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Participatory policy making under authoritarianism: the pathways of local budgetary reform in the People's Republic of China

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Citizen participation in policy making is essential in democracies, but there is much less understanding of the process and substance of it in non-democratic states. Taking local budgetary process as an example, this article compares three pathways of participatory reform undertaken by the communist regime in China, namely the representative pathway, the consultative pathway and the transparency pathway. All three are initiated and administered by the local governments, but differ in a number of crucial aspects from the level of institutionalisation to the form of state–citizenry interaction. These three pathways provide directions the Party-state might consider for nationwide policy reform.

key words participatory reform • authoritarianism • public budget

Introduction

Democracies are built on civic participation; their governance depends upon the active engagement of citizens in the political processes that allow them to thrive. As Lester W Milbrath professed, ‘for democracy to flourish, it is essential for citizens to be interested in, informed about, and active in politics’ (Milbrath, 1965, 142). Indeed, generations of political scientists have studied the dynamic patterns of civic participation in democratic societies. Unfortunately, there is much less understanding of the process and substance of civic engagement in non-democratic states. This gap must be addressed, especially considering the rise in international influence and the endurance of the authoritarian regime in the People's Republic of China (PRC).

Popular political participation in policy making and governance does not only exist in democratic countries, but can occur in developing nations under authoritarian rule. Autocratic rulers may choose to promote limited citizen participation in low-risk policy areas in order to pacify social tension, reign-in corruption, improve financial accounting, and/or strengthen political legitimacy. This article examines and compares three styles of participatory reform undertaken by the communist regime of the PRC in the specific area of local fiscal and budgetary accountability. The three principal models – namely, the representative, consultative and transparency pathways – are all managed by the local Party-state with the consent of higher authorities, but take

remarkably different forms. Using the local budgetary process as their touchstone, the authors address the following questions: Why does an authoritarian regime seek to attract citizens to participate in policy making? What participatory models are promoted by the Party-state? What are the implications of these reforms on China's long-term political future? Indeed, these 'pathways' illuminate some potential directions the PRC regime might adopt if and when a more systematic and large-scale participatory reform is to be nationally implemented.

Participatory budgeting in perspective

Participatory institutions were widely adopted across the world during the 1980s and 1990s with the last wave of democratisation in Latin America (Abers, 2000; Avritzer, 2002; Baiocchi, 2005; Santos, 1998). Over the past three decades, regional and municipal governments within those countries have served as testing grounds for participatory political reforms (Peruzzotti and Selee, 2009, 3–4). Participatory budgeting is widely considered to be 'the best-known and most widely disseminated participatory institution' to emerge from these young republics (Wampler, 2007, 2). It was first practised over two decades ago by the Brazilian Workers' Party (*Partido dos Trabalhadores*) in the city of Porto Alegre (Abers, 1998, 511), and has spread widely since.¹ In established democracies, participatory budgeting also plays a significant role in facilitating popular participation in policy processes. For example, in New Zealand, it has been implemented since 1989 in the form of an 'annual planning process', which provides an opportunity for citizens to comment on a council's planned expenditure in the coming year (Cheyne and Comrie, 2002).

Despite its history there is not yet a universally accepted definition for it.² Participatory budgeting broadly refers to 'a mechanism (or process) through which the population decides on, or contributes to decisions made on, the destination of all or part of the available public resources' (UN-Habitat, 2004, 20). Goldfrank summarises the procedural definitions of participatory budgeting as 'a process that is open to any citizen who wants to participate, combines direct and representative democracy, involves deliberation, [and] redistributes resources toward the poor' (Goldfrank, 2007, 92). Santos, on the other hand, stresses the political implications, suggesting that it is

a form of public government that tries to break away from the authoritarian and patrimonialist tradition of public policies, resorting to the direct participation of the population in the different phases of budget preparation and implementation, with special concern for the definition of priorities for the distribution of investment resources. (Santos, 1998, 467)

Earlier scholarship contends that participatory budgeting may help to empower the citizenry of developing countries. Abers indicates that participatory budgeting contributes to the development of civil society organisations, helping to generate social capital (Abers, 1998). Nylen (2002) demonstrates how participatory budgeting stimulates democratic activism among the non-elites, whose participation in the budgeting process is contrasted against a typical model of representative democracy dominated by political elites and professional politicians. Agreeing with Abers's argument, Baiocchi takes a step further and inquires how and why participatory budgeting in Porto Alegre can foster citizenship and empower the poorest of the

poor. He finds that ‘the discussions of needs and the power to demand accountability at these meetings constitute a language of common interests and rights, for which the [PB] serves as an intermediary’ (Baiocchi, 2005, 111).

Moreover, Wampler (2007) notes that participatory budgeting may also enhance government accountability. He argues that the extent of accountability depends on the level of interaction between officials and citizens, so that vertical accountability can be achieved through means such as increased fiscal transparency, more civic consultations, and the appointment of more civilian budgeting delegates, and so on. Indeed participatory budgeting, like other institutions of civic engagement, ‘provide[s] citizens with the opportunity to work directly with government officials and their fellow citizens in formal, state-sanctioned public venues, allowing them to exercise voice and vote in decision making processes to produce public policy solutions that may resolve intense social problems’ (Wampler, 2007, 1). As it addresses the most essential and contentious area of public policy making, participatory budgeting offers an effective vehicle to promote civic engagement, public consultation, and democratic sociability in the developing world. Nevertheless, the Brazilian model of participatory budgeting might not be easily replicated in the global South. Seekings (2013) notes that participatory budgeting is shaped by both political society and civil society – only when political society is weak in terms of both redistribution (of resources, and sometimes dignity) and cooptation of dissenting civic activists and civil society ‘has the capacity and will to engage with the state’, can participatory budgeting be effective and successful (359–60).

