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## **DEMOCRACY AND LEGITIMACY**

“Let China sleep. When she wakes up,  
she will shake the world” (Napoleon)

Let us add one more line:  
“Waking up, China will be shaken herself.”

**In China the one party state has been instrumental in introducing a market economy that delivers rapid economic growth. The quintessence of a well functioning market economy is the existence of alternatives, giving power to the consumer. However, an increasingly skewed distribution of income, not unrelated to rampant corruption that keeps the Party machine functioning, puts the viability and legitimacy of the existing regime at risk.**

**“Democracy” and “Market Economy” are two sides of the same coin. Empowering the people with voting rights gives democratically elected leaders legitimacy that leaders climbing the ladder in the closed hierarchy of a one-party must do without. Are alternatives and freedom of choice called for also in the political sphere in the Middle Kingdom? Democracy with Chinese characteristics, is that a necessary condition for the development of a harmonious society?**

Few people harbor any doubts about the legitimacy of Mr. George Bush being president of the US. (Fewer now than after the election in 2000, when the Supreme Court determined that Bush carried Florida, and thus the whole of the US). Or of Mr. Manmohan Singh being prime minister in India. Or of Ms. Angela Merkel as prime minister of Germany. Perhaps more questionable in many peoples mind is the legitimacy of the presidency of General Pervez Musharraf of Pakistan.

What about China? What kind of legitimacy resides with its leaders? Asking that question might seem a bit impertinent; and yet, it can be argued, precisely for that reason, academics should be allowed to raise it.

For China to succeed with its “harmonious development” project, increased legitimacy of its leadership is required. By “deriving their just powers from the consent of the governed” (as Thomas Jefferson wrote in the American Declaration of Independence in 1776) China will be able to rid herself of the serious malaise of corruption. And unless she so does, China will not continue to prosper.

The authority of those who govern China is being tested every day. In the course of 2005 there were 87,000 mass incidences in China, up from 74,000 the year before. People are increasingly angered over what, in many cases, can be traced back to the all-encompassing corruption that is ingrained in Chinese society. In the longer haul angry people are not passive people. To avoid chaos – or *luan* – increased legitimacy of China’s leadership is required. Legitimacy – by some form of accountability of those in high office to those they govern – is a necessary condition for winning the struggle against corruption.<sup>1</sup>

## Ways in which to establish legitimacy

Three different ways to establish or improve the legitimacy of a country’s ruling elite comes to mind. And a ruling elite, a well-run country cannot do without.

1. The manner in which the ruling elite comes to power
2. The extent and urgency of an external threat
3. The ability to deliver what is expected, or to put it another way, the ability to manage expectations

On coming to power (point 1) one can distinguish between three alternatives

- Monarchy, i.e., power is inherited
- Democracy, i.e., the ruling elite is elected
- One party state, i.e., the people in power have manoeuvred skilfully within the constraints of by the system, and perhaps also manipulated the system, to obtain their positions

In the old days, inheritance was expected and acceptable, and very much so in the Chinese case, where the ruling emperor for centuries passed the torch to his son. This system is no longer viable or legitimate. Nepotism one would call it, if the right and obligation of being the ruler of a country were conferred by birth.

Having lead Britain throughout World War II and with the great Allies presided over the victory against Nazi aggression, Winston S. Churchill was thoroughly rejected by the voters in the General Election in the summer of 1945.<sup>2</sup> Mr. Clement Attlee – leader of Labour, and

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<sup>1</sup> Pieter Bottelier, Guy Dodgson, Nick Hope, and Agnar Sandmo have offered useful comments on an earlier version of this paper. For that I am very grateful. They bear no responsibility for remaining errors and shortcomings.

<sup>2</sup> To many British people, the Second World War was an interlude in national politics. They considered that the National Government that had run the country since 1940, had been non-partisan and that it had not represented

deputy prime minister during the war – won overwhelmingly. Churchill, the British decided, was their man in times of war, but not in times of peace. An example of democracy at its best, in my view. And Churchill, it seems, would have concurred. In November 1947 he said in the House of Commons: “Many forms of Government have been tried, and will be tried in this world of sin and woe. No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of government except all those other forms that have been tried from time to time.”

The third way of coming to power is to work one’s way up the ladder in the closed hierarchy that a one party state offers. Done properly and one gains the admiration and support of one’s contenders. But the people at large have not granted the ruling elite its mandate to govern, and pockets of animosity and opposition within the ranks of the closed hierarchy are unavoidable.

Of these three routes of coming to power there can be little doubt that the second one, that of being democratically elected in some form, is the one that carries most legitimacy, in the sense of being an acceptable outcome to people in general.

External developments – to some extent “engineerable” from at home – can also impact upon the legitimacy of the ruling elite (see point 2 above). A real or perceived threat from outside can provide a unifying purpose, and give those who govern the backing of the people. What is hard to achieve in a peaceful environment, may be feasible under more dire circumstances. However, in the longer haul a ruling elite that derives its legitimacy by focusing on an external enemy leads not to the development of a harmonious society. Furthermore, an appeal to patriotism may stimulate hostility abroad, and a vicious circle may be in the making.

