

# Institutionalization and Elite Behavior in Reform China

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Following the dominant tradition in the field of Chinese politics, many scholars exploit informal politics to explain elite behavior in China.<sup>1</sup> This paper instead argues that there exists an increasing trend toward formal politics and institutionalization in the reform era. By institutionalization I refer to the patterns of elite behavior that are regulated by established norms and procedures, which is part of what I consider "formal politics." In turn, I understand "informal politics" as the broad patterns of political dynamics—such as personal connections, factionalism, purges, or other extra-legal means—that determine the outcomes of decision-making. I use my research on elite selection in the reform era to support my view about increasing institutionalization in China.<sup>2</sup>

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<sup>1</sup> Joseph Fewsmith, "The Sixteenth National Party Congress," *The China Quarterly*, no. 173 (March 2003): 1-16; Jing Huang, *Factionalism in Chinese Communist Politics* (Cambridge: Cambridge University Press, 2000); Lowell Dittmer, "The 16th Party Congress as a Chinese Developmental Process," *The China Quarterly*, no. 176 (December 2003): 903-26; Lucian W. Pye, "Factions and the Politics of Guanxi," in *The Nature of Chinese Politics: From Mao to Jiang*, ed. Jonathan Unger (Armonk, N.Y.: M.E. Sharpe, 2002), 38-57; and Tang Tsou, "Chinese Politics at the Top: Factionalism or Informal Politics?" *ibid.*, 98-159.

<sup>2</sup> Xiaowei Zang, *Elite Dualism and Leadership Selection in China* (London and New York: Routledge/Curzon, 2004).

## **Functional Differentiation and Formal Politics**

Depending on objective, a political elite may choose hierarchy or functional differentiation as its ruling instrument. As a result, the elite may opt for either informal politics or the institutionalization of its political system. By hierarchy I refer to the concentration of power at the top of the political system. By functional differentiation I mean the formal distribution of capabilities such as power and domains of governance among institutional actors in the political system.<sup>3</sup> Clearly, functional differentiation leads to formal politics.

I propose that when the governing elite defines its objective in terms of political orthodoxy, hierarchy is likely to be its preferred mode of governance. Informal politics follows. Political mobilization requires the concentration of power in the hands of the ruling elite because a flat structure of formal command and communication is the most effective way of mass mobilization. Hierarchy demands structural simplicity because direct appeals to the masses can remove bureaucratic interpretations of, and potential deviations from, central policies by the rank and file. This was true in Mao Zedong's (毛澤東) China and is still the case in a modern society such as the United States—one may, for instance, want to favorably compare presidential election campaigns by George W. Bush and John Kerry with the early stage of the Cultural Revolution (文化大革命) when Chairman Mao came out personally to receive Red Guards (紅衛兵).

Clearly, hierarchy relies on charismatic leaders for mass mobilization and governance at the expense of the organizational efficiency of modern bureaucracy. It is no wonder that when politics was in command during the Cultural Revolution, Mao's cult reached its zenith and the division of labor between the government and the Chinese Communist Party (CCP) was widely out of balance. The CCP prevailed in nearly all aspects of

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<sup>3</sup>Avery Goldstein, *From Bandwagon to Balance-of-Power Politics* (Stanford: Stanford University Press, 1991), chap. 1; and Kenneth N. Waltz, *Theory of International Politics* (Menlo Park.: Addison-Wesley, 1979), 82.



