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## Zero Distance

*At all times the Party gives top priority to the interests of the people, shares weal and woe with them and keeps in closest contact with them, and it does not allow any member to become divorced from the masses or place himself above them. The Party follows the mass line in its work, doing everything for the masses, relying on them in every task, carrying out the principle “from the masses, to the masses,” and translating its correct views into conscious action of the masses. The biggest political advantage of our Party lies in its close ties with the masses while the biggest potential danger for it as a ruling party comes from its divorce from them.*

– CCP Constitution, Preamble.

The Qingdao Refrigerator Corporation was incorporated in 1984 as a Township and Village Enterprise.<sup>1</sup> At the time, the company was deeply indebted, overstaffed, and notorious for its poor-quality products. Today, the company, better known as Haier, remains a murky ‘collective’ enterprise, still owned in part by the Qingdao municipal government.<sup>2</sup> Haier, how-

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<sup>1</sup>The original factory dates back to at least 1955 when it was formed around a commune organized by the municipal government (Ling Liu. *China’s industrial policies and the global business revolution: The case of the domestic appliance industry*. Routledge, 2005, p. 90). 1984 was also the year Qingdao was designated as a special economic and trade zone by the State Council, allowing collectives like the Qingdao group to form.

<sup>2</sup>The name change resulted from the transliteration of a joint-venture name between Qingdao Refrigerator and a German refrigerating company called Liebherr.

ever, is hardly the image of a lethargic, politically pliant relic of the planned economy—a common trope among critics of China’s state-owned sector. Instead, Haier is now the leading white goods manufacturer in the world, with 16% share of the total market and an annual turnover of over 250 billion RMB.<sup>3</sup> Haier’s success has inspired numerous books, articles, and nearly two dozen Harvard Business Review case studies dedicated to understanding and learning from this unique corporate model.

Those who have studied the company attribute its success to something Chairman and CEO Zhang Ruimin—the same chairman who led the initial collective in 1984—calls *rendan heyi*, or “zero distance to customers.”<sup>4</sup> There are two core features to this management model. The first is a deluge of consumer input. Before Haier designed their Tianzun air conditioner, for instance, they surveyed 30 million online consumers on Chinese social media platforms like Q-Zone and WeChat, with open-ended questions like, “What do you want in air conditioning?” They also set up a public discussion forum, throwing out ideas on potential designs and seeing what got the most attention. Participants debated whether or not they prefer “cold” or “cool” on knobs and buttons, the placement of lights and indicators, and, of course, what they would like to see in the companion mobile app.<sup>5</sup> Naturally, this app also reports how the equipment is used, how the app is used, as well as a summary of communications with other devices that are linked to the app. According to managers, this information allows the corporation to increase responsiveness and to incorporate the tastes and tendencies of consumers into its own innovation strategy.<sup>6</sup>

The second aspect of *rendan heyi* is organizational. Broadly speaking, the Haier corporation embodies an “iceberg” structure, with three broad tiers. At the bottom there are 4,000 or so micro-enterprises, or *xiaowei qiye*, composed of small working groups of 10 to 15 employees which interact directly with suppliers, distributors, and consumers.<sup>7</sup> The middle tier supports the

<sup>3</sup>Based on Haier Corporate Report 2018.

<sup>4</sup>The terminology of “zero distance to consumers,” is adopted based on usage in existing publications, many of them aimed at management audiences. A proper translation of (人单合一) would be “integration of people and goals.”

<sup>5</sup>See: *The Haier Road to Growth*, Strategy+Business, at: <https://bit.ly/2W9Eevr>

<sup>6</sup>Yazhou Hao and Yong Hu. *Haier Purpose: The Real Story of China’s First Global Super-Company*. 2015; Bill Fischer et al. *Reinventing giants: How Chinese global competitor Haier has changed the way big companies transform*. John Wiley & Sons, 2013.

<sup>7</sup>The micro-enterprises were called *zizhu jingying ti* (自主经营体) ZZJYTs, independent

first, providing design and systems maintenance functions that the first tier and consumers interact with. The top tier includes supervisors and division managers who set out corporate plans and strategy.<sup>8</sup> As the base, the first tier is the largest, but it is mostly submerged. The top-most tier, like the tip of an iceberg, is narrow but highly visible. Although the middle tier serves as an interface, the top-most tier can interact with the base via direct and indirect columns of communication, in what we can refer to as a contained heterarchy.<sup>9</sup> According to Chairman Zhang, this heterarchical and bottom-heavy organizational structure allows Haier’s leadership to circumvent bottlenecks and avoid bureaucratization, which he sees as anathema to complex organization.<sup>10</sup>

As interesting as the case of Haier might be, this is not a book about corporate management; it is about political management by the Chinese Communist Party (CCP). And no, there is no obvious link between Haier and the CCP; though, Chairman Zhang has been a Party member since 1975, held status as an alternate delegate in the CCP Central Committee between 2002 and 2017, and most recently served as a representative in the Shandong Provincial Party Congress. Nor are CCP leaders likely to adopt Zhang’s approach to managing societal relations in full, even if they seek to present themselves in a similarly flattering light.

