes and focusing directly on public participants.

Studying legitimacy at the participant-level introduces several measurement challenges of its own. Depending on the type of consultation activity in question, participants have likely either self-selected into the process or were deliberately selected by activity organizers. Either scenario would result in selection bias.¹¹ Another measurement challenge concerns attribution on the dependent variable.¹² For example, if participation involves a national policy, should we expect participants to feel any differently about their local government? Similarly, if citizens participate in a local policy debate, should we expect any change in their perceptions of the central leadership? Previous research ignores this distinction between levels, relying instead on less precise concepts, like “trust in government.” Yet, if citizens already hold dramatically divergent views towards local and central government, as they do in China, it is highly unlikely that the legitimizing effects of participation are uniform.

¹¹ J. J. Heckman, “Sample Selection Bias as a Specification Error,” *Econometrica*, 47 (1979), 153–61; D. Collier and J. Mahoney, “Insights and Pitfalls: Selection Bias in Qualitative Research,” *World Politics*, 49 (2011), 56–91.

¹² T. J. Rudolph, “Institutional Context and the Assignment of Political Responsibility,” *The Journal of Politics*, 65 (2003), 190–215; N. Malhotra and A. G. Kuo, “Attributing Blame: The Public’s Response to Hurricane Katrina,” *The Journal of Politics*, 70 (2008), 120–135.

I address these challenges by taking advantage of a public participation experiment in eastern China where local citizens were randomly selected to participate in annual budget deliberations. By surveying randomly selected participants and non-participants, I am able to measure the effects of consultation on public approval, with respect to both local and central government. Results provide strong evidence that consultation is effective at bolstering approval for local-level government policymaking, but has little, or possibly even negative, effects on approval for the central leadership.

The rest of this chapter is divided into four additional sections. Section I elaborates on the sources of authoritarian legitimacy, with a special focus on performance legitimacy and hierarchical legitimacy in China. Section II summarizes the relationship between input institutions and legitimacy, with a focus on consultation. Section III introduces participatory budgeting in the case study location. Section IV outlines the empirical strategy and describes the survey instrument. Section V reports the main findings. Section VI is devoted to issues of generalizability and the broader implications for consultative autocracy.

6.1 Authoritarian Legitimacy

Even the most tyrannical of authoritarian regimes depends to some degree on popular legitimacy to stay in power. Some rely on the personal charisma of preeminent leaders, others on elaborate ideologies that justify a monopoly of power. What is common to most forms of legitimacy, however, is that they erode with time;

revolutionary memories get dimmer with each new generation and ideologies reveal their shortcomings with each new challenge.¹³ Personalistic dictatorships may try to circumvent the inevitable passage of strongmen by transferring power to their offspring. Yet, this dynastic approach is getting harder, as only the most isolated of regimes like North Korea, appear to have succeeded.¹⁴ For many ideologically motivated regimes, the end of the Cold War necessitated a reworking of their claim to power. In response, some adopted quasi-democratic institutions—limited elections and multi-party legislatures—as a way of legitimizing their grip on power. While there is some evidence that these moves helped stabilize regimes, a good number fell victim to their own reforms and transitioned to democracy.¹⁵

Leaders in China have largely bucked these trends by always holding institutional reform at arms length. As argued in Chapter 3, electoral competition and legislative debate in China is more scripted and constrained today than during the 1980s or 1990s. In particular, party control over legislative organs was strengthened in 2002, and a moratorium on local elections above the village level was decreed in 2006.¹⁶

Some analysts believe the Chinese regime relies in large part to its ability to generate and sustain high levels of economic growth for public approval and

¹³ The one exception is perhaps “traditional legitimacy” which should get stronger over time. See: M. Weber, “Democratizing the Neighbourhood? New Private Housing and Home-Owner Self-Organization in Urban China,” *Berkeley Publications in Society and Institutions*, 4 (1958), 1–11. I thank Philip Roeder for point this out.

¹⁴ Similar attempts in Syria and Egypt are credited for having contributed to their respective revolutions.

¹⁵ Hinnebusch, “Syria: From ‘authoritarian Upgrading’ to Revolution?”; A. Karatnycky, “Ukraine’s Orange Revolution” (2005); Schuler, Gueorguiev, and Cantu, “Risk and Reward: The Differential Impact of Authoritarian Elections on Regime Decay and Breakdown.”

¹⁶ See chapter 3. The 2006 moratorium on elections actually comes after several less formal moves against local elections beginning as early as 2001.

legitimacy.¹⁷ Bruce Gilley's 2006 Legitimacy Index, for example, puts China at number 13, ahead of several liberal democracies, including the UK and Australia!¹⁸ Some may question the veracity of public perceptions of legitimacy, especially under autocracy.¹⁹ Indeed, Gilley's index relies heavily on the World Values Survey, many questions of which are highly susceptible to social desirability bias – a bias closely affiliated with preference falsification.²⁰ Measurement bias aside, however, it is hard to ignore that the CCP has presided over three decades of relatively uninterrupted growth and hundreds of millions out of poverty. The CCP has also successfully navigated a number of major domestic and international economic crises, including the Asian Financial Crisis during the 1990s and more recently the 2008 Global Financial Crisis, which brought down its neighbors and Western superpowers. Given such effectiveness in performance, it is not hard to see why the majority of Chinese are optimistic about future economic expansion under CCP rule.²¹

Relying solely on performance for legitimacy, however, is risky. Even when growth is high, public and, in particular, investor concerns about future growth and stability can easily spark a premature slow-down.²² China's economy has many such

¹⁷ B. Guo, "Political Legitimacy and China's Transition," *Journal of Chinese Political Science*, 8 (2003), 1–25; Y. Zhu, "'Performance Legitimacy' and China's Political Adaptation Strategy," *Journal of Chinese Political Science* (2011).

¹⁸ Gilley, "The Meaning and Measure of State Legitimacy: Results for 72 Countries." p. 512

¹⁹ Kuran, *Private Truths, Public Lies: The Social Consequences of Preference Falsification*.

²⁰ M. F. King and G. C. Bruner, "Social Desirability Bias: A Neglected Aspect of Validity Testing," *Psychology and Marketing*, 17 (2000), 79–103.

²¹ M. Whyte, *Myth of the Social Volcano: Perceptions of Inequality and Distributive Injustice in Contemporary China* (Stanford University Press, 2010), 250. p. 62

²² For example, some argue that the Asian Financial Crisis was brought in large part by financial panic. See: S. Radelet and J. Sachs, "The Onset of the East Asian Financial Crisis" (1998).

sources of concern, including a rapidly aging population,²³ an increasingly expensive workforce,²⁴ and a losing battle between industrial expansion and an environment saturated with pollution.²⁵ Although it is too early to speculate on how China's leaders will fare in their efforts to meet these challenges, it seems that continued successful performance is far from assured. More generally, however, performance and effectiveness only satisfies the instrumental dimensions of legitimacy, which is necessary but not sufficient for maintaining the belief that the current political system is not only effective but also more appropriate than any other alternative.²⁶ As Seymour Lipset points out, "Important segments of the German Army, civil service, and aristocratic class rejected the Weimar Republic not because it was ineffective but because its symbolism and basic values negated their own."²⁷

A less obvious danger arises from the way performance is measured and rewarded. In a democracy, performance is assessed indirectly, through popular elections that deliver fewer votes to poorly performing politicians. With elections, performance can include as many dimensions as are salient among the public at any given point in time. In the absence of elections, the performance of politicians must be evaluated in a much more direct and narrow top-down assessment. China's cadre responsibility and

²³ R. S. England, *Aging China: The Demographic Challenge to China's Economic Prospects* (Greenwood Publishing Group, 2005), 137.

²⁴ X. Zhang, J. Yang, and S. Wang, "China Has Reached the Lewis Turning Point," *China Economic Review*, 22 (2011), 542–554.

²⁵ E. C. Economy, "The Great Leap Backward? The Costs of China's Environmental Crisis," *Foreign Affairs*, 86 (2007), 38–59.

²⁶ S. M. Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review*, 53 (1959), 69–105.

²⁷ Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy." pp. 87.

evaluation system provides an excellent example. Local cadre in China sign contract-like agreements to meet pre-determined targets and are subsequently rewarded depending on their performance in meeting these targets relative to their peers.²⁸ By defining primarily economic targets, the regime incentivizes competition among cadre – the sum of which contributes to economic growth and presumably legitimacy for the regime.

Top-down performance evaluation has several drawbacks. For example, incentives on economic targets, for example, can also be interpreted as disincentives on other policy goals. In China, for example, selective effort is blamed for a wide range of governance problems, including the chronic under-provision of public services that lack immediate economic gains.²⁹ Another drawback to the top-down approach is that it undermines bottom-up accountability and may inadvertently encourage cadres to satisfy superiors by imposing costs on local populations.³⁰ Local officials in China, for example, are frequently accused of meeting investment targets by attracting polluting investors through lax environmental enforcement.³¹ Finally, it is important to remember that performance legitimacy accrues at the regime level but policies and actions that contribute to performance are implemented at the local level. This division of credit and

²⁸ S. H. Whiting, “The Cadre Evaluation System at the Grass Roots: The Paradox of Party Rule,” *Holding China Together: Diversity and National Integration in the Post-Deng Era* (2004), 101–120.

²⁹ K. J. O’Brien and L. Li, “Selective Policy Implementation in Rural China,” *The Journal of Comparative Politics*, 31 (1999), 167–186.

³⁰ T. P. Bernstein, X. Lü, and X. Lu, “Taxation without Representation: Peasants, the Central and the Local States in Reform China,” *The China Quarterly*, 163 (2000), 742; Whiting, “The Cadre Evaluation System at the Grass Roots: The Paradox of Party Rule.”

³¹ J. He, “Pollution Haven Hypothesis and Environmental Impacts of Foreign Direct Investment: The Case of Industrial Emission of Sulfur Dioxide (SO₂) in Chinese Provinces,” *Ecological Economics*, 60 (2006), 228–245; D. Wheeler, *Racing to the Bottom: Foreign Investment and Air Pollution in Developing Countries* (The World Bank, 2001).

action contributes to a lopsided perception of legitimacy, wherein the central leaders are revered as economic planners while local government officials are reviled as crooks, a phenomenon referred to in the China literature as “hierarchical legitimacy.”³²

The hierarchical legitimacy problem is well documented in survey research.³³ Opinion polls, for example, consistently show that anywhere between 70 and 95 percent of the population “approve” or “strongly approve” of the central leadership. In contrast, support for local government is considerably lower and appears to be decreasing. In Guangdong, arguably one of China’s better-governed provinces, less than 25 percent of residents are “satisfied” or “relatively satisfied” with their local government.³⁴ Similarly, two waves of the nationally representative Asian Barometer Survey show that trust in local government declined from fifty percent in 2002 to twenty-one percent in 2008 (see figure 6.1). Despite the unambiguous divergence, the implications of hierarchically stratified legitimacy for broader regime legitimacy remain unclear. On the one hand, hierarchical legitimacy might not be a bad thing. Discontent with local government, for example, gives the central leadership a readymade scapegoat for systemic governance failures. Similarly, corruption and abuse at the local level could in theory augment the center’s legitimacy if it is seen as a guard against wayward local officials. These potential benefits, however, are offset by the fact that mistrust and discontent towards

³² Chu, “Sources of Regime Legitimacy and the Debate over the Chinese Model.”

³³ Chu, “Sources of Regime Legitimacy and the Debate over the Chinese Model”; T. Saich, “The Quality of Governance in China: The Citizen’s View” (John F. Kennedy School of Government, Harvard University., 2012); T. Saich, “Citizens’ Perceptions of Governance in Rural and Urban China,” *Journal of Chinese Political Science*, 12 (2007), 1–28.