political and social life in China.<sup>4</sup>

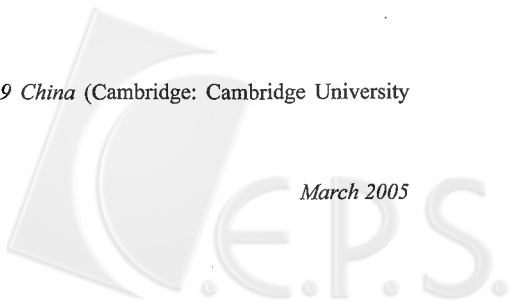
The emphasis on hierarchy creates a fertile land for informal politics because power is concentrated at the top of the political system and formal positions do not lead to job security or promotion opportunities. A rational actor in a regime obsessed with political mobilization must cultivate connections for political survival and career advancement. Leaders also favor clientism since they demand complete obedience from subordinates in order to achieve desired political outcomes. To these elite, undivided loyalty is synonymous with efficiency because it reduces transaction costs in political mobilization. Thus, both leaders and subordinates are motivated to engage in informal politics. This is why in Mao's China, noble political campaigns that sought to repudiate unorthodoxies were always accompanied by an irony: when politics was in command, factionalism and favoritism were also on the rise.

In contrast, functional differentiation produces a structural framework for formal politics. Functional differentiation means specialization. Generalists are good instruments of mass politics. Yet a regime that focuses on functional differentiation requires specialists in order to achieve efficiency and good governance. Political careers are increasingly related to expertise at the expense of informal politics. In addition, functional differentiation requires that power be dispersed and rest on the formal structure of decision-making; loyalty and personal connections thus become a less effective means of career advancement. The effect of recommendations from a supervisor is moderated by established norms and procedures.

The structural need for functional differentiation emerges when the ruling elite considers governance from the perspective of economic and administrative efficiency. This is because social and economic modernization relies on bureaucratic planning, budgeting and auditing procedures, systems of personnel recruitment and training, and supervision and coordination of organizational activities. Economic and administrative efficiency is

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<sup>4</sup>Shiping Zheng, *Party vs. State in Post-1949 China* (Cambridge: Cambridge University Press, 1997), chap. 6.



mainly derived from specialization and the use of modern technologies, which requires not only expertise but the division of labor in governance and established rules and procedures for the orderly and scientific management of the bureaucracy. Hence, political institutions must be transformed into a bureaucratic structure of cooperation that will "economize on transaction costs, reduce opportunism and other forms of agency 'slippage,' and thereby enhance the prospects of gains through cooperation."<sup>5</sup> Institutionalization consequently follows.

The strategic transition from political campaigns to an emphasis on economic and administrative efficiency is unavoidable since the ruling elite recognizes that a strong economy will both continue its legitimacy in post-revolutionary society and build up the material strength to compete internationally. Yet by no means does this recognition suggest that the ruling elite may not insist on total power. The elite may be confident in its ability (including use of revolutionary tactics) to manage a complex economic system, thereby refusing to comply with the structural need for functional differentiation. During the Cultural Revolution (and also the Great Leap Forward 大躍進), for example, the CCP sought to defy the logic of modernization with mass mobilization and party dictatorship—the end results of which threatened, however, its legitimacy in and leadership over Chinese society. Both the elite and the masses negatively compared this bitter experience with the moderate prosperity brought about by the temporary retreat of the Maoist political line in the early 1960s. Hence, after Deng Xiaoping (鄧小平) came to power in 1978, the CCP reached the conclusion that modernization was a complex enterprise that required the division of labor for better governance.<sup>6</sup> Through trial and error, structural forces of modernization eventually prevailed over political will. Hence, there has been after 1978 an increasing division of labor in governance between the Chinese government and the CCP. Although the CCP has undoubtedly had

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<sup>5</sup>Kenneth A. Shepsle, "Institutional Equilibrium and Equilibrium Institution," in *Political Science: The Science of Politics*, ed. Hilda Weisburg (New York: Agathon, 1986), 74.

<sup>6</sup>Zang, *Elite Dualism and Leadership Selection in China*, chap. 2; and Zheng, *Party vs. State in Post-1949 China*, chap. 8.

a steering function in defining policies and personnel matters, considerable administrative power has been shifted to the government system. These developments have undermined the monolithic nature of political power the CCP established during the Cultural Revolution, and have paved the way toward institutionalization and formal politics in China.<sup>7</sup>

Another important factor that has led to increasing institutionalization and formal politics was the leadership transition in the 1980s. In this transition, the old revolutionary guard were replaced by a new generation of political leaders. These new leaders favor formal politics for the following five reasons:

First, the new leaders are chosen not because of their political skills but mainly because they were determined to have the expertise and ability to manage the complex social and economic system in the reform era. Their selection suggests that they may not be strong players in the game of informal politics.