Originating from Brazil, participatory budgeting as a concept and practice in governance has been spread to many countries around the world. The existing literature has explored extensively its noticeable potential in empowering civil society organisations, the disadvantaged social groups and the political ‘non-elites’ in the budget making process, as well as in bolstering government accountability and improving the quality of governance in the developing world. Due, however, to the variance of social, economic and political contexts across nation states, especially the varied capacity and political will of both local states and societies around the globe, how to emulate and adapt the ‘Brazilian model’ in other parts of the developing world remains a major challenge in the further proliferation of this political and policy practice.

Participatory budgeting in post-Mao China

China’s Communist leaders also face profound governance challenges despite overseeing three decades of dramatic economic growth. Incidents of mass unrest increased 50 per cent over a five-year period, from about 60,000 reported cases in 2006 to an estimated 90,000 in 2011.³ Likewise, episodes of violent civil unrest sparked by diverse causes continue to ignite. Given the increasingly severe social tensions and a keen desire to guard overall political stability, the Chinese Communist Party’s (hereinafter ‘CCP’) central leadership has begun to endorse the people’s ‘rights to know about, participate in, express their views on and supervise government administration in the sunshine’.⁴ Participatory budgeting is one of many political pilot experiments the CCP is testing to identify more adaptive and systemic institutional changes.

In an effort to enhance regime legitimacy, Beijing has provided local cadres with both incentives and pressure to enhance citizen engagement in a policy process overwhelmingly dominated by Party elites. Local governments have been exploring a series of models that facilitate citizen engagement in public policy processes over the past decade, hoping to achieve more transparent governance and public input into the policies that affect their daily lives. The academic literature considering the participatory side of China's local budgetary reforms has thus largely focused upon the deliberative component embedded in such processes (Fishkin et al, 2010). Attempting to frame Chinese participatory budgeting in a general theoretical context, He and Warren (2011) have coined the term 'authoritarian deliberation' to describe these processes within a 'deliberative authoritarianism' regime (269).

Scholars also notice that local participatory reforms in China adopt different pathways and goals. For example, He (2011) summarises three types of logic present in a series of participatory budgeting cases, namely: (1) administrative logic (that is, gearing the system toward the improvement of administrative effectiveness), (2) political reform logic (that is, gearing the system toward the rejuvenation of the local legislature as a policy making body), and (3) citizen empowerment logic. Along this line, Wu and Wang (2011) distinguish the *Wenling* model, which focuses on citizen deliberation, and the *Wuxi* model, which focuses on the empowerment of citizens in policy processes.

This article examines state-directed participatory reforms to local budgetary processes in China. Drawing upon earlier scholarship, this article adopts a comparative approach to evaluate the various types of participatory reforms made to the local budgetary process under the encouragement of the CCP. Three case studies featuring different approaches are provided, namely the county of Qingxian and the cities of Wenling and Jiaozuo. Figure 1 shows the three locales on the map of PRC. In Qingxian, the local Party-state created a formal representative institution to facilitate citizen engagement. In Wenling, citizen engagement is promoted by casual and *ad hoc* consultative meetings that emphasise the substantial deliberation of budgetary proposals among stakeholders. In Jiaozuo, the local government promotes the transparent publication of budgetary information. These cases thus illustrate three separate models of state-directed citizen participation in public policy which we will refer to as the *representative*, *consultative* and *transparency* pathways. Their main features will be described and compared in greater detail herein, before discussing their implications to China's twenty-first century political reform.

Qingxian: the representative pathway

Qingxian is a county located in Hebei Province on the North China Plain. It has a population of approximately 400,000, covering 968 square kilometres. In terms of economic development, Qingxian is at the average level in the province and relies on agriculture and light industries (Yan, 2012, 354). In fact, representative institutions known as village assemblies (*cunmin huiyi*) or village representative assemblies (*cunmin daibiao huiyi*) were important to village governance before 1949, especially on the North China plain. After the CCP took power that year, the traditional practices of village governance were adjusted to reflect the absolute power of the People's Commune (*renmin gongshe*), that is, the extension of the Party-state from its core in Beijing to the smallest, local level. The People's Commune system eventually collapsed

Figure 1: Qingxian, Jiaozuo and Wenling on the map of PRC



in the early 1980s with the winding-down of the Maoist regime, and an ostensibly dual-power system took its place. While the new structure comprised both a Village Administrative Committee (*cunmin weiyuanhui*) and a CCP branch (*dang zhibu*), the latter remained supreme and yielded no place for citizen participation in local policy-making processes, including the budget.⁵

Not surprisingly, new local governance crises began haunting China's rural areas in the 1990s. As the CCP decided to shift priority from fostering revolutionary mass movements to promoting socialist industrialisation and urbanisation, the countryside witnessed a drastic decrease in the financial resources allocated from the central budget (Figure 2). Moreover, development funds have been distributed unevenly to various levels of government through the Party-state's hierarchical apparatus, especially to urban centres. The result is that Chinese villages must rely on themselves to tax and spend the financial resources necessary for local governance.

A typical Chinese village had three major financial resources for its public budget in the late 1990s: (1) a small amount of the central agricultural tax passed to the village level through transfer payments originating in Beijing, (2) local levies established and collected by the village government, and (3) the profits of the town and village enterprises (hereinafter 'TVEs') over which the villages had varied forms of control. Unfortunately, this tripartite system was abused. The local levies soon became intolerable burdens for the peasants due to the frequent use of coercion in the collection process, a practice that came to threaten both the legitimacy and stability of the local governments. In light of this, the Central Government not only banned most local levies, but also gradually abolished the central agricultural tax. Furthermore, a large number of collectively owned TVEs were privatised in the 'deepening of market reform' period in the early twenty-first century. In Hebei Province (where Qianxian is located) the percentage of collectively-owned TVEs among all enterprises dropped

Figure 2: The percentage of central budgetary funds allocated for the support of agriculture in the national budget from 1978 to 2006



Notes:

- (1) This figure has not been published in the State Statistics Yearbook since 2007.
- (2) The special funding allocated for the nationwide rural health cooperative insurance project experimentation scheme was excluded from the 2006 data.