³⁴ (Guangzhou Public Opinion Research Center, 2012)

local government undermines the regime’s ability to pursue policy objectives, which, at the end of the day, are implemented and enforced at local levels. Tony Saich points out, “in China, local governments provide almost all public services and the fact that satisfaction levels decline as one gets closer to the people is a worrying sign.”³⁵

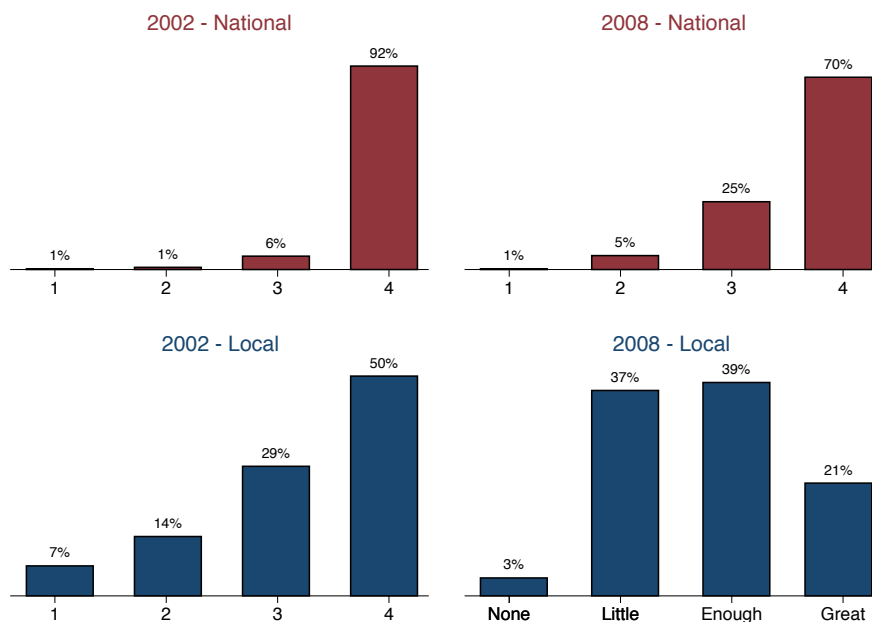


Figure 6-1: Trust in Government Institutions

Notes: Data compiled from question number 126, contained in 2002 and 2008 waves of the Asian Barometer Survey.

Unwilling to address governance problems by strengthening institutions for bottom-up accountability, the regime has instead focused on alternative means for dealing with governance failures. China scholars, for example, argue that the CCP maintains multiple mediums through which citizens can express grievances and concerns directly to

³⁵ Jakarta Post in 2011

the state and the Party. Andrew Nathan refers to these mediums as “input institutions,” defined as “institutions that people can use to apprise the state of their concerns.”³⁶ According to Nathan, these institutions “allow Chinese to believe that they have some influence on policy decisions” and “that the regime is lawful and should be obeyed.” These mediums can be divided in two categories.

The first category includes a number of responsive input institutions that highlight the regime’s capacity to identify and respond to governance failures by collecting information on popular grievances. The most well known of these institutions is China’s petition (or, *Xinfang*) system, which allows Chinese citizens to petition any functional department at any level of government, the highest one being the national Xinfang office in Beijing.³⁷ In addition to petitions, some argue that the regime relies on local demonstrations to identify the most salient sources of social tension.³⁸ In the same vein, scholars looking at censorship argue that the regime tolerates, perhaps even encourages, online criticism as a gauge of public opinion.³⁹ Unfortunately, information derived from grievances reveals existing problems, allowing the regime to react but not necessarily preempt future ones. The responsiveness literature also ignores local government’s

³⁶ Nathan, “China’s Changing of the Guard Authoritarian Resilience.” p.13

³⁷ Dimitrov, *Internal Government Assessments of the Quality of Governance in China*; L. M. Luehrmann, “Facing Citizen Complaints in China, 1951-1996,” *Asian Survey*, 43 (2003), 845–866; C. F. Minzner, “Xinfang: An Alternative to Formal Chinese Legal Institutions,” *Stanford Journal of International Law*, 42 (2006).

³⁸ Lorentzen, “Regularizing Rioting: Permitting Public Protest in an Authoritarian Regime.”

³⁹ G. King, J. Pan, and M. E. Roberts, “How Censorship in China Allows Government Criticism but Silences Collective Expression,” *American Political Science Review*, 107 (2013), 326–343.

interest in preventing local grievances from attracting the center's attention, which should make a grievance-response strategy highly susceptible to error and manipulation.

The second category incorporates both formal and informal institutions for public participation in the policymaking process.⁴⁰ The most noticeable of these institutions are the People's Congresses and the Chinese People's Consultative Conference, described in Chapter 4. Mass organizations, civil-society, and NGOs (also described in Chapter 4) all fall into this category,⁴¹ as do procedural provisions for public participation in the policymaking process. There is a modest but rich literature on Chinese legislative institutions, which expressed high optimism in the 1980s and 1990s, but which has leveled off more recently.⁴² Developments with civil society and social organizations in china have also received a considerable amount of attention.⁴³

The literature on public participation is arguably the least developed or consistent.⁴⁴ At one end, some describe public participation as an all-purpose solution for

⁴⁰ Tsang, "Consultative Leninism: China's New Political Framework"; Pan, "Toward a Consultative Rule of Law Regime in China."

⁴¹ E. J. Perry, "The Illiberal Challenge of Authoritarian China", 8 (2012), 3–15; Mertha, *China's Water Warriors: Citizen Action and Policy Change*; G. Yang, "Environmental NGOs and Institutional Dynamics in China", 2 (2005), 113–130; T. Saich, "Negotiating the State: The Development of Social Organizations in China," *The China Quarterly*, 161 (2009), 124; B. L. Reed, "Democratizing the Neighbourhood? New Private Housing and Home-Owner Self-Organization in Urban China," *China Journal* (2003), 31–59.

⁴² Cho, "The Politics of Lawmaking in Chinese Local People's Congresses"; M. Xia, *The People's Congresses and Governance in China: Toward a Network Mode of Governance* (Routledge, 2007), 320; O'Brien, *Reform Without Liberalization: China's National People's Congress and the Politics of Institutional Change*.

⁴³ Saich, "Negotiating the State: The Development of Social Organizations in China"; E. Michelson and S. Liu, "What Do Chinese Lawyers Want? Political Values and Legal Practice" (2010), 310–333; Unger and Chan, "China, Corporatism, and the East Asian Model."

⁴⁴ For some of the best work on public participation in China see: He et al., "Authoritarian Deliberation: The Deliberative Turn in Chinese Political Development"; Horsley, "Public Participation in the People's Republic: Developing a More Participatory Governance Model in China."

China's governance problems.⁴⁵ At the other, public participation is dismissed as just another form of "authoritarian window-dressing."⁴⁶ One of the core drawbacks of the public participation literature, as highlighted in chapter 2, is that it conflates the democratic qualities of participation with the procedural features of consultation. As outlined in chapter 2, there is actually very little "participation" going on in China, insofar as members of the public have neither explicit nor implicit institutional vetoes in the policymaking process. This, however, does not mean that citizens in China are not consulted. As such, if one were to focus on the democratic dimension of participation, they would be greatly disappointed. If one looks instead towards consultative advances across China, progress is visible. Yet, if policy consultation does not empower the citizen in any way other than voice, how much of an effect can it have on policy outcomes?

6.2 *Consultative Decision-Making*

My work on consultation is clearly situated within the inclusive authoritarianism fold of the literature and my contributions lie in refining the mechanisms through which consultation contributes to more effective and legitimate policies. Specifically I argue that, unlike grievance response, consultation occurs before any policy actions are taken, allowing policymakers to respond as well as preempt potential policy challenges. This

⁴⁵ Tsang, "Consultative Leninism: China's New Political Framework"; Pan, "Toward a Consultative Rule of Law Regime in China."

⁴⁶ K. J. O'Brien, "Local People's Congresses and Governing China: Book Review (Local People's Congresses in China: Development and Transition by Young Nam Cho; The People's Congresses and Governance in China: Toward a Network Mode of Governance by Ming Xia)," *The China Journal*, 61 (2009), 131–141; Wang, "Public Participation and Its Limits: An Observation and Evaluation on Public Hearings as Experimented in China's Administrative Process."

should contribute to more effective and less contentious policymaking. In the previous chapter, I demonstrate this logic by showing that policies formulated with public consultation outlast those made in private. In this chapter, I focus my investigation on the legitimizing effects of consultation. Specifically, I am interested in whether consultation bolsters policy legitimacy, irrespective of policy content. In order to isolate the independent effect of consultation on legitimacy, I move beyond policy outcomes and focus directly on public participants.

Studying legitimacy at the participant-level, however, introduces several measurement obstacles of its own. Depending on the type of consultation examined, there is a good chance that participants either self-selected into the process or were deliberately selected by activity organizers. Either scenario would result in a biased estimate. Another challenge concerns attribution on the dependent variable. For example, if consultation involves a national policy, should we expect participants to feel any differently about their local government? Similarly, if citizens participate in a local policy debate, should we expect any change in their perceptions of the central leadership? Previous research ignores the distinction between levels, relying instead on generalized concepts, like “trust in government” or “political legitimacy.” Yet, if citizens already hold dramatically divergent feelings towards local and central government, as is the case in China, it is highly unlikely that the legitimizing effects of participation are uniform.

I address these challenges by taking advantage of a public participation experiment in China’s coastal Zhejiang province in which local citizens are randomly selected to participate in annual participatory budgeting deliberations.

6.3 Participatory Budgeting

Participatory budgeting first developed in Brazil during the late 1980s, at a time when the country was transitioning from military dictatorship to civilian democracy, mainly as an attempt by a new left-wing Worker's Party to mobilize poor voters.⁴⁷ Since the first participatory budgeting event held in Porto Alegre Brazil in 1988 through 2010 over one thousand cities across Latin America had adopted annual participatory budgeting meetings.⁴⁸ Beginning with the initial Porto Alegre meetings, participatory budgeting throughout Latin America has retained a redistributive tone, usually taking place in poor neighborhoods and attracting a mix of young, poor, and predominantly female participants.⁴⁹ In contrast, participatory budgeting in Europe, having proliferated during the 2008 financial crisis, has served mainly as a mechanism for prioritizing spending preferences amidst tightening local budget constraints, not redistribution.⁵⁰

Participatory budgeting in China bears some similarities to the European case; insofar as deliberations are confined to prioritizing items from within predetermined spending schedules. This approach leaves agenda setting power firmly in the local government's hands but it would be an overstatement to say that this design is deliberate. The truth is that, local governments in China, as a result of aggressive fiscal centralization efforts, enjoy limited fiscal discretion. In 1994, the central government

⁴⁷ G. Baiocchi, *Militants and Citizens: The Politics of Participatory Democracy in Porto Alegre* (Stanford University Press, 2005), 224.

⁴⁸ B. Wampler, *Participatory Budgeting in Brazil: Contestation, Cooperation, and Accountability* (Penn State Press, 2007), 312.

⁴⁹ A. Marquetti, C. E. Schonewald da Silva, and A. Campbell, "Participatory Economic Democracy in Action: Participatory Budgeting in Porto Alegre, 1989-2004," *Review of Radical Political Economics*, 44 (2011), 62-81; World Bank, *Annexes. Vol. 2 of Brazil - Toward a More Inclusive and Effective Participatory Budget in Porto Alegre.*, 2008, 1-106.

⁵⁰ Y. Sintomer, C. Herzberg, and G. Allegretti, "Learning from the South: Participatory Budgeting Worldwide-an Initiation to Global Cooperation: Study" (2010).

recentralized most forms of tax collection, causing local revenue to dip from 78 percent to 44 percent (see Figure 6.2).⁵¹ By 2006, the central government had eliminated a number of subsidies intended for local governments alongside all local agricultural taxes and levies.⁵² The State Procurement Law, passed in 2002, along with a new classification system for extra-budget items adopted in 2005, placed further constraints on how local governments could organize their finances.⁵³ As a result, local budgets are determined not so much by local conditions but by administrative quota, leaving only a small portion of discretionary spending to local governments. It is this portion of the budget, devoted primarily to new construction and public works projects, which has been opened up to public discussion in some parts of China.