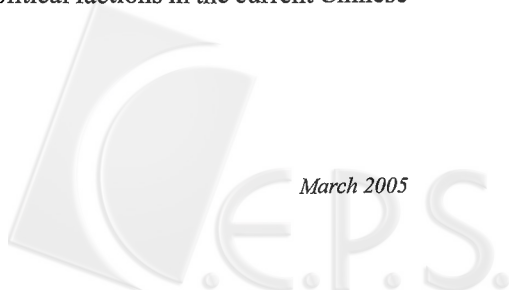
Second, without revolutionary credentials and the resulting claim to power, the new leaders clearly understand that their authority rests on the performance of China's economy. They are part of the generation that witnessed the negative effect of Maoist political campaigns on the CCP leadership, an experience which should discourage their interest in informal politics while enhancing their positive attitude toward functional differentiation for good governance.

Third, unlike the old guard who exploited personal connections—built in the pre-1949 battlefields—as a major source of power, the new leaders rely mainly on formal positions in various political organizations. The new leaders thus must orient themselves toward formal politics. It is in their interest to move Chinese politics toward institutionalization.

Fourth, the new leaders have less network resources than the revolutionary old guard. The new elite have come to power in a very short period of time and have not had the time or opportunities to identify potential allies. There may not be any strong political factions in the current Chinese

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<sup>7</sup>*Ibid.*



leadership. This is to a large extent true for Jiang Zemin (江澤民) and his associates and even truer for Hu Jintao (胡錦濤) and his partners.

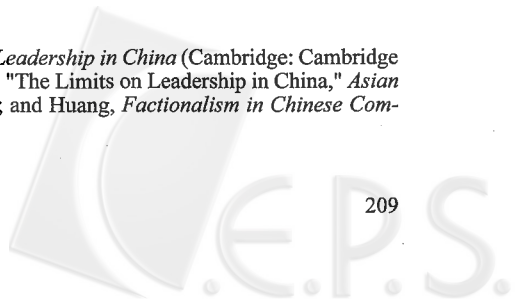
Finally, the new leaders may be supportive of formal politics because of a negative relationship between the strength of political institutions and the amount of network resources of political leaders. For example, Mao Zedong was able to break through bureaucratic constraints and take command of politics at the expense of functional differentiation. Deng Xiaoping, however, had to operate more or less within the framework of the political system after 1978.<sup>8</sup> If informal politics reigned between the late 1960s and the 1970s because Mao both was a charismatic leader and commanded a large and strong network, formal institutions must be an increasingly important determinant of decision-making in the 1980s since Deng had significantly less political resources than Mao. Current Chinese leaders such as Hu Jintao and Zeng Qinghong (曾慶紅) are significantly less autonomous and hence are more limited than their predecessors. The degree of institutionalization in Chinese politics must be higher today than ever before.

It is necessary to stress that functional differentiation in the reform era does not mean the separation of the state from the CCP. The party rules. In fact, functional differentiation enhances the degree of efficiency of CCP state control since the party can focus on policy guidance, supervision, personnel management, and other creative measures. The CCP delegates the management of the economy and society to the government, in return for better governance and a higher degree of political legitimacy.