Source: Zhongguo tongji nianjian [2007 State Statistics Yearbook of China], Beijing: China Statistics Press, 2007, 282 (Form 8-6).

from 14.4 per cent in 1996 to around 1 per cent in 2004. For some time these moves almost entirely deprived village governments of their income.

To solve this grave problem, the Qianxian's CCP Committee decided to promote political reform designed to revive the power of the village councils – the traditional representative institutions of Chinese villages that had facilitated civic engagement for centuries. Every village in the county was required to produce a village council through free elections, with each council member to represent between 10 and 15 households. The village council's power was also rejuvenated. According to the 'Regulations on the Operation of Village Organisations of Qingxian' (*Qingxian cunji zuzhi gongzuo guize*), the village council was deemed the organisation with supreme power for decision making and supervision at the village level, endowed with powers including to approve budgets, collect fees and levies, allocate farmland and create housing regulations. It is also equipped with the power and means to monitor the financial activities of the village government on a daily basis (GOPCQ, 2005, 21). Furthermore, the free election process has resulted in a minority of CCP-member councillors (that is, less than 40 per cent) (ODPCQ, 2006), whereas CCP membership was a prerequisite before the reforms. Indeed, the formal relationship is now reversed. A Qingxianese candidate for local Party branch leadership must be an elected member of the village council. If the incumbent Party leader failed to retain his post in the village council election, he must immediately resign the Party leadership.

Village council procedure is highly institutionalised as well. Regular meetings are easy to schedule because each village council has an average of only 18 or 19 members. They are held on a fixed date each month, and the village council itself may call for special sessions if more than one-third of the members support such a motion. Right after a village council election, the new members will hold their first session to elect a chairperson to manage subsequent assemblies. Proposals prepared by the Village Administrative Committee (that is, the village executive) to be discussed in council must be distributed to the councillors in advance. This provides them enough time to familiarise themselves with the issues before debate. Each proposal must be voted on individually and obtain a two-thirds majority of the total votes in order to pass. Once a proposal does pass, it is written into a record on which each councillor must apply his or her personal seal. The resolution will then be publicly announced and implemented by the village government. Furthermore, the village government is required to report its work to the village council's monthly assembly. A special standing group set up by the village council is charged with financial oversight of the village government, and must also make a monthly report.

The village council has not only been able to impose substantial checks on the usually absolute power of the CCP, but also plays an important, proactive role in local decision making processes. It provides a place for citizens to debate issues related to public budgets and forge negotiated compromises, which significantly facilitates local governance. Figure 3 illustrates the village council system decision making process.

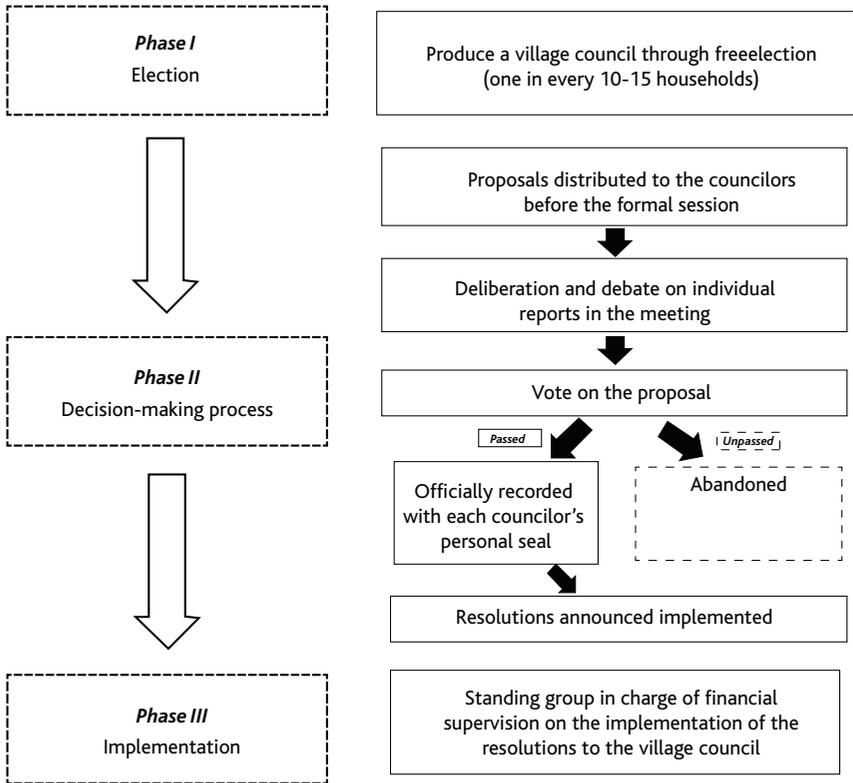
In sum, the villagers of Qingxian participate in the local budgeting process through a formal representative institution. A high level of institutionalisation is reflected in the procedures for electing councillors and village council conduct, that body being legally empowered as the ultimate broker of village finances. The resuscitated village council has become a new approach for an authoritarian regime to avoid ossification by mobilising popular participation in the local policy-making process and resolving governance problems at the lowest level of the body politic.

Wenling: the consultative pathway

Wenling is a county-level city located on the southeast coast of Zhejiang Province. It is populated by over 1.1 million people and covers about 920 square kilometres. The first Chinese rural cooperative shareholding enterprise was founded here in 1983, helping Wenling to become one of the first places to develop a substantial market economy during the early reform era (Chen, 2012, 3). Today, the city is highly market-oriented with a thriving private economy. Private enterprises account for over 90 per cent of all local registered businesses, which are pillared by five major industries: motorcycle and automobile fittings, electro-mechanics, shoe and hat plastics, aquatic food and construction materials (Zhang, 2003, 22–3).

