

The Carrot, the Stick, and the Chinese Communist Party: Barry Naughton et al versus Minxin Pei

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Discriminating between the competing predictions about the future of China and in particular the future of the CCP clearly requires a degree of subjective judgment. While Minxin Pei views China through a dark lens, Barry Naughton and his cohort tend to take a cautiously optimistic view. To adequately evaluate their respective predictions (to the extent that Naughton et al predict) we must evaluate the weight and quality they assign to given variables, and the degree to which they believe the intentions of the CCP inform the political and economic outcomes their policies produce.

Minxin Pei believes Chinese growth and stability is the product of a “bubble” inside which corruption, malfeasance, and injustice are temporarily suspended until a genuine crisis, be it economic or political, punctures the bubble. Thus he uses the term “dot-communism” as a pejorative, to imply that the system is headed for a dot-com style collapse. Loaded rhetoric aside, he shares a degree of Dingxin Zhao’s skepticism that the CCP can maintain a long-term mandate based on “performance legitimacy” alone.¹ To Pei, the fact that both growth and reform are being produced by a “neo-Leninist” state² ultimately dooms both, because the nature of such a state is to render genuine reform impossible. Neo-Leninism, per Pei, cannot abide *meaningful* checks on its power. In Pei’s view, reform efforts in China are merely “tactical” efforts by the CCP to preserve its rapidly eroding mandate to rule. He believes the CCP is losing its mandate and points to a series of metrics to support his thesis; the CCP no longer conducts mass campaigns (because it has no legitimacy,) it doesn’t compensate the losers of the economic reforms, and it can’t control the localities or itself. The result is increasing waves of social unrest which he sees as precursors to a tsunami of discontent.

¹ Zhao, Dingxin [The Power of Tiananmen: State-Society Relations and the 1989 Beijing Student Movement](#). University of Chicago Press, 2001.

² Although what Pei means by “Neo-Leninist” is poorly elided. “The government’s market-oriented policies,” claims Pei, “pursued in a context of autocratic and predatory politics, make the CCP look like a self-serving, capitalistic ruling elite, not a ‘proletarian party’ serving the interests of the working people.” Pei, Minxin. “China’s Governance Crisis” [Foreign Affairs](#), September/October 2002 p97

The thesis of *Holding China Together*, on the other hand is that regardless of intention, the CCP has in fact already produced a system of internal checks and balances, driven by the establishment of a dynamic tension between central leadership and provincial/local/particular representation which curbs abuses and mitigates tendencies to establish overly personal political networks. Naughton et al also assign a relatively positive value to the internal discipline efforts of the party, and to its efforts to retain a degree of central control, and in this they differ critically from Pei, who believes the CCP is terminally ill.

Pei notes that while the CCP disciplined 670,000 party members for wrongdoing, only six percent of these were criminally charged. “Self policing may be impossible for a ruling party accountable to no one,” says Pei. This point is both strong and weak at the same time. It is undeniable and unsurprising that the CCP (or any political party) would be reluctant to conduct a systematic large-scale criminal purge of itself of the sort that might satisfy Pei. On the other hand, one need not jail someone to punish them. Getting expelled from the Party and sent out to wander the private sector stripped of *guanxi* is hardly a negligible punishment.

Pei makes a good point that by preventing the rise of other competing parties, the CCP has, to a degree, trapped itself. And yet this is also an overstatement. The CCP has, in fact, made efforts to recruit those with popular appeal. In certain village elections, for example, the CCP made active efforts to install an already popular party member by requiring the party member to run for office. In the case of a non-member victory, the CCP frequently attempted to recruit the winner into the party.³

However, while the stick may be insufficiently applied, the carrot is. Naughton, Whiting, and Yang all note ways in which the CCP party structure has managed to develop a system of positive incentives that have, in fact, produced a positive response at both national and local levels i.e. breaking “the iron armchair.” But how sustainable is a system in which positive performance is rewarded, but incompetent or criminal performance lightly punished by transfers, token humiliation in the press, followed by ultimate rehabilitation? Whiting points out that cadres producing mediocre

³ Zhenglin, Guo with Thomas P. Bernstein. “The Impact of Elections on the Village Structure of Power: the relations between the village committees and the Party branches.” *Journal of Contemporary China* (2004), 13(39), May, p261

relative economic performance are generally disciplined by reduction in salary.⁴ Within the range of honest government activity, this is a compelling incentive. In the case of a “defected” cadre who produces poor economic growth in the process of defrauding the system, the loss of salary may be a simple cost of business. However, Whiting asserts that the incentive system also reduces the likelihood of such defection and ultimately contributes to regime durability.⁵

Likewise the definition of “positive performance” is, of course, debateable, and Whiting and others have noted several areas in which the incentive system produces dysfunctional effects: overinvestment, excessive inventory, local protectionism, environmental damage etc. The de-facto emphasis on short-term, local economic growth over most other metrics, including environmental and social returns, presents a continuing challenge to the central government, which must consider a longer timeline. It also presents macroeconomic management issues.

Naughton et al’s rejoinder to Pei and other China pessimists (specifically, those who believed that China was on its way to an imminent regional fracture) is that China’s “achievements [were] possible only *because* certain problems were left unaddressed.”⁶ Naturally this involves a counterfactual, but then again so do predictions of imminent disaster. This does not presume that the “certain problems” will be addressed well, or at all, but Naughton et al do not presume that the structure and nature of the CCP making solving them impossible as Pei does.

⁴ Holding China together: Diversity and national integration in the post-Deng era. Edited by Barry J. Naughton, Dali L. Yang. Cambridge University Press 2004. p111-2.

⁵ Naughton p119.

⁶ Naughton p5.