I am not, moreover, the first to argue for increasing institutionalization in the reform era. Several China experts have already suggested that the leadership transition in the reform era has signaled a significant change in emphasizing bureaucratic efficiency and rationalization. This is because the efforts to manage an increasingly complex social and economic system

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<sup>8</sup>David Bachman, *Bureaucracy, Economy, and Leadership in China* (Cambridge: Cambridge University Press, 1991), 230; David Bachman, "The Limits on Leadership in China," *Asian Survey* 32, no. 11 (November 1992): 1046-62; and Huang, *Factionalism in Chinese Communist Politics*, 421-22.



should lead to the growing importance of political institutions. These scholars have argued that the Chinese political system has been in transition from a traditional hierarchical system toward a more modern and rational political system.<sup>9</sup> In the former, activities are guided primarily by traditional relationships within the bureaucratic apparatus, and relations are shaped primarily by informal criteria such as personal connections. In the latter, a wider range of activities is influenced by rule-guided relationships, with a greater role for formal institutional boundaries, accepted rules, and laws.<sup>10</sup> I present more justification for the greater degree of institutionalization of power below.

### **Institutional Development and Elite Behavior**

I use two indicators of elite behavior—leadership selection and turnover—to demonstrate increasing institutionalization in the reform era. I suggest that one must be able to predict patterns of elite recruitment if formal politics is in place because structures lead to patterns and thus predictability. One must also be able to identify a low degree of elite turnover if leadership selection is based on the structural needs of a political system because structural needs support elite stability. In comparison, one must reject attempts to model elite behavior if informal politics reigns since such politics is by nature unpredictable.<sup>11</sup> For the same reason, one must also argue for elite inability if membership in the elite has little to do with structural needs.

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<sup>9</sup>Xueguang Zhou, "Partial Reform and the Chinese Bureaucracy in the Post-Mao Era," *Comparative Political Studies* 28, no. 3 (1995): 448; and Zheng, *Party vs. State in Post-1949 China*, chap. 8.

<sup>10</sup>Kenneth G. Lieberthal, "Introduction," in *Bureaucracy, Politics, and Decision Making in Post-Mao China*, ed. Kenneth G. Lieberthal and David M. Lampton (Berkeley: University of California Press, 1992), 21-24.

<sup>11</sup>Lowell Dittmer, "Patterns of Elite Strife and Succession in Chinese Politics," *The China Quarterly*, no. 123 (September 1990): 405; and Huang, *Factionalism in Chinese Communist Politics*, 12-18, 211-59.

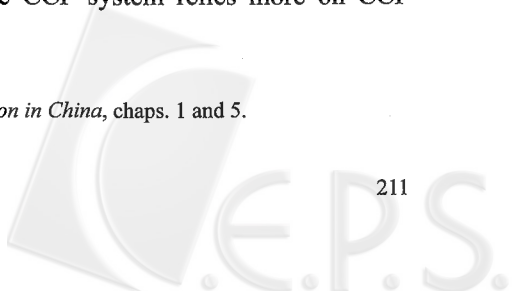
*Elite recruitment:* As noted above, the need for functional differentiation is related to increasing institutionalization in the reform era. This is because functional differentiation requires the distribution of capabilities among institutional players to ensure successful implementation of the division of labor in governance, which should form a structural framework for elite recruitment. If this is the case, one must be able to identify certain regularities in elite selection.

Using a large and representative sample of top Chinese leaders ( $n = 1,588$ ), I have studied five dimensions of elite selection in 1988 and 1994: job assignment, promotion, the speed of promotion, career patterns, and co-optation. I sought to relate these five dimensions of elite behavior to the institutional distinction in the Chinese political hierarchy. I proposed that functional differentiation mandates the CCP to concentrate on policy-making and personnel management, while mandating that the government focus on governance in such areas as economic growth. The division of labor thus should influence the distribution of capabilities—such as human resources between the CCP and the government—since the institutional players need different types of expertise in order to fulfill their tasks. A political campaign expert, for example, would be less able than an economics professor to help the government design a five-year plan for economic growth. The reverse is true if the job assignment was propaganda or mass mobilization. In other words, the government and the CCP should place different weight on education vs. political capital in recruitment and promotion. If this is indeed the case, this fact can be used to show the increasing importance of institutional development in elite behavior in the reform era—selection criteria are based on institutional needs.<sup>12</sup> Major findings from my research include:

- The impact of educational credentials on elite recruitment is greater in the government system than in the CCP hierarchy, whereas recruitment into the CCP system relies more on CCP

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<sup>12</sup>Zang, *Elite Dualism and Leadership Selection in China*, chaps. 1 and 5.





seniority than does recruitment into the government system.