The local economy has benefited the socioeconomic status of the city population at a faster pace than the national average. Figure 4 shows a comparison between the national average per capita GDP and that of Wenling. While these developments are generally good, the development of a private economy has also led to deep divisions between antagonistic social strata such as private entrepreneurs and labor, resulting in a drastic diversification of interests (Mu and Chen, 2005, 19–20). Private entrepreneurs demand autonomous decision making for their factories' production and operation, hoping that the government might do more to guide industrial development and

Figure 3: The procedures of the village council in Qianxian

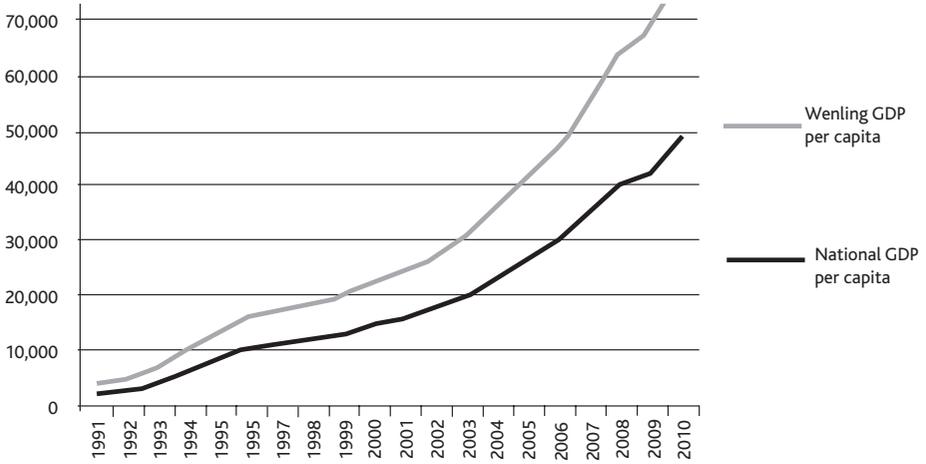


provide services rather than instructing and interfering. Meanwhile, workers complain of fundamental labour problems such as excessively long working hours, poor safety conditions, low pay, and unprotected rights.⁶ Wenling's growing private sector and the socioeconomic cleavage and political tension associated with it have grown more intense in the early twenty-first century.

The conditions described in Wenling are not very different from those in many cities across China. National economic development and urbanisation have prompted enormous construction projects involving large investments. These construction projects can last for over five years and have a permanent negative impact on the environment and people's livelihoods. Therefore, the public often demands a say in the construction project permitting process (Wang, 2011, 47–8). To reduce social tension and address such popular grievances, it has become increasingly common for the local Party-state to provide an institutional channel through which citizens can more actively engage in policy-making processes.

The Zhejiang Provincial CCP Committee decided to 'conduct an agricultural and rural modernisation education programme for the whole province' in response to a June 1999 request from the central leadership.⁷ This educational initiative took the form of an 'agricultural and rural modernisation construction forum' (*nongye nongcun xiandaihua jianshe luntan*) in Wenling that was first implemented in Songmen Township on 25 June 1999. Over 150 volunteers participated in the meeting and discussed topics ranging from the town's investment environment and construction plans to neighbourhood disputes and the price of liquefied gas. A total of four public

Figure 4: A Comparison of National Per Capita GDP (RMB yuan) and the Per Capita GDP of Wenling from 1991 to 2010



Source: Taizhou tongji nianjian, 2011 [Taizhou Statistical Yearbook 2011], Beijing: China Statistics Press, 47; Zhongguo tongji nianjian, 2011 [China Statistical Yearbook 2011], Beijing: China Statistics Press, 44

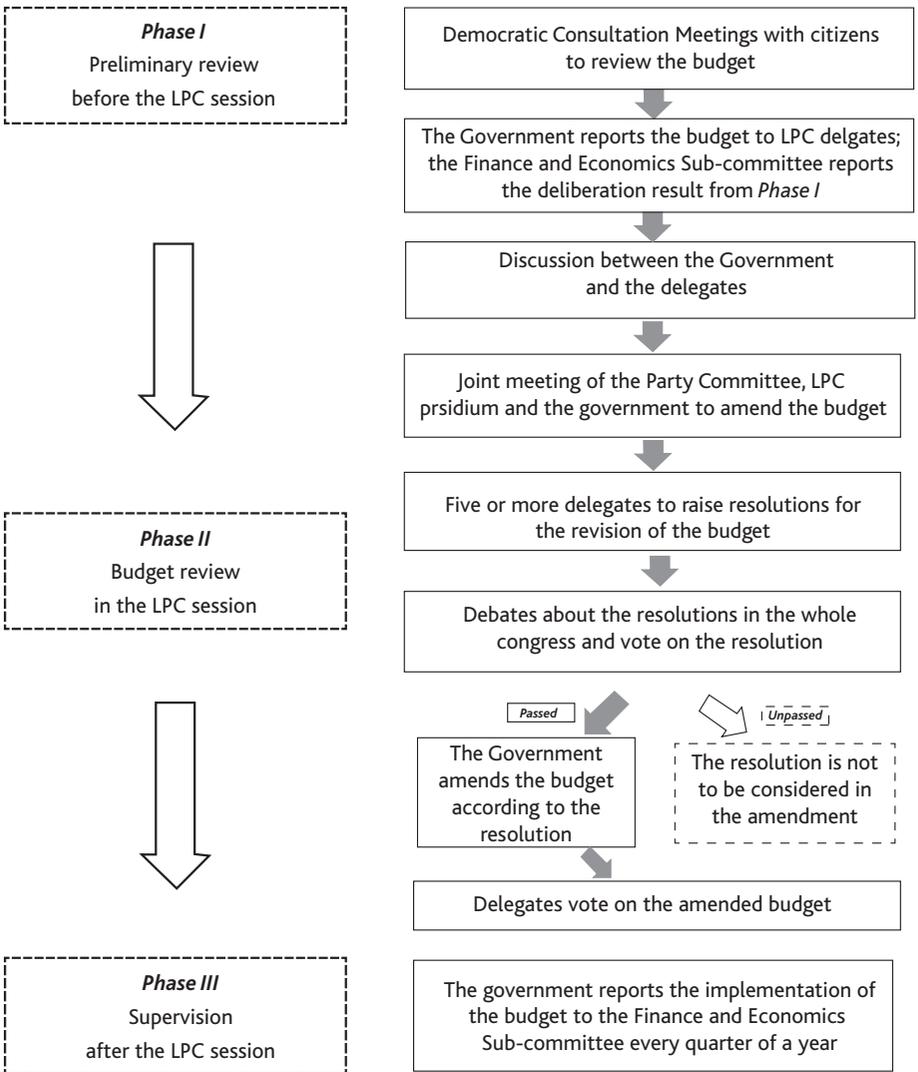
forums were held in the second half of 1999. Over 600 people participated, and out of 110 questions raised in the forums 84 were answered directly on the spot while 26 others were taken under consideration (Gao, 2004, 30).