⁵¹ Y. Huang, "Central-Local Relations in China During the Reform Era : The Economic and Institutional Dimensions," *World Development*, 24 (1996), 655–672.

⁵² K. Tsui, "Local Tax System, Intergovernmental Transfers and China's Local Fiscal Disparities," *Journal of Comparative Economics*, 33 (2005), 173–196; J. J. Kennedy, "From the Tax-for-Fee Reform to the Abolition of Agricultural Taxes: The Impact on Township Governments in North-West China," *The China Quarterly*, 189 (2007), 43.

⁵³ V. Shih, L. Q. Zhang, and M. Liu, *When the Autocrat Gives: Determinants of Fiscal Transfers in China*, 2010.

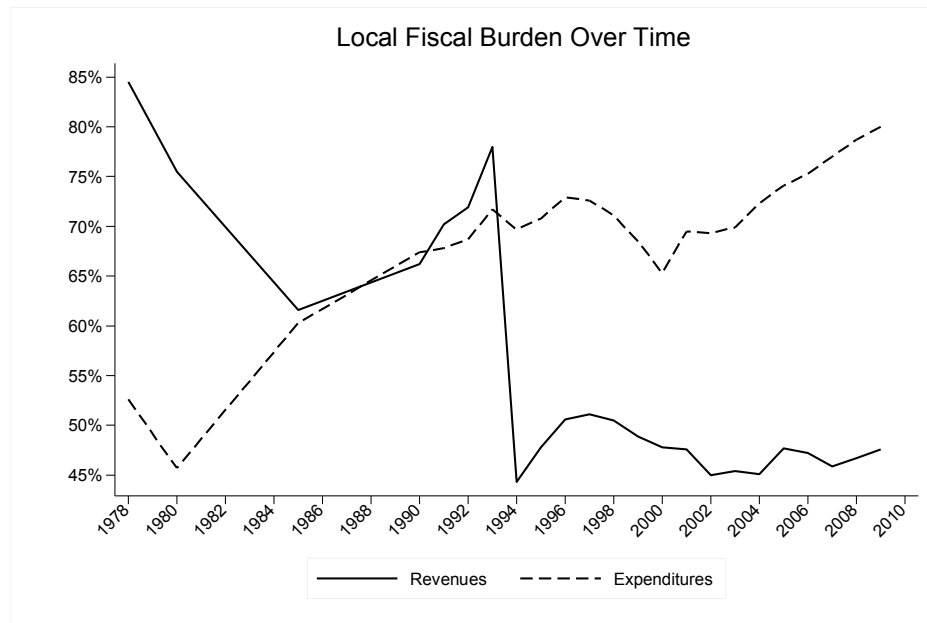


Figure 6-2: Fiscal Recentralization

Notes: Data compiled from the China Statistical Yearbook (various years).

Initial Chinese moves towards participatory budgeting can be traced back to some small-scale experiments in several localities across Shanghai and Zhejiang.⁵⁴ These efforts were paralleled by moves in Guangdong province, specifically in Shenzhen and Guangzhou, which saw a number of local budgets published in local newspapers and eventually online. By far the largest participatory budgeting scheme is in Sichuan’s provincial capital, Chengdu, where, between 2009 and 2012, an estimated 40,000 spending items across 2,300 villages were deliberated through participatory budgeting

⁵⁴ These include Huinan Town and Mingsheng District in Shanghai and Wenzhou in Zhejiang. See B. He, “Civic Engagement Through Participatory Budgeting In China : Three Different Logics At Work”, 133 (2011), 122–133.

sessions.⁵⁵ Many of these events occur informally and without record, making it all but impossible to calculate the true number of participatory budgeting exercises that have occurred across China. It is also very difficult to adjudicate quality across cases. One proxy for the quality of the participatory exercise is the level of transparency, in particular the publishing of budgets. In the case of Notice and Comment, for example, publishing draft legislation and regulatory measures were crucial for the consultative process. The same is true in the case of budgeting, especially if it is unclear who is participating in deliberations. On this dimension, only a handful of localities are known to have published their budgets, most are in Guangdong and Zhejiang Provinces. Wenling County in Zhejiang is particularly notable because it has been publishing its budgets regularly since 2006 and integrated this transparency with deliberations such as the one in Zeguo, which is the subject of this Chapter. Finally, only in Zeguo is participant selection randomly assigned, a crucial advantage for studying the effects of inclusion on participants.

6.4 Participatory Budgeting in Zeguo

Zeguo is a coastal town in Zhejiang Province, just east of the high-speed rail linking the main provincial cities of Hangzhou and Wenzhou. Residents of Zeguo are wealthier than the average rural Chinese citizen and are well known for their entrepreneurial spirit across a broad range of economic activities, from aquaculture to textiles and small engine manufacturing. As in most coastal regions, Zeguo residents

⁵⁵ Y. Cabannes and Z. Ming, “Participatory Budgeting at Scale and Bridging the Rural-Urban Divide in Chengdu,” *Environment and Urbanization*, 26 (2013), 257–275.

share their town with migrants who slightly outnumber them. Migrants, predominantly from neighboring towns and villages, are attracted by the thousands of small enterprises, dotted across Zeguo and surrounding townships, which make up Wenling County.

Much of Zeguo's economy is driven by light manufacturing some of which, in particular several battery plants, contribute to some of the worst freshwater pollution in the country.⁵⁶ Another common source of grievance involves land expropriation and development, which many residents associate with misuse and corruption by the local government. Since the early 2000s the local government has had trouble funding many public services, including environmental cleanup and healthcare and education. At the same time, local authorities spent large sums on administrative buildings and infrastructure. Some of this spending was related to the high-speed rail line, which passes through Wenling, with a stop just on the outskirts of Zeguo. But some local projects have drawn public ire over costs and use of collectively owned land.

Zeguo's central administration building, for example, towers above all others in the town, equipped with an elevated drive-thru entrance and an expansive but conspicuously underused parking lot. When the building was first proposed in 2008, locals demonstrated, accusing the government of trying to profit from the construction. Eventually, however, people made peace with the building, its parking lot, and the officials who sponsored its construction. The turnaround in opinion, according to the current mayor Liang Yunbo, had much to do with Zeguo's approach to budgeting. "The

⁵⁶ Around 97 percent of the freshwater in the area is unsafe for human consumption. Author's interview with Wenling People's Congress Standing Committee members in August 2012

building proposal was very unpopular to begin with, but through public hearings administrators and business representatives were able to convince villagers that the town would benefit from a central landmark to attract domestic and foreign investment.” Deliberations, according to Liang, were also crucial for reaching a compromise on compensation for the collective land absorbed in the construction as well as on a deal that opened the square surrounding the building for public use after working hours and holidays.⁵⁷

What explains Zeguo’s inclination for consultative policymaking? Zeguo’s experience is partly determined by its location in Zhejiang, long considered to be one of China’s most progressive provinces.⁵⁸ More importantly, however, Zeguo’s trajectory owes much to the efforts of several progressive officials in the Wenling government. In particular, Chen Yimin, a local theory officer in Wenling’s Propaganda Department organized the region’s first deliberative meeting in his hometown of Songmen in 1999.⁵⁹ This meeting was devised shortly after central leaders designated Wenling as testing

⁵⁷ Author’s interview with Liang Yunbo in August 2011.

⁵⁸ As early as 1987, part of Zhejiang were designated as “sustainable development experimental zones” (可持续发展实验区) and the province was tasked with “modernizing the rural economy” (农业农村现代化教育). In 1993, Zhejiang was H. Pengjin, “Development Through Freedom: Deciphering the Zhejiang Model ‘(’ Yi Ziyou Kandai Fazhan ‘:’ Zhejiang Moshi Jieshiyi Fansi ‘,’ 以自由看待发展 ‘:’ 浙江模式”的解读与反思),” *Zhejiang Provincial Party School*, 2002, <http://sdc.zjdx.cn/zjjs/Print.asp?ArticleID=1446>.

⁵⁹ The first meeting was dubbed the Rural Modernization Conference (农业农村现代化建设论坛, *nongye nongcun xiandaihua jianshi taolun*). The Wenling Municipal Committee voted to change the name to Democratic ‘Consultation’ (民主恳谈) which has since become a Wenling brand, so to speak. For background, see: Y. Mu and Y. Chen, *Democratic Consultation: Creation of the People of Wenling* (“*Minzhu Kentan: Wenling Ren de Chuangzao*”) (Beijing: Central Translation and Compilation Press, 1995), 306. pages 80-94

ground for advancing experimental development and good governance.⁶⁰ In particular, the Taizhou Propaganda Bureau issued directives to carry out education campaigns on modernizing the rural economy in Wenling. Most of Wenling's localities responded by holding poorly attended public hearings consisting mainly of people's congress representatives and handpicked residents. Mr. Chen was unimpressed and wanted to find a way to help Wenling stand out.⁶¹ In Songmen, Chen worked with village leaders and local media to publicize the event as an opportunity for residents to directly lob questions at government representatives. Over one hundred local residents responded to the invitation to discuss.⁶² Positive media coverage encouraged town authorities to hold three additional meetings that same year, with over 600 people attended altogether, offering 110 suggestions, 80 of which were responded to, with 20 leading to promises of action.⁶³ In 2001, the Wenling Party Committee officially endorsed the consultative model giving Mr. Chen credit for his efforts but also more latitude to push the model forward.⁶⁴

Recognized for his efforts, Mr. Chen began frequenting academic and professional conferences on good governance and public participation.⁶⁵ One of the lessons he took was the advantage of a narrowly themed program. Back in Wenling, the

⁶⁰ Wenling was designated as a provincial-level experimental development zone. http://wlnews.zjol.com.cn/wlrb/g_g/2012/9/wljs/2004.html. It was subsequently awarded national-level status in 2004.

⁶¹ Author's interview with Chen Yimin in August 2011.

⁶² Mu and Chen, *Democratic Consultation: Creation of the People of Wenling* ("Minzhu Kentan: Wenling Ren de Chuangzao"). Pages 80-94

⁶³ X. Wu, "Citizen Participation, Deliberative Democracy, and the Deconstruction of Rural Public Order(公民参与、协商民主与乡村公共秩序的重构)," *Ph.D. Dissertation* (Zhejiang University, 2008), 200. see page 50.

⁶⁴ Wu, "Citizen Participation, Deliberative Democracy, and the Deconstruction of Rural Public Order(公民参与、协商民主与乡村公共秩序的重构)." see pages 60-61.

⁶⁵ Wenling received the China innovations award in 1999. 中国地方政府创新奖

local People's Congress had formally recognized democratic consultation (民主恳谈, *minzhu kentan*) as a standard policymaking tool and designated the towns of Wenjiao, Songmen, Zeguo, and Xinhe as pilot sites for further innovation.⁶⁶ With this institutional backing, Chen was able to hold focused consultation meetings on public transport and road construction in 2004. Later that year, Mr. Chen attended a conference in Hangzhou on participatory budgeting, a theme he immediately wanted to bring to Wenling. Organizing a budget meeting would prove considerably more complicated, however, as budget items affected administrative bodies, all had to accept the same process. Here, Chen solicited the help of Wenling People's Congress Chairman Zhang Xueming. Formally tasked with approving government budgets, the People's Congress had the authority to examine budgets along with the capacity to coordinate multiple administrative departments. For Zhang, a committed promoter of legislative development, budget participation was a great way for the local delegates to get engaged with local governance.