- Educational requirements for promotion in the government system are higher than those in the CCP system, whereas the political requirements for promotion in the CCP system are higher than in the government system.
- University education increases the rate of mobility in general and in the government system in particular. Due to their better educational credentials, government officials enjoy a higher speed of mobility than do CCP cadres.
- The government system is more likely than the CCP hierarchy to recruit officials with administrative experience, whereas the CCP hierarchy is more likely than the government system to select cadres with party work experience.
- The government system is more likely to co-opt professionals than is the CCP hierarchy. Also, the political qualification of co-opted cadres in the CCP hierarchy is higher than that of their counterparts in the government system.

In addition, I found that the patterns in leadership selection in 1994 were similar to those in 1988, despite the impact of the 1989 Tiananmen Incident (天安門事件). Similar patterns of elite recruitment emerged when I analyzed a small and unrepresentative sample of top Chinese leaders ( $n = 196$ ) in 1998. I thus tentatively conclude that these findings are not simply historical precedents, but are rather part of the regular patterns of Chinese politics. These patterns have persisted because of functional differentiation in the reform era. As long as the institutional mandates for the CCP and the government remain unchanged, the mandates will build up institutional arrangements for these patterns to exist.<sup>13</sup>

In short, my research shows that in the reform era, the government system and the CCP hierarchy have operated according to different selection and promotion criteria, which is an outcome of the distinctive institu-

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<sup>13</sup>Ibid.

tional missions pursued by these two political actors. The regularities in leadership selection suggest that elite behavior has become increasingly institutionalized and that informal politics has played a diminishing role in determining policy outcome. The impact of functional differentiation on elite recruitment embodies the working of formal politics and institutions. The patterns of leadership selection reported above provide evidence of a growing emphasis on using formal institutions and rules to govern in the reform era.

*Elite stability:* The second indicator of increasing institutionalization and formal politics is elite stability in the reform era. Some China watchers argue that in the past weak institutions led elite politics to become a game to win or lose all, resulting in constant regime shifts and elite turnover.<sup>14</sup> For example, the mighty political dynamics unleashed by the Cultural Revolution replaced the planned economy regime established by Liu Shaoqi (劉少奇) and Deng Xiaoping. The Cultural Revolution regime was replaced in a Babylonian style of coup d'état by the Hua Guofeng (華國鋒) group in 1976, which in turn was toppled by Deng Xiaoping and his political allies in 1978. Every regime shift brought down a substantial number of leaders at all levels of the political hierarchy.<sup>15</sup>

These drastic events took place because pre-reform China was characterized by weak institutions. A direct political upshot of institutional development in the reform period has been increasing elite stability since elite members are now recruited to perform institutional functions rather than conduct political agendas advocated by specific leaders. Hence, while a leader may disappear from the political stage, the elite as a group stays. The downfall of one may not affect the political futures of other politicians as long as they keep performing institutional functions. Elite stability is institutionally based.

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<sup>14</sup>Joseph Fewsmith, *Elite Politics in Contemporary China* (Armonk, N.Y.: M.E. Sharpe, 2001), 111; and Huang, *Factionalism in Chinese Communist Politics*, chap. 1.

<sup>15</sup>Huang, *Factionalism in Chinese Communist Politics*, chaps. 6 and 7; Hong Yung Lee, *From Revolutionary Cadres to Party Technocrats in Socialist China* (Berkeley: University of California Press, 1991), Part II; and Zheng, *Party vs. State in Post-1949 China*, chap. 6.