After the first *ad hoc* forum, the Wenling Party Committee encouraged townships to learn from the Songmen experience. Similar practices were promoted under names such as ‘public feeling through train’ (*minqing zhitong che*), ‘convenience service desk’ (*bianmin fuwutai*), ‘public feeling consultation’ (*minqing kentan*), ‘farmer’s platform’ (*nongmin jiangtai*), and ‘village democracy day’ (*nongcun minzhuri*). To make the format of these forums more consistent, these various consultation channels were harmonised and entitled ‘democratic consultation meetings’ (DCM) in May 2001 (Mu and Chen, 2005, 82–3).

Three official documents were subsequently issued by the Wenling Party Committee between 2001 and 2004 to establish the framework of the new *ad hoc* consultation forums. Document No 35 (issued on 12 June 2001) expanded the scope of democratic consultation from townships, villages and enterprises to include residential communities, grassroots public institutions, Party and government organisations and mass organisations. Document No 55 (issued on 9 October 2002) introduced the process, which was formally refined in Document No 7 (issued on 9 September 2004). Figure 5 illustrates this *ad hoc* democratic consultation process. Between 1999 and 2005, 190 DCMs were held at the township level and 1,190 at the village level. 400,000 people (35 per cent of the city population) participated by reportedly raising over 38,000 opinions (Sun, 2009, 118).

DCMs were incorporated into the local budgeting process in 2005. The practices adopted in Zeguo and Xinghe Townships of Wenling represent two distinct implementation pathways. In Zeguo, a system called ‘deliberative polling’ is applied in which members of the public were randomly selected to participate in budget deliberations. These representatives are usually provided with a questionnaire survey and asked to choose 10 to 12 out of 30 possible projects by rating them before and

Figure 5: The participatory budgeting process in Wenling



Note: The graph is based on the Implementation Methods of Xinhe Township’s Budgetary Democratic Consultation (trial) approved in 2006 by Xinhe Township People’s Congress.

after deliberation. The post-deliberation survey is used to form the final list of projects, which is then voted on by the local People’s Congress. The funding allocated to these projects accounts for about 30 per cent of the total budget (He, 2008, 167–9). In Xinhe, however, citizen participation is a two-step process. The first stage resembles what is practised in Zeguo. Before the Local People’s Congress (hereinafter ‘LPC’) plenum session is convened, its Finance and Economics Sub-committee (*caijing xiaozu*) organises three groups to discuss the local budget. The three groups will represent various economic sectors including industry, agriculture and social issues. In 2012, the number of deliberation groups was increased to 12 according to issue area (Peng, 2012). Citizen participants attend these group meetings on a voluntary

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basis and their discussions are summarised by group leaders and presented to the LPC. The LPC delegates then deliberate on the budgetary items produced by these group meetings and make the final decisions. Figure 5 demonstrates the workflow of citizen participation in Wenling's local budgeting process.

In sum, by adding *ad hoc* local deliberative consultations to the formal legislative agenda of the local Party-state, the Wenling Model represents a semi-institutionalised pathway for participatory policy making in China. The participants, either voluntary or invited, take an active part in budget deliberations and their opinions are taken into serious consideration by the LPC in its formal legislative session. Nevertheless, this system suffers from two acute disadvantages as compared to the Qingxian model: the people are not the final decision-makers and this process is not protected by the PRC state legal framework.

Jiaozuo: the transparency pathway

Jiaozuo has thrived on coal mining since the Tang Dynasty, and experienced dramatic economic growth under the Seventh and Eighth Five Year Plans (1986–90 and 1991–5, respectively) (Gao, 1993, 489). Under the Ninth Five Year Plan (1996–2000), however, Jiaozuo encountered the same problems that befell many industrial cities with a natural resource-based economy, including inefficient energy consumption, heavy pollution and lack of sustainable growth policies. The local government compounded these problems by countenancing severe budget deficits, scandalous accounting fraud and endemic corruption, which became reflected in intractable social tensions (Chen and Wang, 2009).

The imbalance between revenue and expenditure was particularly disturbing. Different government departments enjoyed an arbitrary power to use public funding. A significant number of extra-budgetary accounts (*xiao jinku*, or private coffers outside the formal accounting system) existed. Most official funding was allocated according to the 'base' (*jishu*), and the departments had autonomy and flexibility over that base. Thereafter, a 'second allocation' (*erci fenpei*) occurred in which the Finance Bureau divided funds according to various blocks (such as education, health and social welfare) for distribution to the departments with relevant oversight. Millions of RMB sat idle in the coffers of some departments, while other immense funding pools were controlled by a few individuals or, in at least one case, by a single senior official (Jiaozuo Finance Bureau, 2009). The overall financial management system was inefficient, chaotic and incoherent.