Nevertheless, there are useful parallels in how Haier has conducted itself in the businesses of profit and how the CCP goes about the business of social and organizational control. Rather, understanding how the CCP manages its relationship with society sheds light on how Haier has gone about structuring its customer-driven corporate strategy. Reliance on bottom-up input,

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operating units, prior to 2014, emphasizing their autonomy. The shift to *xiaowei qiye* (小微企业) has made it easier for outside investors to selectively hold ownership stakes in the small enterprises (Gary Hamel and Michele Zanini. “The end of bureaucracy”. *Harvard Business Review* [2018], pp. 3–11).

<sup>8</sup>Jedrzej George Frynas et al. “Management innovation made in China: Haier’s Rendanheyi”. *California Management Review* 61.1 (2018), pp. 71–93.

<sup>9</sup>Heterarchy refers to a organizational structure which is neither purely heirarchical or full decentralized, resulting in un-ranked modes of network communication. Contained heterarchy refers to a heterarchy which has a clear apex.(Warren S McCulloch. “A heterarchy of values determined by the topology of nervous nets”. *The bulletin of mathematical biophysics* 7.2 [1945], pp. 89–93)

<sup>10</sup>Ruimin Zhang. *Haier is the sea: Zhang Ruimin’s selected essays* (海尔是海: 张瑞敏随笔选录). Mechanical Industry Press, 2015.

organization around decentralized and fragmented micro-divisions, an aversion to bureaucratization, and a constant call for reinvention, are hallmarks of CCP ideology.<sup>11</sup> Indeed, even Haier’s business slogan of *rendan heyi*, bears an eerie affinity to Mao’s theory of the “mass line” (*qunzhong luxian*). The touchstone of both theories is maintaining constant contact with end users, i.e., the public.

The book explores how the Chinese public is incorporated into the CCP’s control strategy. The central premise guiding this inquiry is that bottom-up inclusion, as in the case of Haier, is conducive to more sophisticated forms of governance. Unlike Haier, however, the political landscape on which the CCP operates dictates that public inclusion must itself be carefully managed and controlled. Accordingly, Chinese citizens today are encouraged to monitor officials, voice criticisms, and provide input in planning, but their options are limited to the CCP brand, their criticisms are only tolerated within prescribed issue spaces, and their input is only welcome when invited. Even when they are not participating, data on their thoughts and actions is siphoned off by spyware, surveillance cameras, and unscrupulous companies who compile it for authorities. In short, the people and the Party are more connected today than at any point in the past, but this connection is one that is firmly grounded in regime control.

The logic of such a system is not immediately obvious. How can a corporation flourish without a market? Why would consumers participate in their own entrapment? And what does the Party do with the terabytes and petabytes of data they compile on average people, businesses, and even their own rank-and-file? These are not rhetorical questions. Social and organizational control in China has arrived at a point where questions like this present themselves in daily life. Consider: by the time this book is published, every Chinese citizen will be part of a state-run framework for social evaluation, whereby one’s actions and inactions, their history and their potential, their

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<sup>11</sup>Franz Schurmann. *Ideology and organization in communist China*. University of California Press, 1966; Martin King Whyte. *Small groups and political rituals in China*. Univ of California Press, 1975; Harry Harding. *Organizing China: The Problem of Bureaucracy, 1949-1976*. Stanford University Press, 1981, p. 432; Eddy U. *Disorganizing China: Counterbureaucracy and the Decline of Socialism*. Stanford University Press, 2007; Elizabeth J. Perry. “The Illiberal Challenge of Authoritarian China”. *Taiwan Journal of Democracy* 8.2 (2012), pp. 3–15; Sebastian Heilmann. “From Local Experiments to National Policy: The Origins of China’s Distinctive Policy Process”. *The China Journal* 59.59 (2013), pp. 1–30.

attitude and their character, are each subject to peer review and autonomous quantification—all in the service of stability and harmony, by which we really mean regime control.<sup>12</sup>

The easy answer to these questions is that people have no choice: control is forced upon them. The more provocative proposition is that the public, at least to some extent, consents to control. This book will be of the more provocative type. In the pages and chapters to follow, I will attempt to answer the questions above, or at least initiate a conversation around them, by presenting the relationship between the Chinese people and the CCP as one where inclusive forms of control are both socially acceptable and organizationally self-cultivating. To do so, this book will engage several literatures, including the obvious discussion of institutions and contentious politics under authoritarianism, as well as more obscure forays into cultural theory and information science. Before diving into the weeds, groups, and circuits of my argument, allow me to briefly situate the proposition in historical and comparative context.

## 1.1. The Party and the people

For several thousand years, with a few brief intermissions, the Chinese people have been ruled by autocratic governments, most recently by the CCP as citizens of the People’s Republic of China (PRC). Since the PRC’s inception in 1949, the people of China have suffered the worst that bad leaders and bad governance can deliver. Countless numbers have suffered from regime repression, but many more as a result of misguided policies and ineffective governance. During the worst of times, stifling ideology and abrasive propaganda discouraged the masses from voicing their grievances, while a fragmented hierarchy and political ambitions prevented those in positions of influence from taking note or correcting.<sup>13</sup>

Under this same regime, however, the last four decades have seen over

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<sup>12</sup>I am referring to what is collectively known as the Social Crediting System, or SCS, slated for national roll out in 2020.

<sup>13</sup>James Kung and Shuo Chen. “The Tragedy of the Nomenklatura: Career Incentives and Political Radicalism during China’s Great Leap Famine”. English. *American Political Science Review* 105.01 (2011), pp. 27–45; Andrew G Walder. *China under Mao*. Harvard University Press, 2015.

