

Chen, J., & Dickson, B. J. (2010). *Allies of the State: China's Private Entrepreneurs and Democratic Change*. Cambridge, MA: Harvard University Press.

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Why has China not democratized? The most recent book by Chen and Dickson provides a hint. Chen and Dickson try to answer one of the most fundamental questions in Chinese politics: Does the emergence and growth of private entrepreneurs cause democratization in China? Their findings are unfortunate for those who expect an affirmative answer to this question.

Chen and Dickson argue that China's private entrepreneurs have maintained close relations with the state and hence tend to support its authoritarian regime. In other words, "capitalists" in China support the regime because "their material interests benefit from the regime's policies" or "they fear that a new regime would adopt policies that would harm their interests" (p. 4). Chen and Dickson's survey research finds that the only reason entrepreneurs support democracy is for their subjective value on democracy, and their incentive to support democracy is not related to political, economic, or social conditions. This is not a novel idea. For example, Wright (2010) shows how each group of the Chinese people (from entrepreneurs to farmers) has an incentive to support the authoritarian regime rather than demanding democratization. However, *Allies of the State* makes a significant contribution to the fields of Chinese politics, authoritarian politics, and comparative politics by providing rigorous empirical evidence for this idea. Chen and Dickson use "the unique set of data collected from a representative-sample survey of private entrepreneurs in five provinces that have the most developed private economy and over 70 percent of the country's private entrepreneurs" (p. 2).

To explore the implications of China's private entrepreneurs' support of the regime, I recommend comparing *Allies of the State* to Huang's (2008) latest book, *Capitalism with Chinese Characteristics*. Huang distinguishes the private entrepreneurs who emerged in the 1980s from the state capitalists who have emerged since the 1990s and argues that those who brought social development and welfare to the Chinese people were the entrepreneurs in the 1980s. He does not present empirical evidence as rigorous as the survey data collected by Chen and Dickson. However, his idea is a novel contrast to the "Beijing Consensus" argument that praises the positive role of state capitalism on economic development in China (Huang, 2011). Chen and Dickson's argument apparently contradicts Huang's. However, by reading these two provocative books together, one can better understand the resilience and fragility of

China's authoritarian regime, and the debates about capitalists' role in democratization will be further stimulated.

Chen and Dickson start their discussion with the observation that the introduction of private firms "underwent rapid growth up to the present" (p. 18). Huang would challenge this observation. He would argue that although private entrepreneurs in the 1980s contributed significantly to rapid development, those since the 1990s have not. This distinction comes from the different definitions of private entrepreneurs in the two books. *Allies of the State* includes in the private entrepreneurs "firms that are formally registered as 'privately managed enterprises' (*siying qiye*) and to a lesser extent the small-scale individual household enterprises (*getihu qiye*)" (p. 18), and this definition is limited to "firms that were registered as *siying qiye* and does not include street vendors and other *getihu*" (pp. 18-19). According to Tsai's (2007) research, cited by Chen and Dickson, "smaller firms (many of which are not registered) try to avoid interactions with the state" (p. 19). In contrast, for Huang, private entrepreneurs include street vendors and small-scale *getihu* enterprises, as he opens his book with a story of street vendors in Shanghai.

Given the definition of private entrepreneurs in *Allies of the State*, most of the book's findings are not surprising. Chen and Dickson argue that China's private entrepreneurs have played the role of the regime's allies rather than that of agents for democratization (chapter 2). Moreover, they argue that the Chinese Communist Party (CCP) has deliberately intertwined entrepreneurs' interests with the regime's interests by encouraging party members to join the private sector and giving entrepreneurs party membership (chapter 3). As a result, the entrepreneurs do not support the democratic institutions such as multiparty elections, public demonstrations, and the formation of nongovernmental organizations that may undermine their interests shared with the CCP (chapter 4). Moreover, although most of the entrepreneurs in this survey support the authoritarian regime, the entrepreneurs who support democracy give their individual subjective values as the only reason for this support (chapter 5). In other words, being an entrepreneur has no positive effect on support for democracy. Furthermore, entrepreneurs' participation in political activities—such as voting, petitioning, and supporting academic activities—is not a good indicator of their appreciation of democracy (chapter 6). Actually, "those who support democratic values and principles tend to see the formal and conventional channels as a formality" (p. 135) and do not actively participate in political activities.