The municipal government decided to address these problems by launching a unified accounting system and appointing independent auditors to scrutinise specific agencies under its jurisdiction. Beginning in 1999, this 'accountant appointment system' (*kuaiji weipai zhi*) was established at the municipal, county, township and village levels. A number of other significant financial reforms followed in the decade ahead including department budgeting, government procurement, enhanced financial supervision, a consolidated treasury and strengthened management of non-tax revenue. These reforms provided a solid foundation for the development of responsible public financing in Jiaozuo (Shen, 2010, 16–19).

These reforms achieved a new climax in January 2008, when the municipal government issued '*Guanyu wanshan gonggong caizheng tixi tuijin hexie Jiaozuo jianshe de yijian*' ('Opinions on improving public finance system and promoting the construction

of a harmonious Jiaozuo,' hereinafter 'Opinions'). The Opinions included a decision to reveal local budgetary information to the general public. Since then, the local government's efforts in facilitating and promoting citizen participation have focused overwhelmingly on the transparency of local fiscal and budgetary information. Disclosure via the Internet, television, and newspaper has become the primary means of raising social awareness. The major online platform for transmission is the 'Jiaozuo finance portal' (*Jiaozuo caizheng wang*), which includes the Finance and Economy Sand Table (*caijing shapan*) as well as the Forum for Public Opinion (*minqing tongdao*).

The launch of the Finance and Economy Sand Table has been deemed the most important move in increasing the transparency of public budgets. Supported by modern data mining and statistical analysis techniques, this system presents very detailed information on public finance. It includes comprehensive statistics on government accounts, department budgets, official payrolls, dual budgets (*fushi yusuan*), individual *danwei* accounts, subsidies for welfare programmes (*huimin butie*), and the office, travelling and entertainment expenses of specific agencies (Shen, 2010, 32 and 37–46). Indeed, it was originally intended to serve as a platform for internal fiscal management (PPRCSUFE, 2010). Making it public was a bold, unprecedented move for a municipal government to make.

Government expenditure is also published via several other media. Citizens may visit the Financial Service Hall (*caizheng fuwu dating*) in person to examine the entire government budget in detail. Hard copies disclosing details of administrative examinations and approvals, government procurement, property transactions, auctions of public properties, and accountant appointments are available to explore (Shen, 2011). The municipal government also broadcasts a local television programme entitled 'Public Finance and Citizen Life' (*gonggong caizheng yu baixing shenghuo*). This programme is broadcast via television as well as on giant LED screens set up in public areas such as the People's Square, local train stations and government offices. This television show regularly discloses updated information on financial expenditures related to people's livelihoods (*Nanfang zhoumo* [Southern Weekly], 29 October 2009).

Although budgetary information is published via many channels, there are few means for the citizenry to monitor implementation and provide feedback. Indeed, the whole process is designed and promoted by the municipal government, resulting in a one-way, top-down flow of information. Citizens are only tacit participants; the extent of their actual participation is presumably low and their policy making power appears negligible. Yet, this model does appear to be in compliance with the current *Budget Law of the PRC* (Amendments),⁸ which regulates the disclosure of budgetary information after gaining local LPC approval. In sum, Jiaozuo sponsors a commendable disclosure and transparency regime which has had a positive impact on budgetary policy making, but is 'participatory' in only a passive sense.

Comparison

The three styles of participatory budgeting reforms described above share many similarities. All are endorsed and directed by the same authoritarian Party-state, implemented by the local political and economic elites, driven by endogenous communal demands, and seek to improve governance and enhance political legitimacy. They differ, however, in a number of crucial aspects which define them as different

Table 1: Comparison of the three pathways of state-directed citizen participation in the PRC

	Representative model	Consultative model	Transparency model
Means of engagement	Formal representation	Ad hoc deliberative consultation	Transparency regime
Level of institutionalisation	Institutionalised (High)	Semi-institutionalised (Medium)	Government-led (Low)
Interaction between government and citizenry	High; two-way	High; two-way	Low; one-way
Composition of participants	All eligible adult voters	Voluntary participants or invited attendees	The general public
Citizen influence in policy making	Substantial	Medium	Minimum
Legality, if measured against current laws	Strong	Weak	Medium

reformist models that outline a variety of possible future approaches. Table 1 illustrates a comparison of the three pathways of local budgetary reform.

The most significant difference that distinguishes the three pathways is the disparate *means of citizen participation*. In Qingxian, citizens participate in the local budgeting process through a formal representative institution created and empowered by the Party-state. It is formal, highly institutionalised, regulated by established rules, and conforms to the state's legal framework. In Wenling, citizen participation is realised through an informal arrangement of deliberative consultations. This arrangement is less institutionalised than that of Qingxian because the forums are held on an *ad hoc* basis for specific budgetary purposes and without fixed membership, that is, they were never established as a formal component of the governance structure or formal decision making procedures of the ruling Party-state.⁹ In Jiaozuo, citizen participation in the local budgeting process is important but indirect. A programme of deep transparency has been endorsed by the Party-state which seems to consider publicity an important check or balance on government spending, although there is no formal means for the public to exercise it. Indeed, public influence may only be exerted through public opinion, the mass media, or complaint or petition to the Party-state. The actual empowerment of the citizenry under this approach is extremely limited.

The second difference lies in the *level of institutionalisation*. At one end, the Qingxian Village Council is a formal, representative institution for legislative policy making, circumscribed by rules promulgated in the *Organic Law of the Villagers Committees*. It functions as a local legislature, in which democratically elected representatives with ultimate decision making power deliberate budgetary issues. This model is thus highly institutionalised. Wenling, on the other hand, retains largely informal, *ad hoc* processes which (although they may enjoy some customary status after a decade of practice) remain largely under the discretion of the local Party-state. Citizen participation in this consultation pathway is semi-institutionalised at best, presenting a middle road.