With Chen and Zhang on board, the next step was to select a suitable location for holding the budget deliberations. As Mr. Chen recalls, Zeguo's Party Secretary, Jiang Zhaohua had recently expressed frustration with unending funding requests from both administrative organs and local grassroots social organizations. "Nobody believes us

⁶⁶ Y. Lin, "Democratic Consultation and the People's Congress" (民主恳谈与人大工作, *Minzhu Kentan Yu Renda Gongzuo*), "National People's Congress of the People's Republic of China, 2009, http://www.npc.gov.cn/npc/zt/qt/dfrd30year/2009-04/20/content_1498710.htm.

when we tell them: *we really don't have the resources.*"⁶⁷ The problem was that the town and the local economy were growing, but discretionary funds, for reasons described in the previous section, were actually decreasing. Secretary Jiang wanted to "empty out his pockets" so that everyone could see that there really was no money available. Chen and Zhang had the perfect way to do it: participatory budgeting.

Zeguo would not be the first locality to hold budget deliberations. Previous experiments had taken place, most notably in Shenzhen, but these deliberations were limited to members of the local people's congress. In Zeguo, Mr. Chen was determined to make deliberations open to the general public. This presented a serious challenge. If deliberations relied on self-selecting participants, there was a risk that some group might take advantage of the process. If the organizers recruited participants, it would tarnish the legitimacy of the process. To deal with this problem, Chen invited professors He Baogang, a Zhejiang native, and James Fishkin, a leading expert on deliberative polling, to help.⁶⁸ Their solution was to select a small random sample, a core feature of deliberative polling, of local residents to participate in the budget deliberations. The solution was attractive not only because it solved the representativeness problem, it also scored points for Zeguo's innovations as being 'scientific'.

⁶⁷ A local people's congress finance committee delegate corroborated:

⁶⁸ Deliberative polling involves taking a random, representative sample of citizens engaging in small-group deliberations on competing policy options. He and Fishkin had been presenters at the 2004 participatory budgeting conference in Hangzhou, which Chen attended.

The first Zeguo budget deliberations took place in March of 2005 involving: two hundred and seventy randomly selected residents⁶⁹, a panel of independent experts and academics, and representatives of the Zeguo government. At the start of deliberations, participants received an informational lecture on thirty different spending proposals with the knowledge that only ten could be implemented from within an allocated budget of 40 million RMB.⁷⁰ Following several rounds of big and small group deliberations, participants rank-ordered their preferences over the proposed projects and also stipulated whether or not they believed the amount of funding proposed by the government for each item was too little, too much, or just about right. Government officials were deliberately excluded from the small group discussions, which were moderated by local teachers.

The result was encouraging. He Baogang and James Fishkin's surveys showed dramatic improvements in the participants, understanding of the budgeting process and the spending constraints. The deliberations also provided useful information for the government. For example, evaluations suggested a strong public preference for spending on environmental protection and cleanup over other public works projects.⁷¹ In addition, government officials were said to have been particularly satisfied because the results apparently "gave them grounds for turning down several unpopular construction projects promoted by the county government."⁷² The LPC approved and published a revised budget plan shortly after the 2005 budget deliberation. That same year, similar

⁶⁹ According to H. W. French, "China's New Frontiers: Tests of Democracy and Dissent," *New York Times*, 2005. 257 participants attended, resulting in a response rate of about 95 percent.

⁷⁰ All 30 spending items totaled almost 137 million RMB.

⁷¹ Fishkin et al., "Deliberative Democracy in an Unlikely Place: Deliberative Polling in China."

⁷² Author's interview with Wenling LPC delegates and standing committee members (August 2012)

experiments took place in Zeguo's neighboring towns, most notably in Xinhe, where the local People's Congress held its own consultation sessions with government officials and the public.⁷³ Provincial leaders, notably Xi Jinping, who was provincial party secretary at the time, visited Wenling in 2005 and publicly endorsed the consultation model as an exemplar for 'building social harmony', highlighting Zeguo's efforts.

Budget deliberations in Zeguo have continued annually since 2005, and while the basic format has not changed, there are several notable modifications. First, whereas sampling in 2005 was based on household lists, successive iterations have relied on voter registration lists, the hope being that this would reduce gender disparity. Second, the 2005 sessions deliberately excluded government officials from the small group deliberations. Future iterations experimented with the inclusion of government representatives in some of the small groups. In the 2012 budget deliberations, two to three delegates from the Zeguo LPC participated in each small group. Yet, the most significant change has occurred with respect to the budgets themselves. In 2005 participants were provided with information on spending proposals, but the budget itself was not made public. As a result, the experiments failed to resonate with residents who had not participated, some of whom questioned why they were not provided the same information. In response, town officials began publishing draft and final budgets in 2008; they have continued to do so since.

⁷³ J. Fewsmith, "Exercising the Power of the Purse," *China Leadership Monitor* (2006).

Zeguo's approach to budget participation is unique but it is not alone. Wenling County contains eleven town-level jurisdictions, including Zeguo. Although Zeguo is the only one using randomized participant selection, more than half of its neighbors have public participation experiments of their own. Most notably, in Xinhe Town, adjacent to Zeguo, delegates from the LPC hold annual query sessions with the local government after which they have the option of amending budget proposals.⁷⁴ In many respects the Xinhe model has been easier to maintain and promote in other parts of China. Today, the Xinhe approach to budget participation has been replicated as far west as Sichuan's Baimiao County, which began holding LPC budget sessions in 2011, and even in the capital Beijing, where in 2013 delegates from Chaoyang District held their first budget participation session.⁷⁵ Popularity for the Xinhe over the Zeguo model is understandable. Running Zeguo's randomized deliberations is expensive, about 60,000rmb (\$10,000) per session, and although participants are highly representative, with limited experience, they can only cover so much ground. For example, whereas the 2005 deliberations discussed over thirty items, the 2012 deliberations were limited to ten budget items. Nevertheless, the experimental and randomized approach to participation in Zeguo offers a rare opportunity to study public participation under authoritarianism.

Before starting with the analysis, it is important to answer how participatory budgeting fits into the broader set of participatory decision-making institutions discussed throughout the dissertation. The fact of the matter is that there are many different formats

⁷⁴ J. Fewsmith, "Participatory Budgeting : Development and Limitations," *China Leadership Monitor*, 3 (2009), 1–14.

⁷⁵ F. Li et al., "How a Small Beijing Area Made Big Strides," *Caixin*, 2013.

for consultation, ranging from expert hearings to the online Notice and Comment campaigns explored in the previous chapter. Participatory budgeting most closely resembles the traditional public hearing, comprised of direct interaction between residents and local government. As pointed out in Chapters 4 and 5, the public hearing is one of the least efficient forms of consultation both in terms of logistics and resources but also with respect to the conditions necessary for generating information and legitimacy, as it is not an open-access process. Public hearings, for example, are often criticized as staged events filled with recruited participants and usually held too late in the policy formulation process to have any impact on it. Participatory budgeting in Zeguo, however, does satisfy the open-access condition, as any Zeguo resident has an almost equal probability of getting invited to participate.⁷⁶ Indeed, random selection of participants is so central to the legitimacy of the Zeguo deliberations that annual sampling, which involves pulling numbered Ping-Pong balls out of a bin, is done in public and with much fanfare.

Is participatory budgeting a unique case? In many respects it is. For one, budgeting is extremely complicated and, even in the Zeguo deliberations, involves only a handful of budget items. Expanding the process to higher levels only increases complexity, explaining why participatory budgeting, in China and elsewhere, remains a very localized form of consultation. Abstracting away from the budgeting theme and

⁷⁶ Ideally, participants would be selected using a computer generated random list. However, in the interest of making the randomization process credible in the eyes of the public, selection is made in public using a less technical but easily verifiable process. As a result mid-sized villages with just less than 1000 residents and those with just over 1000 residents are slightly under and over represented, respectively. See fn 56.

focusing instead on inclusion of public participants in state-led policymaking, however, suggests that participatory budgeting and the Notice and Comment consultation described in the previous chapter share important similarities. In particular, in both forms of consultation the primary treatment is the inclusion of citizens in the policy formulation process and both treatments are provided under the pre-condition that draft plans are open to revision. With these core conditions satisfied, it is possible to leverage the participatory budgeting process to test general hypotheses about the effects of public consultation on the policymaking process.

To summarize, the core hypotheses explored in this dissertation are that participatory decision-making generates both information and legitimacy for the policy making process. In Zeguo, for example, participatory budgeting provided the local government with information on public preferences over budget items they already have an interest in funding. Armed with this information, the local government was in a better position to achieve its own spending priorities while also appealing to public preferences. Moreover, by including public citizens in deliberations framed around fiscal constraints and spending priorities the government can dispel concerns about misuse and corruption and bolster the legitimacy of its broader spending agenda. In focusing on the public participants of this process, it is possible to test the latter of these hypotheses, i.e., that participation generates legitimacy. However, as argued in the previous section, even if participation does bolster legitimacy it is unclear to whom this legitimacy accrues. It could potentially resonate throughout the entire political regime, or it might be focused on the local government that is engaging in the participatory activity. Previous work has ignored this distinction, but it does so at the risk of overstating and or misrepresenting the

benefits and political motives for pursuing public participation under autocracy. Instead, I build this distinction directly into my hypotheses.

Hypotheses:

H₀ - Participatory budgeting has no effect on political legitimacy at any level

H₁ - Participatory budgeting contributes to political legitimacy

H₂ - Participatory budgeting contributes to political legitimacy for local government but not for the central leadership.

6.5 Survey and Sampling Strategy

Measuring the effects of public participation is often complicated by selection problems. Typically, surveyors will approach participants before and after a participation session and evaluate average differences between the two rounds. If participants are not selected randomly, which they almost never are, then any treatment effect would not be representative of the broader population. Even if the participants were selected randomly, as they are in the case of Zeguo, this strategy would introduce a pre-treatment effect into the measure. This is because part of the treatment effect from public consultation is in the invitation. In other words, a participant who shows up to the consultative forum might already have an altered impression of her government than someone who was never even invited. This is particularly true in the authoritarian setting, where citizens almost never get invited to anything remotely democratic.

Another common measurement strategy, used in most large-N household surveys, is to sample randomly and ask filter questions about consultation. This could have been a viable strategy in the Zeguo case. Yet, because the participant pool is so small, the chances of actually arriving at the doorstep of a past participant at random is less than three tenths of one percent. With those odds, the costs of building a sample large enough

for meaningful statistical analysis would have been excessive. Instead, we relied on the randomization strategy provided by the government to sample treated participants and a modified random-walk strategy to sample non-participants.

The survey involved a treatment group consisting of all citizen participants in 2012 (156 in total) who had been selected through random lottery from each of Zeguo's 97 villages.⁷⁷ The lottery is based on a voter eligibility list, so it includes only Zeguo residents but no temporary or long-term migrant residents. The lottery selection is done in public by drawing 3-4 random digits for each village, which correspond to names on the voter list (villages with over 1000 residents had 4 numbers selected, while smaller villages only had 3 selected; the largest village, Muxi Village (牧西村) has 2818 residents). This practice has been replicated in much the same way since 2005, when professors He Baogang and James Fishkin set in motion the first randomized budget deliberation session.

Participants were surveyed after completion of all budget participation activities in a local middle school auditorium.⁷⁸ There were no government officials present during or after the survey period. All survey activities were conducted under the aegis of

⁷⁷ Lottery draws were intended to select 2 participants from each village. However, not all sampled residents were reached so the actual sample was smaller than the actual 194-person draw. Moreover, 14 individuals did not attend the participation session, leaving the effective number of citizen participants at 156. Those who failed to attend were contacted by telephone and surveyed as Intention-To-Treat participants. Twelve of those who failed to attend stated that they were not in Zeguo during the time of the deliberations, two reported being in Zeguo but unavailable to attend due to other pressing matters.

⁷⁸ Participants from previous rounds of budget deliberations, in 2010 and 2011, were also surveyed by telephone. Response rate for this group was unfortunately very low, less than 15 percent. These telephone responses are reported but not included in the main analysis. Records on all previous participants are available from the author upon request.