500 million Chinese lift themselves out of poverty, vaulting China from the ranks of the poorest and least developed in the world to a competitor with the United States for global economic leadership. At the individual level, Chinese citizens have, on average, seen their personal fortunes rise by over 6000 percent,<sup>14</sup> and there are now over 2000 billionaires in the country.<sup>15</sup> Across China, industries and communities are modernizing at an unprecedented pace, with global investment piling in at levels that would have seemed unimaginable even twenty years ago.<sup>16</sup> As a result, some Chinese cities today have economies that rival many small and even some medium-sized countries. To be sure, not all have benefited, and the Chinese public has paid dearly in terms of environmental and health costs.<sup>17</sup> Perhaps most vividly, rapid economic development under a fragmented and decentralized administrative system has proven a wellspring for corruption.<sup>18</sup>

China's economic achievements and administrative shortcomings are well documented and have been the subject of numerous books and debates, some of which I reference here in footnote but do not engage directly.<sup>19</sup> What is clear, however, is that, by virtue of its own achievements, the PRC today is facing first-world governance challenges, like making the transition out of manufacturing and erecting a national social safety net, with what seems like a third-world governing architecture. These challenges come at an inauspi-

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<sup>14</sup>Based on GDP per capita figures provided by the IMF, adjusted for purchasing power parity: 1978 = 313 USD, 2018 = 18,800 USD.

<sup>15</sup>Based on the 2019 Hurun Rich List and RMB, not USD.

<sup>16</sup>China is now the world's top destination for investments in electric vehicles and renewables.

<sup>17</sup>Shi Li et al. *Rising Inequality in China: Challenge to a Harmonious Society*. Cambridge University Press, 2015, pp. 1–26; David Wheeler. *Racing to the Bottom? Foreign Investment and Air Pollution in Developing Countries*. Tech. rep. 3. 2001, pp. 225 – 245; Y. Chen et al. “Evidence on the impact of sustained exposure to air pollution on life expectancy from China's Huai River policy”. *Proceedings of the National Academy of Sciences* 110.32 (2013), pp. 12936–12941.

<sup>18</sup>Xiaobo Lu. *Cadres and corruption : the organizational involution of the Chinese Communist Party*. Stanford University Press, 2000; Yan Sun. *Corruption and Market in Contemporary China*. Cornell University Press, 2004, p. 248.

<sup>19</sup>Yuen Yuen Ang. *How China escaped the poverty trap*. Cornell University Press, 2016; Susan L. Shirk. *The Political Logic of Economic Reform in China*. University of California Press, 1993; Barry Naughton. *Growing Out of the Plan: Chinese Economic Reform, 1978-1993*. Cambridge University Press, 1996, p. 379; Dali L. Yang. *Remaking the Chinese leviathan: market transition and the politics of governance in China*. Stanford University Press, 2004, xii, 414 p.

cious time. Domestically, rising wages, diminishing returns to investment, and an aging demography are starting to weigh on China's economy. Internationally, resentment and anxiety towards China's rise is brewing among its most powerful peers. To stay in control, the CCP is taking on an ever-greater burden in convincing the public that it can manage China's present and future better than anyone else.

Given the strain, the CCP appears surprisingly tuned-in and proactive in addressing these emergent governance challenges. Though China remains the world's worst polluter, it is also the planet's biggest investor in renewable energy and environmental technology.<sup>20</sup> Some in China remain desperately poor, but the current administration has committed to "eradicating" these remaining and hard to reach pockets of poverty by 2021, which happens to be the CCP's 100th anniversary.<sup>21</sup> As part of this effort, the state has enacted a wide range of re-distributive policies which appear to have partially stunted and possibly even reversed rising levels of inequality that began in the 1980s.<sup>22</sup> Perhaps most dramatically, over the last six years, the Chinese leadership has investigated and punished nearly 1.8 million officials, an overwhelming majority of whom are CCP members.<sup>23</sup> Indeed, it has become quite common to refer to China's leaders as "hyper-responsive" to public opinion and public input.<sup>24</sup>

How the regime learns about public opinion and then responds remains an active area of research.<sup>25</sup> As Amartya Sen reminds us, one of the principal

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<sup>20</sup>Tim Buckley and Simon Nicholas. *China's Global Renewable Energy Expansion*. Tech. rep. Institute for Energy Economy and Financial Analysis, 2017, p. 45.

<sup>21</sup>Cong Qin and Terence Tai Leung Chong. "Can Poverty be Alleviated in China?" *Review of Income and Wealth* 64.1 (2018), pp. 192–212.

<sup>22</sup>Shi Li et al. *Inequality in China: Development, transition, and policy*. Tech. rep. World Institute for Development Economic Research (UNU-WIDER), 2018.

<sup>23</sup>Based on annual and mid-year reports from the Central Disciplinary Inspection Commission, from 2013 through April 2019.

<sup>24</sup>Bruce J. Dickson. *The Dictator's Dilemma: the Chinese Communist Party's Strategy for Survival*. Oxford University Press, 2016; Wenfang Tang. *Populist Authoritarianism: Chinese Political Culture and Regime Sustainability*. Oxford University Press, 2016; Jidong Chen et al. "Sources of Authoritarian Responsiveness: A Field Experiment in China". *American Journal of Political Science* 60.2 (2015), pp. 383–400; Tianguang Meng et al. "Conditional Receptivity to Citizen Participation: Evidence From a Survey Experiment in China". *Comparative Political Studies* (2014), pp. 1–35; Christopher Heurlin. *Responsive Authoritarianism in China*. Cambridge University Press, 2016.