This may explain why the demotion of Hu Yaobang (胡耀邦) in 1987 and the dismissal of Zhao Ziyang (趙紫陽) in 1989 were essentially two small episodes in Chinese politics, in sharp contrast to the relentless purges after the arrest of the "Gang of Four" (四人幫) in 1976 and the downfall of Hua Guofeng and his "Whatever Faction" (凡是派) in 1978. Hua's followers enthusiastically championed a Maoist version of economic development and state-building, forming a stumbling block to Deng's reform efforts. These individuals had to be removed in order to make room for reforms to proceed. Their promotions were political appointments made by a patrimonial regime. Deng's regime had to let them go because they did not have the political orientations or expertise required to promote market reforms.

In comparison, when Hu Yaobang was forced to resign from the CCP general secretaryship in 1987, the comrades he had placed in important central and provincial leadership positions remained basically intact. This lack of movement is quite interesting because being tagged with engaging in "factionalism" was one of the charges that led to Hu Yaobang's downfall.<sup>16</sup> Hu Jintao, one of Hu Yaobang's chief protégés, not only kept his position after 1987 but also replaced Jiang Zemin as the CCP General Secretary at the CCP's Sixteenth Congress in November 2002. In fact, most of Hu Yaobang's protégés have survived and have even been promoted simply because they have been part of the reform process. They were recruited in the first place because of their ability to pursue institutional tasks related to market reform. This was the case regardless of whether Hu Yaobang was in power. Clearly, institutional considerations have outweighed network connections in determining the political fortunes of current Chinese leaders. Elite stability thus reflects growing institutionalization in the reform era.

Similarly, after Zhao Ziyang was purged in 1989, policy outcomes have remained relatively consistent, and leadership relations have been stable ever since. Most of all, elite turnover has been kept to a minimum.

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<sup>16</sup>Fewsmith, *Elite Politics in Contemporary China*, 91.

Elite strife and conflict have become both less violent and more institutionalized in the reform era.<sup>17</sup> As a result, informal politics has become less important. If formal politics had not had a major impact on elite behavior, Zeng Qinghong rather than Hu Jintao would have succeeded Jiang Zemin at the CCP's Sixteenth Congress in 2002. As many China experts point out, Zeng is reportedly Jiang's chief protégé, whereas Hu Jintao is not well known for having close personal connections with Jiang.

Finally, increasing institutionalization in the reform era does not suggest the removal of informal politics from research on China. Informal politics exists in all human societies and may still have some effects on policy outcome. There is no doubt that such politics is a key variable in elite interactions when political institutions are weak. When the position of political institutions in a political system is strengthened, however, the effect of informal politics must be mediated by the institutional framework. The focus of analysis must accordingly shift toward formal politics.

### **Concluding Remarks**

In this paper, I have argued for an institutional explanation of elite behavior in the reform era. Some scholars believe that China is governed by men, not institutions, and that power is vested in individuals, not in established structures of authority.<sup>18</sup> They thus conclude that politics among CCP elites remains free-wheeling and explosive and defies prediction.<sup>19</sup> Others argue that the institutionalization of the political process has not been achieved in China. Some scholars dispute whether institutionalization is existent in China and insist that there remains a concentration of political power in the hands of a few Chinese leaders.<sup>20</sup> Yet my research on

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<sup>17</sup>Dittmer, "Patterns of Elite Strife and Succession in Chinese Politics," 405; and Zang, *Elite Dualism and Leadership Selection in China*, 171-72.

<sup>18</sup>Bachman, "The Limits on Leadership in China," 1046.

<sup>19</sup>Dittmer, "Patterns of Elite Strife and Succession in Chinese Politics," 406.

<sup>20</sup>Huang, *Factionalism in Chinese Communist Politics*, 7, 41, 67.

elite behavior calls our attention to institutional development and the effect of institutions on elite politics in the PRC. The regular patterns of elite recruitment reported above indicate a real possibility that we may begin to model and predict many, if not all, aspects of elite behavior in China, which in turn suggests the structural effects on Chinese politics. Hence, a focus on the institutional framework in China may explain elite behavior more effectively than an emphasis on informal politics. This is because institutions matter in China—as they do elsewhere.

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