It is true that "Jiang Zemin championed the rapid expansion of China's private sector" (p. 26) in the 1990s. However, Huang would disagree with this statement, given his definition of private entrepreneurs. For Huang, street vendors and small-scale *getihu* enterprises are the real private entrepreneurs, and

private firms that have been turned from state-owned enterprises (SOEs) should not be considered private entrepreneurs but state capitalists. Chen and Dickson acknowledge that “*getihu* were envisioned as one way to provide jobs for people whose family backgrounds and political problems prevented them from getting jobs in the state sector” (p. 22) in the 1980s. They also claim that the growth of the private sector in the 1990s was “due in part to the ongoing reform of SOEs,” though it was “largely the result of the opening of new firms” (p. 33). At the same time, they observe, “Just as many current private firms have their origins in the state sector, so too did many of China’s capitalists begin their careers working in the CCP and government bureaucracies and SOEs” (p. 35). In sum, “China’s capitalists by and large have previous professional experience that gives them the political ties that are essential for success in business” (p. 36).

Thus, it is not surprising that the CCP leadership has actively supported the private entrepreneurs who have strong political ties with the state and encouraged them to expand rapidly since the 1990s. However, the regime has not supported those private entrepreneurs who do not share embedded interests with the state, despite whatever contribution they have made to China’s economic development. For example,

Sun Dawu was a private entrepreneur in rural Hebei who founded one of the most successful animal feed companies in the country . . . [and] he developed a broad-based following for criticizing the government’s restrictions on private entrepreneurship in public talks . . . and on his company’s Web site. These challenges to the CCP’s policies led to his arrest. (p. 32)

Thus, we see how the CCP has been selective in supporting private entrepreneurs. In this way, China’s capitalists’ involvement in a nominally communist party has strengthened the authoritarian regime.

If the CCP’s support of private entrepreneurs has been selective, one can easily expect that “the CCP favors economic elites among the capitalists who participate in formal political institutions” (p. 62), such as local People’s Congresses and People’s Political Consultative Conferences. Those who become members of these apparently democratic institutions are included in the “legislative” body “under the condition that they are supportive of the party line” (p. 54). Even though private entrepreneurs are now more involved in the democratic institutions, the CCP does not have to worry about finding an opponent of the regime, like Sun Dawu, in the legislative bodies.

The respondents of the survey in *Allies of the State*, most of whom have strong ties to the state, tend not to support democracy or democratization. Just as the CCP leadership is most afraid of multiparty electoral competition within various possible democratic institutions, so “most private entrepreneurs do not support or accept multiparty competition in Chinese politics” (p. 76). Thus, the finding here is that the private entrepreneurs who have strong ties to the state do not support the democratic institutions that might undermine authoritarian rule. Therefore, the finding supports the claim that “the CCP selects for inclusion those individuals who do not exhibit strong support for democracy or democratization” (p. 89). We also see a similar finding on regime support among entrepreneurs. The entrepreneurs surveyed in this book support China’s authoritarian regime overall, with a specific tendency: “The more the capitalists are satisfied with the government’s policy performance and their material and social lives, the more likely they are to support the status quo” (p. 120). Regarding the political activities of entrepreneurs, “the government usually does not consider such acts as a political threat to the regime” (p. 127), and hence “the capitalists with democratic orientations are less likely to be satisfied with the results of their political activities than are others” (p. 146).

Overall, Chen and Dickson paint a daunting picture of China’s democratic prospects. At the same time, they reveal that the major source of private entrepreneurs’ regime support is economic benefit. This finding suggests that China’s capitalists may prefer democracy once the authoritarian regime can no longer provide sufficient benefits for business elites. This is not an easy job for the CCP.

References

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