<sup>25</sup>Daniela Stockmann and Ting Luo. "Which social media facilitate online public opinion

limitations of authoritarian rule is an acute incapacity to sense and respond to the needs and concerns of the people it dominates; the simple reason being that authoritarian systems lack the incentive (political accountability) and the infrastructure (civil society) necessary for “enhancing the hearing that people get in expressing and supporting their claims.”<sup>26</sup> Given this somewhat genetic affliction, scholars point to bottom-up “input institutions,” that bridge the gap between leaders and citizens, thus enhancing regime resilience.<sup>27</sup> These include representative legislatures,<sup>28</sup> local elections,<sup>29</sup> civil-society organizations,<sup>30</sup> as well as a host of alternative mechanisms for public consultation and appeal.<sup>31</sup> With the help of technology, Chinese citizens, like Haier’s customers, can now submit online complaints and tip-offs about corruption, email their local leaders if they have questions, and upload comments on policy proposals at both the local and national level.

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in China?” *Problems of post-communism* 64.3-4 (2017), pp. 189–202; Rogier Creemers. “Cyber China: Upgrading Propaganda, Public Opinion Work and Social Management for the Twenty-First Century”. *Journal of Contemporary China* 26.103 (2017), pp. 85–100.

<sup>26</sup>Amartya Kumar Sen. “Democracy as a Universal Value”. *Journal of Democracy* 10.3 (1999), pp. 3–17, p. 11.

<sup>27</sup>Andrew J. Nathan. “China’s Changing of the Guard: Authoritarian Resilience”. *Journal of Democracy* 14.1 (2003), pp. 6–17.

<sup>28</sup>Melanie Manion. *Information for Autocrats Representation in Chinese Local Congresses*. Cambridge University Press, 2016, p. 195; Rory Truex. *Making Autocracy Work: Representation and Information in Modern China*. New York: Cambridge University Press, 2016.

<sup>29</sup>Lai Hairong. “Semi-Competitive Elections at Township Level in Sichuan Province”. *China Perspectives* 51.51 (2004), pp. 1–21; Kevin J. O’Brien and Lianjiang Li. “Accommodating “democracy” in a one-party state: Introducing village elections in China”. English. *The China Quarterly* 162.162 (2000), pp. 465–489; Pierre F. Landry et al. “Elections in Rural China: Competition Without Parties”. *Comparative Political Studies* 43.6 (2010), pp. 763–790.

<sup>30</sup>Jessica C. Teets. *Civil Society under Authoritarianism: The China Model*. Cambridge University Press, 2014; Jessica C. Teets and William Hurst. *Local Governance Innovation in China: Experimentation, Diffusion, and Defiance*. Routledge, 2014, p. 204; Keping Yu. “Civil Society in China: Concepts, Classification and Institutional Environment (World Scientific)”. *State and Civil Society* 1 (2010), pp. 63–96.

<sup>31</sup>Jonathan R. Stromseth et al. *China’s Governance Puzzle: Enabling Transparency and Participation in a Single-Party State*. Cambridge University Press, 2017; Baogang He and Mark E. Warren. “Authoritarian Deliberation: The Deliberative Turn in Chinese Political Development”. *Perspectives on Politics* 9.02 (2011), pp. 269–289; Laura M. Luehrmann. “Facing Citizen Complaints in China, 1951-1996”. *Asian Survey* 43.5 (2003), pp. 845–866.

## Bringing the “hard” back into “soft” authoritarianism

The bottom-up input mechanisms outlined above represent the soft side of the CCP’s control system. But there are limits and caveats to inclusion. Grassroots electoral experimentation has ground to a halt, and independent candidates have for the most part become extinct.<sup>32</sup> Representative bodies like the People’s Congresses and People’s Consultative Committees provide forums for geographic and sectoral interest lobbying, but their agendas are dictated by Party leaders.<sup>33</sup> Citizens are prompted to report on rule-breakers, petition against bad officials, and write complaints when they get bad service, but are often punished for doing so outside approved channels.<sup>34</sup> And, while policymaking bodies appear genuine in their requests for input, we know that censorship and information distortion is pervasive.<sup>35</sup>

Even if the crude repression common in the past has subsided, it has not disappeared. Instead, coercion has become submerged and surgical, with dissidents carefully monitored by GPS trackers, spyware, and tactical units that intercept and preempt any planning or action transgressing the limits laid out by the regime. Internet monitors, algorithms, and trolls carefully dissect public discourse and manipulate it when necessary. All the while, surveillance cameras, cellphone location pings, and aerial drones provide constant input on where the population goes, flows, and congregates.

From the outside looking in, such developments are not easy to comprehend, in part because they both challenge and confirm long-held notions of how top-down authoritarianism is supposed to work. In response, scholars have tended to focus either on the soft or the hard elements of regime control, rarely synthesizing the two. This has been both a blessing and a bit of a curse. Studying the soft elements of inclusion has helped us understand the instrumental value the CCP places on participatory governance.<sup>36</sup> However,

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<sup>32</sup>Junzhi He. “Independent Candidates in China’s Local People’s Congresses: a typology”. *Journal of Contemporary China* 19.64 (2010), pp. 311–333.

<sup>33</sup>Ying Sun. “Municipal People’s Congress Elections in the PRC: a process of co-option”. *en. Journal of Contemporary China* 23.85 (2014), pp. 183–195.