Zhejiang University's School of Public Administration, which acted as research affiliate and coordinator for the survey. Surveys took less than ten minutes to complete and were administered by a cohort of thirty trained enumerators, ensuring that all respondents were surveyed within the span of about one hour. Every measure was taken to reassure participants that no responses would be shared with any government body, local or not, and no personal information was collected from the respondents. Respondents had the option of declining the survey or any question in the questionnaire. Despite efforts to survey all respondents in an efficient manner, several respondents declined and left before being surveyed. A total of 134 participants completed the surveys, contributing to a response rate of about 86 percent.

A control group, made up of 136 participants, was constructed based on a random cluster of 10 villages selected using a population proportion to size (PPS) sampling rule (see Figure 6.3). This choice was made based on feasibility, as visiting all 97 villages would have been cost prohibitive in terms of both time and logistics. The survey team included five trained enumerators of local dialect who were each responsible for two villages. Due to limited staff and resources, a decision was made not to utilize the same voter eligibility or household registration list to track down selected non-participants. Doing so would have required either hiring drivers familiar with each individual enclave, or requesting assistance from the local government and gathering selected non-participants to a survey location. The first option would have dramatically increased time and cost per respondent and drawn unnecessary attention to the survey, since the respondent would no longer be anonymous, leading to potentially biased responses. The second option, which is common among similar surveys, also sacrifices anonymity and

would have raised serious concern about control group contamination, since part of the treatment concerns citizen-to-government interaction.



Figure 6-3: Map of Sampled Villages

Notes: A control group, made up of 136 participants, was constructed based on a random cluster of 10 villages selected using a population proportion to size (PPS) sampling rule. Village distances from the Zeguo government administrative center are reported in parentheses.

Instead, control group participants were identified using a modified random walk design, which is well-suited for Zeguo's semi-urban geography. A common feature amongst most rural areas in China is the rectangular plots of land and boundaries that define village land. In most locations this land is classified as agricultural use only. In Zeguo, however, small apartments and shops occupy most of the land. This set-up is ideal for a random walk because residents are spread apart fairly evenly and very few buildings, outside of the town's center, are more than a single story. Taking advantage of

the spatial configuration of villages, enumerators were given an analogue wristwatch and instructions on how to organize their random walks based on the particular time their wristwatch displayed. Each enumerator was first taken to the center of each village, at which time they would consult their wristwatch. If the time showed 11:15, they would proceed in the direction of the 11 o'clock hand for 150 paces (10*min) and approach the nearest household. This modification to the basic random walk design⁷⁹ simplifies the sampling process for enumerators as well as their recording responsibilities.⁸⁰ Upon contact, enumerators would then use the birthday method (surveying adult with birthday nearest to the interview date) to select the respondent.⁸¹ Upon completion, the process would repeat with the respondent facing the household entrance and again consulting their wristwatch for a new route. Based on enumerator records, each survey interview lasted no more than ten minutes with an average of eight minutes walking and adjustment time between interviews.

All non-participant surveying activities were concluded during the same week as the budget participation forum, during which time there were no press releases containing information on the deliberation outcomes, which took about two weeks to be finalized. The only potential sources of information contamination were several local news reports about the forum's scheduling. To address these concerns all non-participant respondents

⁷⁹ A. G. Turner, *Sampling Strategies, ... on Designing of Household Sample Surveys ...* (Geneva, 2003), 2.6–2.8.

⁸⁰ Wristwatch times and birthdays were recorded for each interview and submitted at the end of each day.

⁸¹ This functions very much like a simplified Kish Table. See: R. W. Oldendick et al., "A Comparison of the Kish and Last Birthday Methods of Respondent Selection in Telephone Surveys," *Journal of Official Statistics*, 4 (1988), 307–318.

were asked about their knowledge of the budget participation. In total, 47 percent of non-participants reported having heard of the term ‘*yusuan kentan*’ (预算恳谈). This is not surprising, as Zeguo is local and international renowned for budget participation experimentation. Importantly, no one in the control group reported knowing about the deliberations having occurred that week. Nevertheless the high level of awareness suggests some potential contamination, but it should bias against a significant difference between the treated and control groups.

Table 6.1 presents basic descriptive statistics of the primary treatment and control groups. The control group survey produced a sample of respondents with age, income, and occupations profiles consisted with those of the local population. The treatment and control groups, however, were not balanced across gender or education levels. In both treatment and control groups, male respondents significantly outnumbered female respondents. Male participants comprised about seventy percent of the treatment group, and about sixty percent of the control group. After consulting with government officials, it was revealed that on the day of the forum, spouses were allowed to substitute for one another in the event that the original selectee was unable to attend. Similarly, non-response rates for female control group respondents were almost 20 percent higher than for males.⁸² Imbalance on the education variable is harder to explain. One speculative explanation may be that participants with higher education levels are more likely to be employed in areas outside Zeguo. Advance government invitations provided to selected

⁸² Enumerators that, on average 1 out 3 men declined to participate in the survey when approached while about 1 out 2 women declined.

participants, therefore, might explain why the treatment group had a higher mean education level. Disaggregating the education variable reveals that the higher mean education level in the treatment groups was caused by a larger number of college degree holders. Unfortunately, this might mean that some of the treated participants, due to their outside employment, are less interested in local government. To address such threats, I include robustness tests on the main findings using controls for gender and education as well as coarsened match comparison between the two groups.

Table 6-1: Balance Table

	T=134	C=135	T- sd	C-sd	p-val	t-stat
Age	44.4	47.1	10.832	14.967	0.100	-1.650
Gender	1.403	1.328	0.471	0.492	0.204	1.273
Education	3.471	3.059	1.481	1.246	0.013	-2.492
Occupation	2.504	2.687	1.987	2.150	0.486	0.698
Income	1.961	1.841	0.799	0.891	0.254	-1.144
Retrospect	2.171	2.233	0.893	0.777	0.557	0.588
Prospect	1.934	2.075	0.724	0.735	0.125	1.539

The survey was designed to be brief in order to avoid survey fatigue and increase response rates.⁸³ As part of the Oral Consent statement delivered prior to each survey, enumerators made it clear that the survey would not last for more than 8 minutes. With this limited amount of time, only essential questions were included in the survey. Questions of particular interest include those concerning satisfaction with government satisfaction and perceptions of government integrity. For both satisfaction and integrity,

⁸³ A copy of the survey can be found in the Appendix.

two versions of the question were included – one directed towards the local government and the other towards the central government.⁸⁴

Approval: “*Some people are not very satisfied with the local/central governments. Others are very satisfied. What about you?*”⁸⁵

Integrity: “*To what extent do local/central government officials utilize public resources for the benefit of the people and not themselves?*”⁸⁶

Several questions were also included in the survey to address interest in politics, electoral participation, and socio-economic outlook. While these questions are not central to the analysis, they provide additional color to the primary results and also offer additional opportunities for robustness tests. In particular, although every effort was taken to ensure consistency across treatment and control group surveying environments, there is always some risk of Social Desirability Bias among treated participants who feel pressure to respond or behave positively due to their knowledge of being included in the experiment.⁸⁷ If this were the case, for example, we should expect differences across most of the subjective variables. I address these questions after the primary analysis in the next section.

⁸⁴ Local and center versions of the question were randomly ordered so as to reduce compensation effects on the second version. Each of the outcome questions and the control questions was tested and vetted with alternatives during two focus group sessions, one involving students from Zhejiang University and another involving local residents from Zeguo. The wording and structure used in the final questionnaire was deemed to be the least sensitive and most unambiguous operationalization of the concepts we intended to measure.

⁸⁵ Higher values on the response variable represent greater satisfaction: 1=not very satisfied, 2=satisfied, 3=very satisfied. A fourth option, not listed here, allowed respondents to abstain from the question.

⁸⁶ Higher values on the response variable equal more integrity 1=almost never, 2=some of the time, 3=almost all the time. A fourth option, not listed here, allowed respondents to abstain from the question.

⁸⁷ E. E. Maccoby and N. Maccoby, “The Interview: A Tool of Social Science,” *Handbook of Social Psychology*, 1954, 449–487.

6.6 Analysis

The most straightforward test for a randomized control trial (RCT) setup is a simple difference-in-means test. This approach focuses only on the distribution of the sample means along a single dependent variable across both treatment and control groups. Here, the null hypothesis is simply that the difference in the sample distributions is zero and any differences in the observed sample means are simply the results of random error. I run the difference in means test on each of the six dependent variables, each corresponding to one of the two hypotheses. Three of the dependent variables are associated with perceptions of local government (namely, integrity, and accountability), two with the central government (approval and integrity). Figure 6.5 summarizes the difference-in-means results, with blue plots representing items in which a significant treatment effect was observed; grey plots depict effects that were not significantly different from zero.

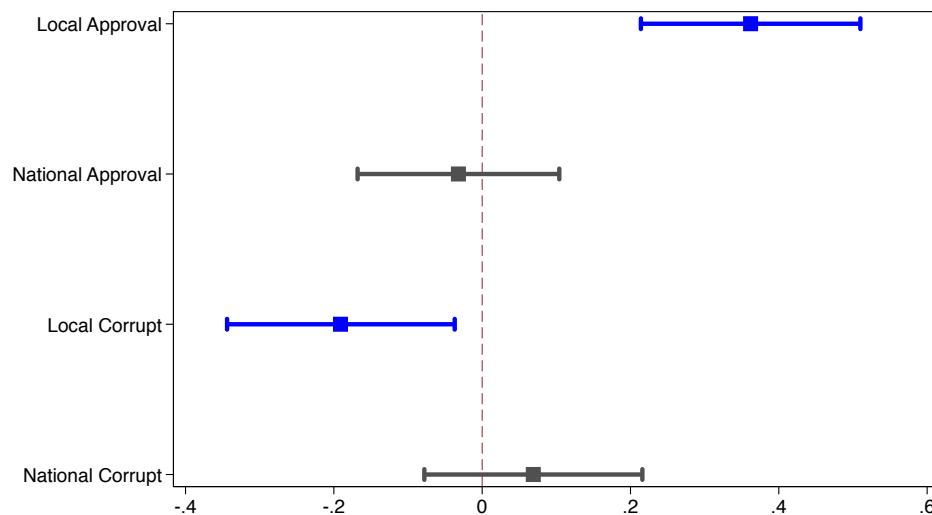


Figure 6-4: Difference-in-Means (Treatment Effect)

Notes: Estimates based on subtracting differences between treatment and control group estimates. Blue bars highlight statistically significant differences. Black bars report differences that are not statistically significant.

What is immediately apparent is that while each of the responses directed towards the local government exhibits a significant positive treatment effect, responses directed towards central authorities reveals negative but insignificant effects. This divergence provides strong support for H₂, suggesting that public consultation can bolster approval towards the local government, but that its effects should not be overestimated to encompass support for the central government.