At the other end, Jiaozuo's fiscal transparency is implemented by the local authorities and codified in a couple of documents issued by low-ranking municipal Party-state agencies. Despite the voluntary publication of comprehensive budgetary information, there is no institutionalised channel for the general public to proactively participate in the budgetary process. While public opinion is apparently viewed as an important check on government excess, the level of institutionalisation is low.

The third difference is the *interaction between the local Party-state and the citizenry*. This interaction may be observed from the dual perspectives of direction and intensity. In Qingxian, elected representatives participate in the budgeting process through the village council, where they deliberate, debate and decide upon each budgetary item with the advice of the village executives. The level of state-citizenry interaction in this quasi-democratic process is high, and the consultative flow runs vertically in both directions. Although the citizens of Wenling may only participate in *ad hoc* policy forums, the intensity of government-citizen interaction taking place in the discussion sessions is actually very high (and occasionally tense). Fruitful discussions, heated debates and thrilling scenes have been documented.¹⁰ Again, the consultative flow runs vertically in both directions, albeit at the discretion of the local authorities. Meanwhile, Jiaozuo's transparency pathway illustrates a top-down, non-intensive relationship. While the government uses a broad array of channels to publish financial information, the general public has limited means to provide feedback. The disclosure regime remains at the government's discretion, and a very low level of vertical interaction is apparent from this pathway.

The fourth difference lies in the *composition and attributes of participants*. All eligible voters are theoretically participants in the formal representation of the Qingxian village council. It encompasses all adult citizens of the village, making composition broad and inclusive. This contrasts with Wenling-style consultation, where the government claims that all may partake but actual participation is limited to volunteers, self-appointed 'representatives', or invited attendees. Those whose interests are more closely affected by the issues at hand are understandably more willing to volunteer, and so the representation may suffer an intrinsic selection-bias and not serve all quarters of society. In Jiaozuo, like Qingxian, the entire general populace is supposed to be included. Due to the low level of institutionalisation and one-way, top-down information flow, however, it is difficult (if not futile) to identify the number and characteristics of representative participants. Furthermore, education levels and exposure to mass media may further bias the composition of participants under the transparency pathway toward those enjoying higher socio-economic status. Because citizens' responses to the transparency scheme are unknown due to the low and informal level of feedback, the Jiaozuo transparency pathway does not guarantee informed or effective citizen engagement.

The fifth area of distinction lies in the level of *citizen power in the policy-making process*. The representative pathway provides participating citizens the most power. Village councillors in Qingxian are democratically elected and enjoy ultimate collective decision making authority in local budgeting. Through discussion, debate and formal voting in a representative institution, the elected councillors may veto financial proposals made by the local Party branch or the village executives. At the other end, under the transparency pathway, the citizens of Jiaozuo are passive observers of the government's budgetary and fiscal information. Without a formal institution to support interplay between government officials and private citizens, the latter's power

to influence local policy making remains minimal. Wenling's consultative model, as usual, presents a middle option. Despite the *ad hoc* nature and unelected nature of the public budget forums, voluntary engagement is at least protected by a customary, albeit informal, political arrangement. Furthermore, public opinion is heard and taken into serious consideration by the government, giving the citizenry an informal but important voice in the budgeting process.

Last but not least, a difference lies in the *level of legality*, as measured against the incumbent legal framework of the PRC. Qingxian's representative pathway is guaranteed under the *Organic Law of the Village Committees* as issued by the National People's Congress in 1987 and revised in 1998. Detailed clauses regulate the election and functioning of village councils. Although this law has never been fully implemented anywhere in China, Qingxian's decision to revive the village council institution is in apparent conformity with the law and therefore enjoys the strongest legal basis among the three models. Jiaozuo's transparency pathway is also loosely based in national law, but in a more tenuous manner. A provision of the national *Budget Law* was amended in 2012 to require that 'budget, budget adjustment, and final accounts approved by the People's Congress or the Standing Committee of the People's Congress at the corresponding levels should be immediately disclosed to the public, except the contents related to state secrets.'¹¹ This broad statement does specify how information should be disclosed or in what way the general public can participate in the budgeting process; thus, local Party-states like Jiaozuo that choose to build on this provision must innovate their own procedures without a concrete legal foundation. Finally, the Wenling consultative pathway incorporates a modest amount of deliberative democracy into the local budgeting process without any formal basis. There is no national law regulating this practice and every step must be validated by documents issued by the county-level Party-state, whose rank is relatively low in the ruling CCP hierarchy.

Conclusion

Popular political participation in policy making and governance is not restricted to democratic countries, but can also flourish in developing nations under authoritarian rule. This article examines and compares the local participatory budgetary reforms undertaken by the ruling communist regime in the PRC over the past decade. The three principal models – namely, the representative pathway of Qingxian, consultative pathway of Wenling and transparency pathway of Jiaozuo – were all initiated and directed by the local Party-state with central consent and similar aims, but they have taken remarkably different forms. The models demonstrate distinct patterns of limited participatory policy making that may be undertaken in an authoritarian political system. In a sense, the three pathways also illuminate the potential direction the PRC regime might follow if it were to implement more systematic, larger-scale participatory reforms. Such reforms could help the CCP to adapt more efficiently to a rapidly changing domestic and international environment, and ultimately prevent the country's autocratic political system from collapsing.