<sup>34</sup>Diana Fu and Greg Distelhorst. “Grassroots Participation and Repression under Hu Jintao and Xi Jinping”. *The China Journal* 79 (2018), pp. 100–122.

<sup>35</sup>Margaret E. Roberts. *Censored: distraction and diversion inside China’s Great Firewall*. Princeton University Press, 2018.

<sup>36</sup>Nathan, “China’s Changing of the Guard: Authoritarian Resilience”; Martin K Dimitrov. “Understanding Communist Collapse and Resilience”. *Why Communism Did Not*

a narrow focus on the soft has indirectly kept afloat a tenuous association between participation and potential for democratization.<sup>37</sup> At the other extreme, those who focus on the hard elements of CCP control are more inclined to see inclusion as bric-a-brac “window-dressing”<sup>38</sup> for what remains a crass and brutal top-down system destined for eventual collapse.<sup>39</sup>

Each of these perspectives is compelling, but they cannot all be right. Optimists have been sorely disappointed by China’s apparent departure from institutional deepening in favor of increased censorship and indoctrination. Even those who see China’s soft inclusion through the lens of “regime resilience” remain vexed by a fundamental contradiction: authoritarian institutions are almost always hobbled in ways that directly undermine the very functions they are purported to deliver. How can inclusion reveal useful information if public discourse is censored and distorted?<sup>40</sup> Likewise, how can civil society play a meaningful role if it is meticulously compartmentalized and supervised by the state?<sup>41</sup> For their part, those who dismiss inclusion and focus on coercion do not offer an alternative explanation for how the regime has managed to address some of its core governance challenges, why it seems increasingly receptive and responsive to public opinion, or why the Chinese public seems satisfied with the results.<sup>42</sup>

One recent approach at reconciling this particular set of Chinese contradictions has been to depict participatory reforms in China as genuine but undermined by Xi Jinping’s increasingly power-hungry and personalistic

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*Collapse: Understanding Authoritarian Regime Resilience in Asia and Europe.* Ed. by Martin K. Dimitrov. Cambridge University Press, 2013. Chap. 1; Stromseth et al., *China’s Governance Puzzle: Enabling Transparency and Participation in a Single-Party State.*

<sup>37</sup>James S. Fishkin. *When the People Speak: Deliberative Democracy and Public Consultation.* Oxford University Press, 2009, p. 236; Bruce Gilley. *China’s democratic future: How it will happen and where it will lead.* Columbia University Press, 2004; Larry Diamond. “The Rule of Law as Transition to Democracy in China”. *Journal of Contemporary China* 12.35 (2003), pp. 319–331; He and Warren, “Authoritarian Deliberation: The Deliberative Turn in Chinese Political Development”.

<sup>38</sup>M. Bristow, “China’s democratic ‘window dressing,’” BBC News (March 5, 2010).

<sup>39</sup>Minxin Pei. *China’s crony capitalism: the dynamics of regime decay.* Harvard University Press, 2016.

<sup>40</sup>Roberts, *Censored: distraction and diversion inside China’s Great Firewall.*

<sup>41</sup>Marie-Eve Reny. *Authoritarian containment: public security bureaus and Protestant house churches in urban China.* Oxford University Press USA - OSO, 2018; Teets, *Civil Society under Authoritarianism: The China Model.*

<sup>42</sup>Tang, *Populist Authoritarianism: Chinese Political Culture and Regime Sustainability.*

leadership.<sup>43</sup> Assuming Xi’s push for hard control undermines the progress made under soft authoritarianism, such frustrations naturally portend the erosion and inevitable collapse of the regime.<sup>44</sup> This perspective fits well with the view of China’s contemporary political history as one comprised of clear structural breaks, such as the 1978 departure from revolutionary Maoism and transition into more rational and liberal socio-economic order. Xi Jinping’s rise thus represents a challenge to that trajectory, which can be read either as a return to Maoism or a “third revolution” into a new era of hard authoritarianism.<sup>45</sup>

In this book, I present an alternative perspective which emphasizes neither structural breaks nor normative benchmarks but rather an evolution of control that marries the soft and the hard of authoritarianism. Before I can expound on this idea, however, I must first decouple the “soft” side of China’s authoritarianism from the liberal democratic concepts and benchmarks that predominate in the literature. In order to do so, it is helpful to briefly consider the case of China from a wider vantage point.

### China in perspective

Though China is the principal focus of this book, the fusion of participatory institutions and authoritarian control is not a China-specific story. In a recent monograph, Garry Rodan points to the rise of “participation without democracy” in a host of Southeast Asian countries, where citizens are given a voice on policy, yet denied political rights.<sup>46</sup> In Cuba, the long-ruling communist regime has, for over a decade now, mobilized public debate on a broad set of economic and constitutional reforms, while maintaining strict controls over political and civil organization.<sup>47</sup> In the Middle East as well,

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<sup>43</sup>Carl Minzner. *End of an Era: How China’s Authoritarian Revival is Undermining Its Rise*. Oxford University Press, 2018.

<sup>44</sup>Pei, *China’s crony capitalism: the dynamics of regime decay*; David Shambaugh. *The Coming Chinese Crackup*. 2015.

<sup>45</sup>Minzner, *End of an Era: How China’s Authoritarian Revival is Undermining Its Rise*; Elizabeth Economy. *The third revolution : Xi Jinping and the new Chinese state*. Oxford University Press, 2018.