On delivering what is expected (see point 3 above) production and income distribution take centre stage. China is doing exceedingly well on production. A growth rate of real GDP of nine per cent on average over 25 years attests to that. However, on the issue of distribution, the results are less impressive. “To get rich is glorious”, Deng Xiaoping said. He also allowed that some regions must be rich first. Now, some regions and some people have become very rich, making those lagging behind impatient. Beyond impatience, they are also angry. Why? Because more than a few Chinese have accumulated wealth in unlawful ways. Corruption, i.e., stealing from the community at large, remains an unresolved issue in today’s China.

In China the one party state has been instrumental in delivering rapid economic growth. Short of an opposition in a Parliament, and short of a truly independent judiciary power, the ruling elite can decide and implement economic decisions with speed and efficiency. The performance of the economy is solid evidence that the selection process within the Party – although not much is known about it – is based on merit, the effect being that the very best men (not very many women) make it to the top echelons of the Chinese hierarchy.

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any political party. Consequently, the July 1945 General Election was not fought on the records of individuals during the war. Therefore, Churchill was judged on his record and the record of the Conservative Party from 1931 to 1939. To many British voters, the Conservatives had failed to tackle the Depression adequately and had not dealt with the massive problem of unemployment at all well.

## **The legitimacy of the ruling elite is on the decline**

We live in the age of information. Go to the World Wide Web, and Google will find anything you ask for. Or engage yourself on the Internet in an online discussion on any topic you like; “blogging” is the catchword. Or access CNN and other news stations to find out what the world is concerned about. Or read a serious newspaper like the Financial Times for up-to-date, solid pieces of analysis of the political and economic issues of our time. Or just pick up your mobile phone and connect with people.

These days, running a country in which certain types of news are considered inappropriate to be consumed by the man in the street is not easy. China is opening up on this front, too. An increasing number of Non Governmental Organizations (NGOs) – many concerned about the environment – makes state censorship increasingly difficult. In focusing on concrete challenges, many NGOs do supply the ruling elite with valuable information. In a harmonious society such information makes for better policies.

“Opening up and Reform”, has been a guiding principle for economic policy in China ever since the late 1970s. Opening up in the information age means increased transparency. In the case of China, rampant corruption is being brought into the open. And so are the vast and unfair discrepancies in levels of income across regions and groups. In the US, 65 per cent of the population considers income to be too unevenly distributed; in China 95 per cent of the people is of that opinion.<sup>3</sup> Taking into account that the distribution of income in China has gone from being very equal through the late 1970s to becoming incredibly skewed today one can appreciate these sentiments.

Corruption and unjust distribution that could be handled in a less transparent society, should now be addressed head on. Otherwise the legitimacy of the ruling elite is in for a beating.

At the National Peoples Congress’ session in March 2006 a controversial proposal on land reform was withdrawn. The time was not ripe to allow the peasant to own the land that he works. Two issues are involved. First, by letting the peasant own his land, the last vestige of the communist ideology is eliminated. The legitimacy of the Party’s monopoly on power is thereby eroded. Second, where land can not be owned by individuals, the door opens for corruption on a vast scale. When land is re-zoned, from agriculture to industrial, commercial, and public use, the peasants are compensated very modestly; on average by ten per cent of the commercial value. There are huge profits to be derived, partly for local development projects that regular tax revenues cannot finance, that benefit the community at large; but also for fuelling corruption at every level of the bureaucracy.

The Chinese Communist Party finds itself in a Catch 22 type of situation:

Unless China rids herself of corruption then China will stagnate. But if China does eliminate corruption the Party will disintegrate.

Why stagnate? Because corruption on a grand scale undermines the unifying forces of society. People will not put up with it for much longer. Economic growth as a legitimizing tool does not work when the proceeds of growth become increasingly unevenly distributed.

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<sup>3</sup> See “A Survey of China” in *The Economist*, March 25<sup>th</sup> 2006, page 19.

Why disintegrate? Because corruption has always been the oil that keeps the Party machine functioning. Corruption produces remuneration. It acts as an incentive system that makes it worthwhile to be a member of the Party.

What it all boils down to is that power corrupts.

## **Legitimacy by choosing between alternatives**

Going for a market economy with Chinese characteristics is the easy part.

In today's China the customer is powerful. She can choose among different suppliers for most of the goods and services she buys. In the old days the producer was powerful. Having a monopoly position the customers had nowhere else to turn. The quintessence of a well functioning market economy is the existence of alternatives. If you don't deliver, the customers will desert you. The power of the producer is curtailed by competition for customers.

Now comes the difficult part. To come to grips with corruption, must the monopoly status of the Party be abandoned? Allowing also for choice among alternatives in politics, will that convey legitimacy to the ruling elite? Is the establishment of a Democracy with Chinese characteristics a necessary condition for the development of a harmonious society? If so, can democracy be achieved without "great disorder under heaven"?

China, it seems fair to say, is in for some shaking.