There is a downside, however, to using the simple difference-in-means estimation. The descriptive ranking scale used in the survey, similar to a Likert, has a meaningful sequential order but does not strictly conform to the equal interval assumption necessary for simple means comparison and linear regression. An ordered logistic regression, which allows modeling each level of the response variable along a maximum likelihood curve, is preferable. The ordered logistic regression also makes it possible to control for imbalance on gender and education variables described earlier. Table 6.2 shows the results of this estimation. Models 1 and 3 estimate treatment effects on *approval* and *integrity* with respect to local government, while models 2 and 4 do the same with respect to the central government. Consistent with the results of the difference-in-means estimation, ordered logit estimation shows a significant treatment effect for approval and integrity but only with respect to local government (models 1 and 3). Models 6 and 7 provide additional robustness tests by including controls for gender and education levels. Models 8 and 9 provide additional robustness by truncating the

data into a balanced coarsened match, effectively dropping observations that are not balanced between the treatment and control groups.⁸⁸

Table 6-2: Budget Participation Effect

					<i>with controls</i>		<i>coarsened match</i>	
	(1) L. Approval	(2) C.Approval	(3) L. Integrity	(4) C. Integrity	(5) L. Approval	(6) C.Approval	(7) L. Approval	(8) C.Approval
Treatment	1.105*** (0.268)	-0.231 (0.285)	0.479* (0.247)	-0.211 (0.263)	2.088*** (0.775)	0.319 (0.733)	1.450*** (0.561)	-0.169 (0.609)
Education					0.00239 (0.151)	-0.343** (0.147)		
Treat*Educ					-0.286 (0.210)	-0.0708 (0.213)		
Female					-0.211 (0.357)	-0.486 (0.406)		
Treat*Female					0.192 (0.516)	-0.232 (0.581)		
cut1	-0.369** (0.174)	-2.345*** (0.250)	-2.198*** (0.280)	-3.048*** (0.327)	-0.460 (0.481)	-3.717*** (0.485)	-0.498 (0.334)	-4.146*** (1.047)
cut2	2.695*** (0.264)	1.292*** (0.199)	0.588*** (0.191)	-0.575*** (0.184)	2.668*** (0.546)	0.210 (0.432)	2.635*** (0.517)	1.127*** (0.394)
Observation	247	237	242	240	245	235	64	60
r2_p	0.0396	0.00178	0.00825	0.00166	0.0505	0.0503	0.0622	0.00105

Notes: Models 1 and 3 estimate treatment effects on satisfaction and integrity with respect to local government, while models 2 and 4 do the same with respect to the central government. Consistent with the results of the difference-in-means estimation, ordered logit estimation shows a significant treatment effect for approval and integrity but only with respect to local government (models 1 and 3). Models 6 and 7 provide additional robustness tests by including controls for gender and education levels. Models 8 and 9 provide additional robustness by truncating the data into a balanced coarsened match, effectively dropping observations that are not balanced between the treatment and control groups. Each model reports estimates from an ordered logit regression. Robust standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

The lack of positive spillover benefits for the central government calls into question generic claims that opening up the decision-making process to the public contributes to regime legitimacy. Citizens reward those decision-makers who include them in the decision-making process. When the Zeguo government invites residents to participate in the budget process, these residents are more satisfied with and less suspicious of the Zeguo government, not the central government. The same should be true about participation at the national level. When hundreds of thousands participate by

⁸⁸ M. Blackwell et al., “Cem : Coarsened Exact Matching in Stata” (2010).

giving comments on the national Labor Contract Law, they are unlikely to improve their evaluation of their local township government.

Level-specific attribution, as it might be called, may explain why progress on public consultation in China has not been uniform. At the central level, the National People's Congress and the State Council now utilizes online consultation on all laws and regulations they promulgate. At the local level, the use of consultative procedures is expanding but inconsistent. As outlined in Chapter 4, formal administrative rules on consultative policymaking exist in only two provinces, Hunan and Shandong, neither of which is particularly well known for its participatory tendencies, suggesting that the barriers for erecting such rules are not insurmountable and that if the central government wanted to, it could easily pressure other provinces to follow suit. At the same time, Zhejiang, the province at the center of participatory governance innovation, has effectively zero legal requirements for it, suggesting local motives, not a national strategy. As such, observing future uptake of consultative procedures by local Chinese governments will provide unequivocal evidence of its benefits.

6.7 Generalizability

The findings presented in this chapter concern one public participation exercise, in one town, in one corner of China. They should be interpreted with some measure of skepticism. Perhaps, public participation is only effective in relatively well-off coastal areas. Or, perhaps participants in impoverished inland regions, funded by central transfers, reward the central government for the opportunity to participate instead of the local government. Yet, similar public participation activities have taken place in poor and inland locations like Baimiao in Sichuan or in the outskirts of Changsha in Hunan.

The substantive effects on local budgets and general satisfaction with local government in these cases appear to be consistent with the positive responses recorded in Zhejiang.⁸⁹ Nor do we know whether the effects in budgeting experiments are consistent across other forms of consultation. Unfortunately, randomization has only occurred with respect to budget participation, preventing a precise out-of-sample test.

It is possible, however, to do a rough out-of-sample test of the Zeguo findings based on the most generalizable and ubiquitous form of political participation in China, namely, local elections. Indeed, the motivation for introducing local elections in the first place was much the same as that behind budget participation: boosting public approval and responding to criticisms over corruption and abuse.⁹⁰ Moreover, several studies on the effects of local elections suggest that they have succeeded in improving public goods provisions and strengthening local accountability.⁹¹ Because elections in China are strictly local affairs, they resemble the localized budget participation scenario described in Zeguo. If the Zeguo findings reveal a general dichotomy between central and local benefits, we should expect the effect of local elections on public satisfaction to benefit the local government but not the central government.

Citizen survey data from two waves of the Asian Barometer Survey (ABS) provides a useful resource for testing this proposition. In particular, the ABS is the only

⁸⁹ C. Ma, “Transparent Budget , Happy People,” *China Daily*, 2010.

⁹⁰ O’Brien and Li, “Accommodating ‘Democracy’ in a One-Party State: Introducing Village Elections in China”; B. T. Oka, “China Tries Its Hand at Direct Elections” (1980).

⁹¹ P. F. Landry, D. Davis, and S. Wang, “Elections in Rural China: Competition Without Parties,” *Comparative Political Studies*, 43 (2010), 763–790; M. Martinez-bravo et al., “The Effects of Democratization on Public Goods and Redistribution : Evidence from China *” (2012); R. Luo et al., “Elections , Fiscal Reform and Public Goods Provision in Rural China”, 35 (2007), 583–611.

large-scale household survey in China that differentiates between central and local governments. The ABS also includes a measure of electoral participation—voting in local elections—which can be leveraged to create a treatment and control group based on whether or not a respondent participated in local election. Note, however, that in this case there is no way to resolve the selection problem insofar as voters are self-selecting into the treatment group. This caveat aside, the relationship between electoral participation and legitimacy is surprisingly consistent with what was observed in the Zeguo example. Ordered logistic regression estimates in Table 6.3 suggest that participating in local elections is associated with higher levels of trust in local government, but with no positive effects for the central government. The models are robust to standard controls like age, education and income status.

Table 6-3: Trust and Participation

<i>DV: Institutional Trust</i>	2002				2008			
	(1) Local	(2) National	(3) Local	(4) National	(5) Local	(6) National	(7) Local	(8) National
Voted	0.576*** (0.135)	0.225 (0.265)	0.520*** (0.140)	0.0388 (0.281)	0.138** (0.0594)	0.103 (0.0694)	0.199*** (0.0681)	0.108 (0.0806)
Participate	0.274*** (0.0931)	-0.0964 (0.187)	0.275*** (0.0962)	-0.179 (0.198)	0.00707 (0.0539)	-0.225*** (0.0645)	0.0110 (0.0619)	-0.264*** (0.0745)
Female			0.0700 (0.104)	-0.356* (0.213)			0.100 (0.0654)	0.0102 (0.0786)
Education			-0.0493 (0.0306)	-0.118** (0.0597)			0.00294 (0.00189)	-0.000558 (0.00236)
Age			0.00413 (0.00438)	0.0308*** (0.0100)			0.0110*** (0.00221)	0.0134*** (0.00269)
Rural			-0.110 (0.125)	0.252 (0.259)			0.0991 (0.0923)	0.151 (0.111)
Econ Status			0.244*** (0.0603)	0.107 (0.126)			0.135*** (0.0198)	0.121*** (0.0231)
Low Income							-0.0129 (0.0464)	0.0267 (0.0554)
Province FE	No	No	No	No	No	No	Yes	Yes
Region FE	No	No	Yes	Yes	No	No	Yes	Yes
cut1	-1.006*** (0.337)	-6.413*** (0.955)	0.710 (0.992)	-4.488*** (1.633)	-3.307*** (0.175)	-6.454*** (0.354)	-1.766** (0.754)	-3.833*** (1.020)
cut2	0.285 (0.329)	-4.389*** (0.692)	2.005** (0.991)	-2.455 (1.500)	-0.265* (0.154)	-3.479*** (0.198)	1.572** (0.750)	-0.776 (0.971)
cut3	1.715*** (0.332)	-2.389*** (0.650)	3.457*** (0.995)	-0.451 (1.481)	1.518*** (0.156)	-1.421*** (0.186)	3.558*** (0.752)	1.471 (0.972)
Observations	1,449	1,470	1,408	1,429	4,011	3,978	3,504	3,501
pseudo R2	0.00818	0.00110	0.0170	0.0481	0.000584	0.00242	0.0464	0.0776

Notes: Models 1 and 3 estimate treatment effects on trust in local government institutions using data from the 2002 wave of the Asian Barometer Survey (ABS), while models 2 and 4 do the same with respect to national institutions. Models 5 and 6, replicate the previous models on data from the 2008 wave of the ABS survey. Each model reports estimates from an ordered logit regression. Robust standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

6.8 Understanding the mechanism

Why do citizens reward local governments that include them but give no credit to the central government for this opportunity? In many ways, the effects of participation cut against the grain of public opinion patterns in China, where the central government usually gets the credit for anything positive and local government the blame for everything else. The fact that public consultation appears to have reversed this tendency deserves further inquiry. While there are, in all likelihood, multiple mechanisms at work, it is important to consider that government approval is itself an individual perception. As such, the impact of consultation on government approval should result, to some degree, from how consultation influences and individual's governance preferences.

The Zeguo survey included a question that captures individual preferences on governance and therefore may help explain why consultation had a differential effect on approval with local but not central government. The question asked respondents to rank, in order, the governance quality they considered most important in their conceptualization of what a good government ought to look like. International organizations, the UN for example, conceptualize good governance along eight dimensions, namely, it is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law.”⁹² While comprehensive, this classification is difficult to operationalize in a field survey. Not only are some of the dimensions imprecise and open to interpretation, the sheer number of dimensions would present a challenge to most respondents, let alone rural residents with no democratic experience. Two focus group sessions, held prior to the actual survey, helped narrow down the number of options to “effective and efficient”, “responsive”, and “accountable”.⁹³ Focus groups were also used to formulate brief and simple definitions for each of the three governance dimensions, which were included in the oral script of the questionnaire (see below).⁹⁴

- A. Performance: Using public resources efficiently to promote economic growth
- B. Public Service: Providing quality public services needed by citizens
- C. Accountability: Responsible to the people for government actions and policies

⁹² Y. K. Sheng, *What Is Good Governance?* (Bangkok, 2009).

⁹³ More than three dimensions resulted in more than half of participants confusing concepts or forgetting first listed ones. The three dimensions used in the survey were the three most frequently selected as the most important qualities of government by the focus group participants.

⁹⁴ Note that these definitions are not identical to those used by the UN. Instead, definitions were designed to be conceptually distinct and easily understood by participants. Chinese and English language versions of the questionnaire are available in Appendix A2.

The rank-order structure of this question makes it highly susceptible to ordering bias. For example, respondents might gravitate towards the first item on the list. Alternatively, responses may bias towards the last item on the list, as it is fresher in their mind. To avoid any ordering bias, the item ordering was randomized in the survey instruments.

Figure 6.5 summarizes the distribution in the governance evaluation variable across both control and treated participants. It is clear that a majority of non-participants in the control group identify performance as the most important governance quality. This is consistent with what proponents of the performance legitimacy theory would believe explains why growth-oriented authoritarian regimes like China enjoy high levels of popularity. What is striking, however, is that performance is the least salient quality among participants. Instead participants overwhelmingly gravitated towards public service delivery and government accountability, respectively. The difference in proportions displayed in Figure 6.5 suggests an obvious effect but without a more sophisticated test it is unclear whether it is significant. To account for this, as well as for the imbalance in the two groups, I include a multinomial logit estimation, which treats each individual evaluation choice as an independent outcome. Figure 6.6, graphs the predicted probabilities derived from the multinomial estimation, revealing that the shift towards accountability and away from performance is significant at the 90 percent level.