<sup>46</sup>Garry Rodan. *Participation without democracy: containing conflict in Southeast Asia*. Cornell University Press, 2018.

<sup>47</sup>Larry Catá Backer et al. “Popular Participation in the Constitution of the Illiberal State—An Empirical Study of Popular Engagement and Constitutional Reform in Cuba

non-democratic leaders are promoting deliberation and open government, while simultaneously engaging in brutal forms of political intolerance.<sup>48</sup>

Moreover, such trends are not new. Nearly 30 years ago, political scientists were sounding the alarm about a new form of ‘soft authoritarianism’ which practiced persuasion instead of coercion, offered national development in the place of political rights, and espoused collective stability over that of individual liberties.<sup>49</sup> For better or worse, however, these conversations were overshadowed by the discourse on democratization<sup>50</sup> and the rapid spread of quasi-democratic institutions following the collapse of the Soviet Union.<sup>51</sup> These trends and contradictions fueled a provocative and productive conversation concerning the regime-stabilizing features of quasi-democracy.<sup>52</sup> But there is a problem. Flirting with democratic institutions can be rewarding, but also risky.<sup>53</sup> As Diamond asserts, “it is just not possible in our world of

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and the Contours of Cuban Socialist Democracy 2.0”. *Available at SSRN* (2019).

<sup>48</sup>Ronald Deibert and Rafal Rohozinski. “Liberation vs. control: The future of cyberspace”. *Journal of Democracy* 21.4 (2010), pp. 43–57.

<sup>49</sup>Francis Fukuyama. “Asia’s soft-authoritarian alternative”. *New perspectives quarterly* 9.2 (1992), pp. 60–61; Denny Roy. “Singapore, China, and the “soft authoritarian” challenge”. *Asian Survey* 34.3 (1994), pp. 231–242; Edward Schatz. “The soft authoritarian tool kit: Agenda-setting power in Kazakhstan and Kyrgyzstan”. *Comparative Politics* 41.2 (2009), pp. 203–222; Gordon Paul Means. “Soft authoritarianism in Malaysia and Singapore”. *Journal of Democracy* 7.4 (1996), pp. 103–117; Edwin A Winckler. “Institutionalization and participation on Taiwan: from hard to soft authoritarianism?” *The China Quarterly* 99 (1984), pp. 481–499.

<sup>50</sup>Samuel P. Huntington. *The Third Wave: Democratization in the Late Twentieth Century*. University of Oklahoma Press, 1991, p. 366; Juan J. Linz and Alfred C. Stepan. “Toward Consolidated Democracies”. *Journal of Democracy* 7.2 (1996), pp. 14–33.

<sup>51</sup>The proportion of autocracies that either lacked a legislature or packed it with just one party went from about 50 to 15% between 1990 and 2010. Un-elected dictators saw their representation fall from over 70% in the 1950s to less than 40 over the same period. Based on data from: (Barbara Geddes et al. “Autocratic breakdown and regime transitions: A new data set”. *Perspectives on Politics* 12.2 [2014], pp. 313–331).

<sup>52</sup>Carles Boix and Milan W. Svobik. “The Foundations of Limited Authoritarian Government: Institutions, Commitment, and Power-Sharing in Dictatorships”. *The Journal of Politics* 75.02 (2013), pp. 300–316; Jennifer Gandhi. *Political Institutions under Dictatorship*. Cambridge University Press, 2008; Beatriz Magaloni. “The game of electoral fraud and the ousting of authoritarian rule”. *American Journal of Political Science* 54.3 (2010), pp. 751–765; Joseph Wright. “Do Authoritarian Institutions Constrain? How Legislatures Affect Economic Growth and Investment”. *American Journal of Political Science* 52.2 (2008), pp. 322–343.

<sup>53</sup>Paul J. Schuler et al. “Risk and Reward: The Differential Impact of Authoritarian

mass participation and democratic consciousness to give people the right to think, speak, publish, demonstrate, and associate peacefully, and not have them use those freedoms to demand as well the right to choose and replace their leaders in free and fair elections.”<sup>54</sup>

## 1.2. Participation without democracy

Diamond is right: it is not. But, as I will argue throughout the rest of this book, it might be possible to extend a controlled version of inclusion that advances governance and preempts democracy. This in fact the unstated assumption underpinning basically all the extant literature on authoritarian resilience. This assumption, however, has never really been unpacked. Instead, scholarship on the regime-strengthening effects of institutions has either avoided the obvious presence of control or dealt with it as a limitation to the instrumental benefits alluded to in their theories. The clearest examples concern authoritarian elections, and the various types of information they reveal under different degrees of control.<sup>55</sup> Similar versions of limited instrumentalism can be found in discussions surrounding legislatures,<sup>56</sup> civil society,<sup>57</sup> law and courts,<sup>58</sup> and public consultation.<sup>59</sup>

What I intend to do in this book is consider authoritarian control, not simply as a constraint, but as a possible complement to inclusion. For instance,

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Elections on Regime Decay and Breakdown”. *SSRN Electronic Journal* (2013), pp. 1–46; Carl Henrik Knutsen et al. “Autocratic Elections: Stabilizing Tool or Force for Change?” *World Politics* 69.1 (2017), pp. 98–143.

<sup>54</sup>Larry Jay Diamond. “The Illusion of Liberal Autocracy”. *Journal of Democracy* 14.4 (2003), pp. 167–171, p. 169.