Given the trends of growing apathy and distrust in citizen-state engagement in Western democracies, China's local budgetary reforms are particularly illuminating for scholarly understanding of the power of citizen participation. As Dalton states, '[c]itizens in nearly all advanced industrial democracies are increasingly skeptical towards

politicians, political parties, and political institutions' (2004, 191). Dalton thus opines that the challenge to Western democracies today 'comes from democracy's own citizens, who have grown... disillusioned about how the democratic process functions' (2004, 1). The local participatory reforms described in this article present a different landscape, however. Whether we consider the representative institutions in Qingxian or the deliberative forums in Wenling, citizens of the PRC are demonstrating a high level of enthusiasm for participating in the local policy process and a strong degree of trust in newly available participatory institutions and channels. This enthusiasm and trust have, in turn, facilitated citizen engagement in the larger political system and strengthened the political foundations of the incumbent regime, and may also have helped to improve the quality of local governance. Pateman suggests that 'in poor countries [citizen participation] can help improve governance, and in rich countries it can bolster the legitimacy of the present system' (2012, 15). In the PRC, local participatory reforms have indeed given a voice to those most directly affected by public policy, facilitated public learning, promoted active citizenship and thus increased citizens' trust in the local government. Especially for local governments in other parts of the world where fiscal austerity measures are being imposed and the people demand 'a Plan B for local government which is focused less on implementing austerity and more on stimulating growth and building socially productive relationships' (Lowndes and McCaughie, 2013, 56), the Chinese experiences on citizen participation may be particularly meaningful and suggestive.

Two factors, however, raise doubts over the sustainability of the new civic activism and political trust nurtured by grassroots participatory reforms in China. First, these reforms have opened up a new space for citizen engagement in the larger political system, which is still authoritarian in nature. As Eisinger (1973) famously argued, 'systems characterized by a mix of open and closed factors' may provide a more favourable context for citizen activism than completely open or closed systems. Given the temporal limitations of this favourable context in the PRC, the sustainability of such activism as the regime undergoes transformation over time remains uncertain. Second, according to both the World Values Survey and European Values Survey, popular political trust is negatively affected by post-materialism, political radicalism, permissiveness towards corruption and income in certain countries (Catterberg and Moreno, 2006). With China's rapid economic development and progress towards becoming a postmodern society, the question of how the burgeoning popular political activism at the grassroots level will be influenced by such macro socioeconomic changes is a challenging one.

Given the autocratic nature of China's communist regime, local participatory reforms may also have little or nothing to do with democratisation. This is particularly true of the transparency pathway adopted in Jiaozuo, which is characterised by a one-way, top-down flow of information and the use of transparency as a passive check on government expenditure. The representative model of Qingxian has, however, led to a substantial change in the traditional Leninist power structure, as elected councillors now possess the ultimate policy-making authority over fiscal matters. Even the consultative pathway adopted by Wenling, although *ad hoc* and legally tenuous, has brought about an inspiring transformation towards a more inclusive, pluralist and open budgeting process. Despite their various strengths and levels of formalisation, all three pathways demonstrate the willingness of the local Party-states to experiment

with improved governance and popular approval techniques to curb China's epidemic corruption and commensurate social strife.

The future development of these participatory reforms is uncertain. Whether they will ultimately be endorsed or rejected by the central leadership and whether they will contribute to democratisation or illiberal adaptation remain open questions. They do reinforce the idea, however, that even entrenched authoritarian regimes must be more responsive to their citizens' needs and adaptively reform their institutional configurations to meet new political challenges. The direction that the PRC regime chooses to take in expanding the boundaries of its leadership will shape its destiny, and that decision deserves close attention from all those who share a common interest in understanding twenty-first century political development.

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Notes

¹ According to Sintomer et al, up till 2010, there are estimated 795-1469 cases of participatory budgeting around the world, 511-920 in Latin America & Caribbean, 174-296 in Europe, 66-110 in Africa, 40-120 in Asia, 2-10 in North America, 2-10 in Oceania and 0-3 in Arabic Africa (Sintomer et al., 2010:18-61).

² A large number of studies have attempted to define participatory budgeting by focusing on its processes and evolutions in various local settings, such as Baiocchi, 2005; Cabannes, 2004; Sintomer et al., 2008; Wampler, 2007.

³ 'Riot erupts in Southwest China towns: reports', *Reuters*, 12 August 2011, <http://www.reuters.com/article/2011/08/12/us-china-unrest-idUSTRE77B07S20110812>

⁴ See *Report at the 17th National Congress of Chinese Communist Party by Hu Jintao*. 25 October, 2007. <http://cpc.people.com.cn/GB/64093/67507/6429848.html>

⁵ See The *Organic Law of the Villagers Committee*, and Article 2 of *Zhongguo gongchandang jiceng zuzhi gongzuo tiaoli* [Regulations on the Work of the CCP's Grassroots Organisations in Rural Area].

⁶ 'Tansuo you zhongguo tese de jiceng minzhu zhengzhi' [To Explore the Grassroots Democratic Politics with Chinese Characteristics], *xuexi shibao* [Study Times], 11 March 2002.

⁷ Jiang Zemin zongshuji zai Jiangsu Shanghai Zhejiang sanshengshi nongcun kaocha shi qiangdiao yanhai fada diqu yao shuaixian jiben shixian nongye xiandaihua' [The General Secretary Jiang Zemin emphasised the coastal developed area should first basically realise agricultural modernisation in the inspection of the villages of Jiangsu, Shanghai and Zhejiang], *Renmin ribao* (People's Daily), 8 October 1998.

⁸ See The Second Deliberation Draft of *Budget Law of the People's Republic of China (Amendment)*, www.npc.gov.cn/npc/xinwen/lfgz/flca/2012-07/06/content_1729110.htm.

⁹ In terms of frequency of deliberative forums, Zeguo and Xinhe Townships hold two forums preceding the LPC session, while Ruoheng Township holds three. The exact timing of the forums varies, for example, they are usually held in January in Ruoheng, but late February in Xinhe.

¹⁰ See journal articles and news reports compiled in Chen, 2012; see also 'Collection of Meeting Minutes' in Li, 2009.

¹¹ See Note 8.

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