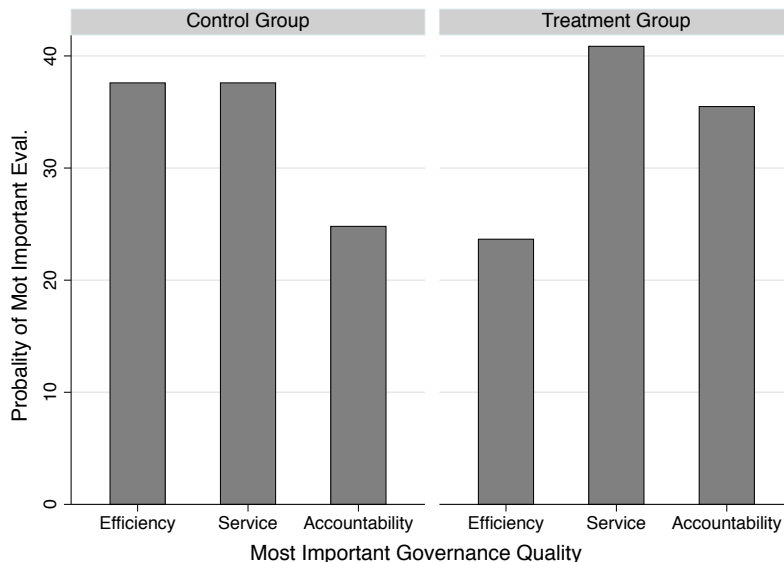


Figure 6-5: Consultation and Governance Evaluation

Note: Respondents were asked respondents to rank, in order, the governance quality they considered most important in their conceptualization of what a good government ought to look like. Bars report the number of respondents identifying each category as being the most important.

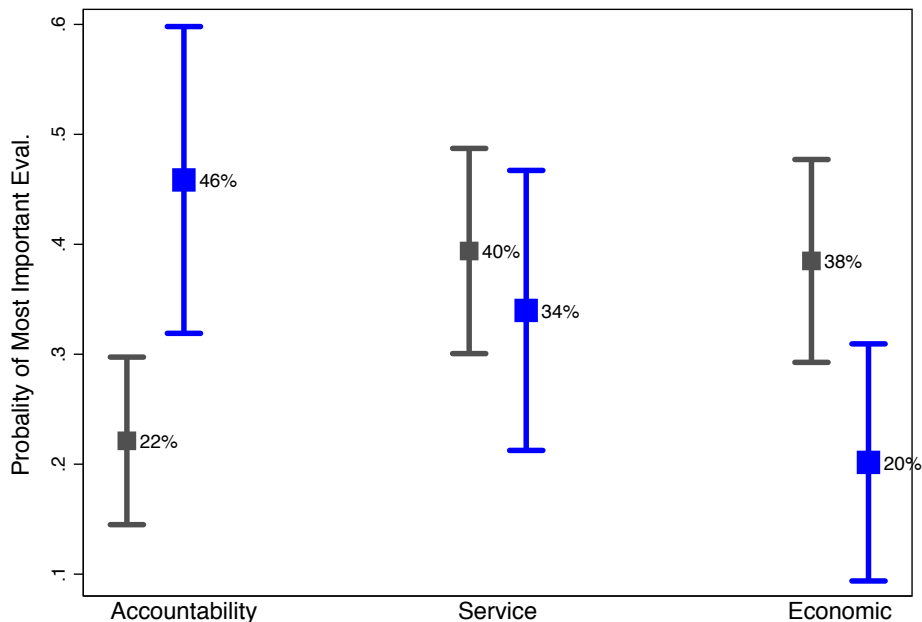


Figure 6-6: Consultation and Governance Evaluation

Note: Marginal treatment effects based on proportions reported in Figure 6.5 based on a multinomial logistic regression.

How does this finding help explain the relationship of participation and authoritarian legitimacy? Again it is helpful to contrast the roles of central and local governments. In particular, public service delivery in China is almost exclusively a local government function. Similarly, public accountability, albeit nominal at best, applies only to the lowest levels of government.⁹⁵ In contrast, performance is by-and-large a regime-level concept, both in the way it is described by the literature on performance legitimacy and in how it is conceived by Chinese citizens, for whom growth is often painful, dirty, and unequal. Indeed, it is unclear, at least from the literature on performance legitimacy, why citizens in authoritarian countries reward regimes for growth given the high social and environmental costs.⁹⁶ In more democratic countries, for example, popular economic ‘ends’ are often insufficient to justify unpopular ‘means.’

The survey data presented in this chapter suggests a possible explanation for why citizens in authoritarian countries place a premium on economic performance: they are excluded from all matters of governance. The more a regime opens up, whether institutionally or procedurally, the more it exposes itself to public scrutiny. This logic is not unlike what occurs in the relationship between companies and shareholders. Shareholders with no voting rights and no access to company meetings will focus solely on stock performance. Some companies go to great lengths to engage shareholders

⁹⁵ Bottom-up accountability is limited to districts in urban areas and counties in rural areas, as these are the highest levels of administration for which direct legislative elections are practiced.

⁹⁶ M. Alagappa, *Political Legitimacy in Southeast Asia: The Quest for Moral Authority* (Stanford University Press, 1995), 446. p. 61-63.

through transparency, meetings, and even poll votes.⁹⁷ Shareholders in this latter category are much more likely to scrutinize corporate behavior in addition to stock performance.⁹⁸ Extending this logic to Chinese governance suggests that participatory decision-making is not costless. These costs do not come in the form of decreased power for the regime. If anything, a core theme throughout this dissertation is that including the public in decision-making empowers the regime. The costs, instead, arise from new expectations for governance quality, including things like public service delivery and greater accountability. In the end, coming through on such expectations should still bolster the regime's grip on power, but it does raise the 'governance' bar, so to speak.

⁹⁷ J. E. Gruning and T. T. Hunt, *Managing Public Relations CL* (Holt, Rinehart and Winston, 1984), 550.

⁹⁸ B. E. Ashforth and B. W. Gibbs, "The Double-Edge of Organizational Legitimation," *Organization Science*, 1 (1990), 177–194.

CHAPTER 7: CONCLUSION

One of the longstanding fears for the [Chinese] party-state is not that it will go out with a bang but that it will fold quietly in a whimper of irrelevance.

- Damien Ma (2012)

Introduction: Authoritarian Resilience Revisited

Western discourse on China has long been framed around the eventual collapse of the Chinese Communist Party and its transition to democracy. This perspective is based on a well-established theoretical framework that sees authoritarian regimes as inherently unstable due to their overreliance on centralized power instead of robust institutions and their need to resort to coercion as a substitute for popular legitimacy.¹ Despite these weaknesses, the CCP has demonstrated, repeatedly, its ability to adapt, reform, and maintain control, especially in the face of adversity.

Following decades of turmoil, famine, and tragedy during the Mao-era, the CCP, under the leadership of Deng Xiaoping², was able to grow out of its stifling political ideology and reform a moribund planned economy.³ Following the brutal and destabilizing events of Tiananmen in 1989, the CCP emerged determined to reconsolidate its grip on power and pursue further economic reform.⁴ During the Asian Financial

¹ S. P. Huntington, *Political Order in Changing Societies, Book*, vol. 34 (New Haven: Yale University Press, 1968), 488.

² Deng Xiaoping. 1980. "On the Reform of the System of Party and State Leadership," in *Selected Works of Deng Xiaoping (1975-1982)*, pp. 302-325.

³ B. Naughton, *Growing Out of the Plan: Chinese Economic Reform, 1978-1993* (Cambridge University Press, 1996), 379.

⁴ Most China scholars at the time were convinced that the regime would soon collapse. See: Multi-author collection on Chinese democracy in *Journal of Democracy* 9 (January 1998).

Crisis, China again surprised observers by emerging relatively unscathed, perhaps even stronger than it had before the crisis. Even during the 2002 leadership transition, from Jiang Zemin to Hu Jintao, some observers still held out the possibility of Jiang not giving up power and potential instability it might cause.

With time the discourse has shifted from trying to predict how long the regime will last to trying to explain how it lasts. Nathan (2003), for example, focused not on the CCP's knack for survival, even the worst regimes can survive, but rather on its unique ability to thrive, both economically and politically. As it has thrived, however, the regime has not become more democratic. On the contrary, in some respects today's China is more authoritarian than it was ten, twenty, or even thirty years ago. But it is looking increasingly stable, competent, and surprisingly responsive to public opinion. How has China managed such feats without adopting more democratic political, legal, or economic institutions?

7.1 Input Institutions

In trying to explain the CCP's unique resilience, Nathan highlights the participatory "input" institutions that provide direct links between the public and the regime.⁵ According to Nathan, these institutions provide two core functions. First, they inform the policymaking process by providing the regime with information on core grievances and governance failures. Second, they legitimate the policymaking process by

⁵ Nathan, "China's Changing of the Guard Authoritarian Resilience."

“allow[ing] Chinese to believe that they have some influence on policy decisions” and “that the regime is lawful and should be obeyed.”

Input institutions can be divided into two categories. First, there are reactive institutions, designed to help the regime identify and respond to popular grievances, e.g., petitioning, mass media, and administrative litigation. Second, there are a number of formal and informal institutions intended for inclusive decision-making, namely, local elections, legislatures, and civil society.⁶

I contribute to this list by highlighting the use of public consultation in the policymaking process. Specifically, I argue that public consultation informs the authoritarian policymaking process and bolsters its legitimacy, particularly on issues where popular support and compliance is important. On each of these dimensions public consultation has important advantages over alternative input institutions. For example, unlike reactive institutions, consultation occurs before any policy actions are taken, allowing policymakers to respond as well as preempt potential grievances and policy challenges. Similarly, whereas holding elections and convening legislatures is risky and costly for autocrats, consultation empowers no new political actors and can be limited to issues of policy rather than politics.

For precisely the reasons laid out above, public consultation is arguably the weakest type of input institution. Indeed, many dismiss public consultation under autocracy as “window-dressing” aimed at decorating what is otherwise still an

⁶ Nathan, “China’s Changing of the Guard Authoritarian Resilience.” p. 14.

authoritarian decision-making process.⁷ I do not completely disagree with this perspective. For example, I agree that public consultation is not a form of political participation and I agree that consultation does not make the Chinese policymaking process any more democratic. But I also argue that such concerns conflate the democratic merits of consultation with the policymaking functions it is intended to provide. In particular, I argue that consultation does have a positive impact on policy – a claim I demonstrate empirically in the previous two chapters. In my analysis, I make two specific challenges to the “window-dressing” thesis. The first is that consultation is a viable policymaking tool because it helps bridge the divide between policymakers and those affected by the policies by revealing information on potential points of contestation and by helping to bolster the policymaking process. The second is that consultation is not entirely costless. Not only are there massive logistical costs that must be overcome, consultation, as with any other authoritarian concession, will raise public expectations for further inclusion in the political process. These concerns have been ignored by the existing literature on authoritarian consultation, contributing to an incomplete and often misdirected debate over its merits.

7.2 *The Future of Consultative Authoritarianism in China*

What are the prospects for public consultation in China’s immediate and long-term future? Building off of the arguments developed in this dissertation suggests that

⁷ Wang, “Public Participation and Its Limits: An Observation and Evaluation on Public Hearings as Experimented in China’s Administrative Process”; Swearer, “Popular Participation: Myths and Realities”; Hannah, *Soviet Information Networks*.

consultation will remain a central part of the regimes policymaking strategy as more robust forms of institutionalization do not appear to be in the works anytime soon.

In Chapter Two, for example, I argue that consultation is most valuable when there is high uncertainty about public response and when policy success is contingent on voluntary compliance. In Chapter Four, I show that this was indeed the case with China's early forays with public consultation during land reform in the 1950s and later with price reforms and, to some extent, privatization in during the 1990s.

Extending this logic to China's immediate future suggests a similar prognosis. In particular, the need to implement ambitious and difficult reforms outlined during the current 18th CCP Congress's Third Plenum in November 2013, suggest that the Party is entering a new round of uncertain and potentially contentious policy reform. Among these reforms, land, fiscal and household registration reform are among the most likely to be undermined by corruption, poor implementation, and public discontent.