<sup>55</sup>Edmund Malesky and Paul Schuler. “The single-party dictator’s dilemma: Information in elections without opposition”. *Legislative Studies Quarterly* 36.4 (2011), pp. 491–530.

<sup>56</sup>Boix and Svobik, “The Foundations of Limited Authoritarian Government: Institutions, Commitment, and Power-Sharing in Dictatorships”; Truex, *Making Autocracy Work: Representation and Information in Modern China*.

<sup>57</sup>Teets, *Civil Society under Authoritarianism: The China Model*.

<sup>58</sup>Mary E. Gallagher and Blake Miller. *Can the Chinese government really control the Internet? We found cracks in the Great Firewall*. 2017; William Hurst. *Ruling before the Law*. Cambridge University Press, 2018.

<sup>59</sup>Stromseth et al., *China’s Governance Puzzle: Enabling Transparency and Participation in a Single-Party State*.

reflecting on the case of Singapore in the early 1990s, Francis Fukuyama highlights two distinct features of soft-authoritarianism: paternalism and collectivism.<sup>60</sup> This is interesting insofar as neither of these qualities are in fact describing the process of soft-authoritarianism—namely, public inclusion through state-run channels—but rather the ecosystem within which that inclusion proceeds. In other words, paternalism (control from above) and collectivism (control from one’s peers) provide the substructure that make soft-authoritarianism possible.

For Fukuyama, paternalism and collectivism are consonant with Confucian values, which place a premium on order and the needs of society over that of the individual. Yet, as we now know, a number of Confucian societies have transitioned out of soft-authoritarianism and into robust democracy.<sup>61</sup> Indeed, out of all the “soft” regimes identified by scholars in the 1990s, only two have really survived: China and Singapore. As I will argue in subsequent chapters, this is no coincidence, and the antecedents of control might be more proximate. Specifically, both Singapore and China are ruled by parties that were originally established under Leninist principals, which like Haier’s, emphasize popular inclusion and bottom-heavy, heterarchical organization.<sup>62</sup> Most importantly, Leninism is concerned with control.<sup>63</sup> Seen from this light, the fusion of soft and hard which we see in contemporary China is not at all surprising. Under Leninism, there is no contradiction between asking citizens to denounce the government while at the same having the leaders repress the public. It is part of the same self-correcting system of control. But can such a system work, for how long, and what are its limitations?

We cannot hope to answer such questions if we arrive with preconceived notions of what inclusion ought to involve. Such an approach would allow us to quantify what the CCP is not doing, but reveal little about the goals and tactics it is in fact pursuing. In other words, by priming our theories on liberal democratic principles rather than on Leninist precursors, we risk misunderstanding the purpose of inclusive authoritarianism in today’s China. On this point, my argument echoes that of others who see the post-Mao

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<sup>60</sup>Fukuyama, “Asia’s soft-authoritarian alternative”.

<sup>61</sup>Taiwan and South Korea being the clearest examples.

<sup>62</sup>Jerry F. Hough and Merle Fainsod. *How the Soviet Union is Governed*. Harvard University Press, 1979, p. 693; Pang Cheng Lian. “The People’s Action Party, 1954–1963”. *Journal of Southeast Asian History* 10.1 (1969), pp. 142–154.

<sup>63</sup>Schurmann, *Ideology and organization in communist China*.

period as having retained much of its Leninist, revolutionary core.<sup>64</sup> What I add is a framework for thinking about the interface between the soft elements of inclusion and the hard components of control, which helps reconcile the practical limitations of Leninist inclusion of the past with its resurgence in the present.

### 1.3. Plan of the book

The book is organized into three parts. The next two chapters round out Part I, laying out a theoretical and historical framework for thinking about inclusive authoritarianism in a CCP-controlled China. This framework is structured on two countervailing principals. First, regimes who fail to incorporate public input into their governance strategy are bound to suffer dual deficiencies in information and legitimacy. Second, regimes who facilitate public participation expose themselves to popular mobilization and, thus, political competition. For much of history, non-competitive regimes have opted for non-participatory political systems. Instead, kings, sultans, generalissimos, and supreme leaders have operated under various forms of hard, top-down authoritarian rule, incorporating only those small groups and individuals deemed essential for regime survival.<sup>65</sup>

The Leninist regimes that emerged in the first part of the 20th century are an exception. To be sure, these regimes were hardly less brutal than their peers. Yet they embody a unique preoccupation with grassroots participation. And true, the history of Leninist participation has proven more effective for political mobilization than actual governance; but it was not for a lack of trying.<sup>66</sup> As I discuss in Chapter 3, the desire to harness public in-

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<sup>64</sup>Elizabeth J. Perry. “From Mass Campaigns to Managed Campaigns: Constructing a ‘New Socialist Countryside’”. *Mao’s Invisible Hand: The Political Foundations of Adaptive Governance in China*. Ed. by Elizabeth J. Perry and Sebastian Heilmann. Harvard University Press, 2011. Chap. 2, pp. 30–61; Daniel Koss. *Where the Party Rules: The Rank and File of China’s Communist State*. Cambridge University Press, 2018; S. Heilmann. “Maximum Tinkering under Uncertainty: Unorthodox Lessons from China”. *Modern China* 35.4 (2009), pp. 450–462.

<sup>65</sup>Bruce Bueno De Mesquita and Alastair Smith. *The dictator’s handbook: why bad behavior is almost always good politics*. PublicAffairs, 2011, p. 319.