Rural land reform, for example, will allow farmers to rent, sell, or pool their land – giving them the financial resources and mobility to seek more productive livelihoods in the cities. Success on this front will make several of the other reform ambitions, like household registration, urbanization and fiscal reform, more feasible. But success hinges upon local governments giving up one of their core sources of revenue, land expropriation, and complying with central government requests for accurate property surveys. In late 2012, for example, the party leadership announced plans to move forward with a national land registry, which, by the end of 2017, should provide farmers

with certificates showing exactly where their property parcels are.⁸ Defining land parcels on what is technically still collective land is not going to be easy and is likely to spark contentious encounters between local governments and farmers politics. Even if the registry is completed, mainly with the help of satellite and GIS, pricing is unlikely to be fully marketized and will involve a great deal of localization. Given the stakes and the likely tensions involved, consultative approaches to parceling and pricing are likely to be employed on both issues.

Similar, predictions are warranted for both fiscal and household registration reform. The Third Plenum communiqué, for example, calls for the creation of more sources of local government revenue, bond sales and property taxes, to help municipalities shoulder the many responsibilities mandated by the central government. How local residents will respond to these changes and, more importantly, how local governments will take advantage of these new privileges is unclear and the potential for misuse and abuse is high. One of the first steps to making this a sustainable policy agenda will involve local governments winning back the trust of their residents. As in the case of Wenling (discussed in Chapter 6), this objective will be aided by a more consultative approach to local spending and finances.

Finally, when it comes to household registration system, successful reform will demand that the state manage the distributional tensions between current urban residents

⁸ L. Hornby and H. Li, "China's Big Step in Rural Reform; Mapping Tiny Plots of Farm Land | Reuters," *Reuters*, 2013.

with those of aspiring ones.⁹ Already we are already seeing opposition from current urbanites who enjoy special privileges in accessing local schools and healthcare.¹⁰ Managing these tensions through consultation in the policy formulation process will help avoid more volatile contests from emerging during implementation.

Importantly, the Third Plenum communiqué gave no reason to believe that the Party was interested in pursuing any sort of political reforms such as restarting electoral experiments or bolstering the authority of the people's congress. These institutions are likely to remain limited and circumscribed, leaving public consultation as one the of the primary means for navigating touchy policy issues.

7.3 *Good Governance Under Autocracy*

For years, Singapore has stuck out as a sore thumb for those committed to the idea that democracy is essential for good governance.¹¹ Nevertheless, Singapore could always be discounted on account of its small size. But is good governance under autocracy possible in a place as large as China? Note here that “good governance” (*shanzhi*, 善治), which relies on good practice, is different from “good government” (*shanzheng*, 善政), which depends on good leaders.¹² Yu Keping, a well-known Chinese intellectual and central Party advisor, describes *shanzhi* in very similar terms to those use by the UN, namely it involves legitimacy, transparency, efficiency, stability, responsibility,

⁹ “The Rural-Urban Divide: Ending Apartheid,” *The Economist*, 2014.

¹⁰ L. Chen, “Testing Times,” *Global Times*, 2011.

¹¹ McCarthy, *The Political Theory of Tyranny in Singapore and Burma: Aristotle and the Rhetoric of Benevolent Despotism*.

¹² K. Yu, *Democracy Is a Good Thing: Essays on Politics, Society, and Culture in Contemporary China*, vol. 1 (Brookings Institution Press, 2009), 219. p. 195

responsiveness, rule of law, justice, participation, and cleanness.

China is arguably still has a long way until it achieves shanzhi, but it appears to be making progress. Importantly, China has made this progress despite backtracking on important democratic institutions like local elections and a more robust legislature. In their stead, I have argued that the regime has relied on public consultation as a way of bypassing representative and procedural democracy by tapping a direct line between the public and the policymakers. Moreover, I have also shown that in some modest ways consultation has been successful. But is consultation enough? Most likely it is not. It is important to remember that consultation only helps inform the policymaking process and legitimate its products. Consultation does not legitimate the regime's monopoly on power – at best, it simply helps make it less contentious and less prone to miscalculation.

APPENDIX

Table A-4: Predicting Participation through Internet Quality

Probit- Consultation	(1) participate	(2) participate
Penetration	8.353** (3.460)	10.24*** (3.750)
Quality	4.612*** (1.421)	4.583*** (1.430)
GDP (pc)	-7.52e-05* (4.23e-05)	-7.51e-05* (4.33e-05)
Expend (pc)	-6.27e-06 (0.000186)	-4.52e-05 (0.000187)
Undergrads		-0.975* (0.528)
Minority		0.722 (0.528)
Agriculture		-12.21 (9.618)
Time	-0.00124*** (0.000442)	-0.000974** (0.000486)
Constant	-2.481* (1.444)	-0.175 (2.443)
Observations	818	818
Pseudo R2	0.376	0.382
Chi2	326.9	332.6

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

浙江大学社会调查研究中心
2012年度泽国民主恳谈会问卷

1. 您总共参加过几次民主恳谈会? ① 1次 ② 2次 ③ 3次或以上

2. 您认为通过民主恳谈, 能解决与百姓日常生活相关的问题吗?
① 不可能 ② 有可能 ③ 当然可以 ④ 没有意见

3. 以后有可能的话, 您还愿意参加民主恳谈会来讨论镇政府预算吗?
① 不愿意 ② 有可能 ③ 愿意 ④ 没有意见

4. 您对地方的选举感兴趣吗? ① 没有兴趣 ② 一般 ③ 很感兴趣 ④ 没有意见

5. 你认为哪一级选举最有意义? ① 乡镇 ② 村 ③ 没有意见

6. 您觉得人民群众对政府有任何影响的能力吗?
① 一点也没有 ② 没什么能力 ③ 有一点能力 ④ 当然有能力 ⑤ 没有意见

7. 这是一种说法: “普通百姓不明白政府事务, 最好让专家和官员来决定”, 您同意吗?
① 完全不同意 ② 不太同意 ③ 有一点同意 ④ 完全同意 ⑤ 没有意见

8. “普通百姓最好不评论政府政策”, 的说法您同意吗?
① 完全不同意 ② 不太同意 ③ 有一点同意 ④ 完全同意 ⑤ 没有意见

9. 下面有三种不同类型的政府标准, 然后问您觉得哪一题最重要。

<p>(A) 效能型政府: 是有效率的利用资源, 促进经济发展。</p> <p>(B) 服务型政府: 是指全心全意为人民服务。</p> <p>(C) 问责型政府: 是政府对自己的行为负责, 对人民绝对负责。</p>	<p>您认为哪一题是最重要的? _____</p> <p>第二重要呢? _____</p>
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10. 对地方政府的表现, 有些人不太满意, 另外有些人比较满意, 您认为呢?
① 不太满意 ② 满意 ③ 很满意 ④ 没有意见

11. 对于中央政府的表现, 有些人不太满意, 另外有些人比较满意, 您认为呢?
① 不太满意 ② 满意 ③ 很满意 ④ 没有意见

12. 您觉得地方政府官员在使用职权时, 是以人民的利益为前提?
① 不是 ② 有时候‘是’ ③ 基本上‘是’ ④ 没有意见

13. 您觉得中央政府官员在使用职权时, 是以人民的利益为前提?
① 不是 ② 有时候‘是’ ③ 基本上‘是’ ④ 没有意见

14. 与三年前相比, 您认为镇政府是不是更负责、更合理地使用公共资源?
① 没什么改变 ② 有一点改善 ③ 有很大的改善 ④ 没有意见

15. 你觉得政府促进的所谓“公众参与”活动的主要目的是什么?
 改善公共政策 获取信任 提高民主化 ④ 纠正不正之风 ⑤ 只是一种形式 ⑥ 没有意见

16. 性别: ① 男 ② 女 2. 年龄: _____

17. 文化程度: ① 不识字 ② 小学 ③ 初中 ④ 高中 ⑤ 中专 大专 大学及以上

18. 职业: ① 农民 ② 工人 ③ 企业主 ④ 经商 ⑤ 教师 公务员 其他

19. 您家去年的年收入是多少? 三万以下 _____ 三到五万 _____ 五万以上 _____


20. 如果有钱投资的话, 您愿意投资在泽国吗? ① 不愿意 ② 愿意 ③ 很愿意

21. 与三年前相比, 您家里现在的经济条件是:
① 好得多 ② 好一点 ③ 差不多 ④ 差一点 ⑤ 差很多

22. 您觉得三年后, 您家的经济条件会比现在好吗?
① 好得多 ② 好一点 ③ 差不多 ④ 会差一点 ⑤ 会差很多

Figure A-1: Survey (Chineses)

Zhejiang University Social Research Survey Center
2012 Public Budget Deliberation Survey



1. How many times have you attended budget deliberation sessions?
 ① once ② twice ③ more than three times

2. Do you think that public deliberations can help solve administrative problems and improve policy?
 ① not at all ② possibly ③ of course ④ no opinion

3. If given the opportunity would you like to attend a future deliberation meeting?
 ① no ② possibly ③ sure ④ no opinion

4. Are you interested in local elections?
 ① not interested ② moderately interested ③ very interested ④ no opinion

5. Which level of elections do you find most meaningful?
 ① Township ② Villages ③ no opinion

6. Do you think average people have any influence over the decisions made by the government?
 ① not at all ② almost none ③ very little ④ yes, a lot ⑤ no opinion

7. Do you agree with the following statement? "Average people do not understand political affairs, it is best to leave such matters to experts and government officials."
 ① absolutely not ② not really ③ only a little ④ completely agree ⑤ no opinion

8. Do you agree with the following statement? "Average people should not criticize government decisions"
 ① absolutely not ② not really ③ only a little ④ completely agree ⑤ no opinion

9. Here are three different common standards of good governance; please identify which you value most.

(A) Efficiency: Using public resources efficiently to promote economic growth (B) Public Service: Providing quality public services needed by citizens (C) Accountability: Responsible to the people for government actions and policies	Which do you value most? _____ Which is second? _____
--	--

10. Some people are not very satisfied with their local governments, others are very satisfied. What about you?
 ① not very satisfied ② satisfied ③ very satisfied ④ no opinion

11. Some people are not very satisfied with the national government, others are very satisfied. What about you?
 ① not very satisfied ② satisfied ③ very satisfied ④ no opinion

12. To what extent do local government officials utilize public resources for the benefit of the people?
 ① almost never ② some of the time ③ almost always ④ no opinion

13. To what extent do national government officials utilize public resources for the benefit of the people?
 ① almost never ② some of the time ③ almost always ④ no opinion

14. Over the last three years, have local officials have become more responsible in their use of public resources?
 ① no improvement ② a little improvement ③ big improvement ④ no opinion

15. What is the government's primary motive behind so called participatory decision making activities?
 ① improve policy ② gain public trust ③ promote democracy ④ reduce corruption ⑤ it is just a formality ⑥ no opinion

16. Gender: ① male ② female

17. Age: () 18-22 () 23-26 () 27-30 () 31-34 () 35-38 () 39-42 () 43-46 () 47-50 () 51-54 () 55-58 () 59-63 () 64-67 () 68+
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18. Education: ① illiterate ② primary ③ junior ④ secondary ⑤ vocational ⑥ junior college ⑦ university

19. Occupation: ① farmer ② worker ③ entrepreneur ④ merchant ⑤ educator ⑥ public servant ⑦ other

20. Your previous year's household income was 3万以下 () 3到5万 () 5万以上 ()

21. If you had extra money would you invest it in Zeguo? ① no ② possibly ③ absolutely

22. How would you compare the current economic condition of your family with what it was three years ago? Is it
 ① much better now ② a little better now ③ about the same ④ little worse now ⑤ much worse now

23. What do you think the economic situation of your family will be three years from now? Will it be
 ① much better ② a little better ③ about the same ④ little worse ⑤ much worse

Figure A-2: Survey (English)

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