<sup>66</sup>Philip G Roeder. “Modernization and participation in the Leninist developmental strategy”. *American Political Science Review* 83.3 (1989), pp. 859–884.

put for bureaucratic oversight and planning was a frequent aspiration during early Soviet and Maoist periods. That these efforts broadly failed was in part the consequence of insufficient control as well as deficiencies in information acquisition and processing capacity. Modern technology offers some advantages in these respects, and what we are seeing in China today is partially an attempt at digitizing Leninist modes of participatory control, a process I refer to as “retrofitting.”

What I mean by retrofitting resembles what some have termed “Leninism 2.0” or “Digital Leninism.”<sup>67</sup> Such phrases, however, reveal relatively little about how Chinese Leninism has in fact evolved, if at all. As I will argue in Chapter 3, the architecture of Leninist control in China remains relatively unchanged. Indeed, control through social media or online comment is not unlike participatory authoritarianism via old-fashioned public hearings and legislative conferences. In each format, participation is compatible and conducive to authoritarian rule because of how Leninist organizations go about compartmentalising themselves and the systems they govern. Chapters 2 and 3 elaborate on these underlying principals, and lay the groundwork for controlled inclusion in three arenas: oversight, planning, and implementation.

Part II of the book is aimed at unpacking the assumptions and mechanisms underpinning my argument by connecting my theoretical framework to the empirical record. In Chapters 4 and 5, I examine the link between public inputs and regime outputs in oversight and planning. This is a crucial link insofar as the salutary effects of inclusion can only accrue if the regime heeds and acts on public inputs. Taking advantage of data on corruption investigations and citizen tip-offs, I show a strong and positive relationship between public inputs and investigations. As further evidence of a causal link, I leverage China’s legacy Internet backbone in an instrumental variable approach that helps rule out endogeneity threats. Specifically, I find that localities which are geographically closer to Internet exchange servers built in the early 1990s are more likely to receive citizen tip-offs, and that this exogenous variation also predicts disciplinary action.

Having established a link between public participation and oversight, I proceed to examine the relationship between bottom-up inputs and policy planning. Here I take advantage of the fact that China’s policymakers selectively open some policies to public consultation, but not others. To exploit

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<sup>67</sup>For instance, see Sebastian Heilmanns’s concept note: <https://bit.ly/2FGNFg3>.

this variation, I build a back-door into the consultation process by surveying Chinese citizens on the same issues for which the regime is conducting consultation, as well as on those for which it prefers to plan internally. Based on survey data from three annual waves, I provide preliminary evidence that open-policymaking tends to produce decisions that are generally more congruent with public opinion. Moreover, the survey evidence offers hints at how the consultation process helps planners market their preferred policy positions for public consumption.

In Chapter 6, I deal with what happens after information is generated. For instance, what does an autocrat do with several million comments, petitions, and proposals? I argue that authoritarian regimes have to rely on heuristics in order to screen out low-value information (noise) from high-priority inputs (signal). These heuristics should fill gaps in the regime's existing knowledge, reduce complexity, and be robust to the threat of information distortion. One objective heuristic that satisfies these conditions is the distribution of preferences attached to a specific informational input. In the case of grievances, for instance, petitions arriving from disparate segments of society help distinguish serious problems from minor ones. In policy consultation, polarized public opinion helps leaders adopt moderating positions. When it comes to legislative representation, the diversity of sponsorship coalitions helps leaders discriminate encompassing from parochial demands. Using data from Chinese local peoples congresses, I show this latter logic in action by mapping out the co-sponsorship patterns around delegate-initiated proposals.

In Part III, I explore the downstream implications of controlled inclusion with regards policy and public opinion. In Chapter 7, I explore the downstream policy implications of inputs under a system of controlled inclusion. Specifically, if consultation is contributing policy-relevant information, then we should expect that those policies that are discussed in public prior to implementation are less prone to blunders and the mass discontent that so often arise when policies are formulated in private. Consistent with this logic, I find that no policies adopted with consultation between 2004 and 2012 were repealed during that same period, and that their amendment rates are significantly lower than for policies adopted without consultation. If the primary mechanisms driving such effects are indeed informational, then we should anticipate that effect size is commensurate with information acquisition capacity. Accordingly, I find that Internet connectivity acts as a powerful

amplifier in my estimates.

In Chapter 8, I turn to the legitimizing effects of controlled inclusion. Specifically, if public engagement is indeed helping endear governments to their citizens, we should be able to observe such effects in public opinion. Based on an original survey from a budget participation experiment in coastal China, I show that public engagement significantly raises public confidence in government, but these gains are directed towards the local governments who invited them to participate. Importantly, however, the field experiment also shows that participation impacts the way citizens evaluate their local government, shifting their priorities away from economic performance and towards accountability.

Chapter 9 serves as both a conclusion and a reflection on the limits to controlled inclusion. In particular, I focus on two recent developments in the CCP's approach to social engagement. First, surveillance technology is indirectly reducing the need for the Party to invest in grassroots control, opting instead for algorithms and data-scientists. Second, the creation of a nationwide social crediting system is likely to undermine group-based management principles by turning every citizen into both a collaborator and target for control. In either case, we can expect the trust link between the Party and the people to wither. Indeed, I show how randomly treating respondents with information concerning the social crediting reduces beliefs that they themselves are trusted by the regime.