

## Institutional Innovation at the Grassroots Level: Two Case Studies

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The emergence of new institutions out of the old Leninist institutions of the Chinese Communist Party (CCP) is critical if the CCP is to transform itself from a traditional Leninist party, exercising highly concentrated authority and mobilizing populations, to a more modern, administrative party that (largely) follows procedures and adheres to rules. Efforts in this direction are slowly reshaping power at the local level in China. Although their success is far from guaranteed, these efforts have the potential to reduce social conflict and make local governance more effective. In the interest of better understanding the transformation of local governance, this article looks at two instances of institutional innovation: the “one mechanism, three transformations” adopted in Handan, Hebei Province, and the “permanent representative system” as adopted in Ya’an, Sichuan Province.

There is an enormous literature in political science about how institutions behave and change; the “new institutionalism,” in its various forms, has contributed hugely to our understanding of politics.<sup>1</sup> But there is very little on how institutions are created; indeed, many commentators note this dearth and move on, as there really is not much to say in this regard. And the notion of “path dependency,” which is frequently invoked in the study of institutions, seems difficult to apply in a place that is changing as rapidly as China. But China, precisely because it is rapidly changing, seems an ideal place to study the emergence of institutions.

There is, of course, much talk about “institutionalization” in the China field these days, both in China and among foreign observers of China. The Chinese Communist Party (CCP) itself called for “institutionalization, standardization, and proceduralization” (*zhiduhua, guifanhua, chengxuhua*) at the 16th Party Congress. Observers differ dramatically in their appraisals of China’s institutional development. This is not the place for an overall evaluation of institutionalization in China, but rather for looking at specific case studies that can let us better understand the sort of institutional innovations that are going on in China at the local level.

### “One Mechanism, Three Transformations”

In 1999, the county-level city of Wu’an, subordinate to Handan municipality in southern Hebei Province, selected party secretaries for the 22 townships and 502 villages in Wu’an. The following year, the villages undertook their fifth round of elections, their first under the “Organic Law for Village Committees” (*Nongmin weiyuanhui zuzhi fa*),

promulgated in 1998, which revised and made more democratic the election procedures first outlined in the organic law for trial use that had been promulgated in 1988. The new regulations reflected a growing popular consciousness across the country, including in Handan, but clashed with the authoritarian methods party cadres had traditionally applied in Wu'an and many other localities. Indeed, the new regulations also clashed with the "CCP Regulations on the Organization of Grassroots Work in Rural Areas" (*Zhongguo gongchandang nongcun jiceng zuzhi gongzuo tiaoli*), also promulgated in 1998, which emphasized the authority of party secretaries. Thus, the stage was set for conflict.

When the elections for village committees took place in 2000, Wu'an made no effort to encourage village party secretaries to run for village head (the idea of party secretaries running as village heads, combining the two chief offices at the village level—known as *yi jian tiao*, or "one shoulder pole"—has been encouraged in many areas of the country to reduce friction between village committees and party committees). There was obviously tension in Wu'an. When the election results came in, it was apparent that over half of all village committee cadres had lost their posts. Of the 1,900 newly elected village committee members, more than 1,000 were under the age of 35, signaling a rejection of the old leadership and the rise of a new generation. Of more concern to the CCP, 480 newly elected committee members (nearly 25 percent) were not members of the CCP. In the 502 villages under Wu'an city, there were 102 newly elected village heads who were not members of the CCP. Immediately, as in other areas, newly elected village heads claimed a mandate and began to clash with village party secretaries.

Conflict in Wu'an, as in many areas, revolved around rural finances. Over half of the petitions received by Wu'an's Letters and Visits Office accused village cadres of financial malfeasance or unfair management of public affairs. Conflict broke out in Paihui Village when the local party secretary, in an effort to increase collective income, ordered the sale of idle materials at the village steel factory. Tragically, in the course of dismantling the material, there was an accident in which one person was killed and another injured. The village secretary sold the scrap material for 50,000 yuan, but paid 100,000 yuan in compensation for the death and injury. Of course, he wanted the village to make up the extra 50,000 yuan. But he had not consulted the village committee before deciding on dismantling and selling the scrap, so the village committee argued that the secretary had acted on his own and it was not the village's responsibility.<sup>2</sup>

These sorts of conflicts were not rare in Wu'an (or across China); more than 10 percent of the villages there were judged "chaotic" or "difficult" (*luancun, nancun*).<sup>3</sup> So it was not just a matter of solving one conflict in one village.

In March 2000, the Wu'an leadership sent people to study conditions in 23 villages where the relations between the party committee and the village committee were tense. The party committee quickly concluded:<sup>4</sup>

After the appearance of direct elections for village committees, viewed from the perspective of deep levels, it was a problem of the old village leadership system, work regulations, and decision-making style conflicting with ruling the country according to law, the acceleration of democratic construction, and the unprecedented development of the democratic consciousness of the masses under the new circumstances. The fact that the functions of the village committee and the party branch were not clear, their relations are not smooth, the work lacks democracy, there is little

transparency in handling things, the supervision of the masses lacks force, etc., is directly relevant, but the most basic reason for the tense relations is that the operational mechanism of work in the countryside is seriously backward and is not appropriate to the party's leadership methods in villages and the style of a ruling party.

The Wu'an party committee also sent a group to Shandong to study that province's experience with "joint meetings of the two committees" (*liangwei lianxihui*). In April, the party committee called together the Organization Department, rural work department, people's congress, the civil affairs office, the work committee (*gong wei*), and the judicial office to discuss how to resolve the conflicts. Finally, in May, the Wu'an City Organization Bureau produced a document laying out provisional regulations called the "Standard management method for the 'one mechanism and three transformations' in the two committees in villages" and began to implement it on a trial basis. After revision, it was formally promulgated in December 2001.<sup>5</sup>

Local innovation received a powerful push from the top of the system when *Guonei dongtai qingyang* (Domestic trends, draft), a highly restricted publication generated by the Xinhua News Agency for the top leadership, published a report on Wu'an's experiment in its 19 January 2001 edition. A week later, on 26 January, CCP general secretary Hu Jintao wrote a note (*pishi*) on his copy of the report, instructing people to seriously sum up experiences, resolve existing problems, and perfect the operating mechanism of village self-government under the leadership of the party branch. Shortly thereafter, Yu Yunyao, deputy head of the Central Organization Department, instructed the Hebei provincial organization bureau to carry out Hu Jintao's instructions. On 28 April 2001 the Hebei Organization Work Bulletin disseminated the model of the "one mechanism, three transformations" throughout the province, and on 20 June 2001 the Central Organization Department issued Document 29, promoting the system throughout the country.<sup>6</sup>

### *What Is "One Mechanism, Three Transformations"?*

The "one mechanism" refers to the "operational mechanism of village self-government being under the leadership of the party branch." In this sense, the "one mechanism, three transformations" system reaffirmed the leading role of the party committee and party secretary at the village level. The new regulations explicitly confirmed the authority of the village party secretary as the "number one hand" (*yiba shou*);<sup>7</sup> to have done otherwise would have constituted a political revolution in China's countryside. Indeed, this reaffirmation was intended to attenuate challenges coming from village heads by letting them know that if push came to shove, the system would back the party secretary.

Even as the new regulations bolstered the authority of the party secretary, they subjected him or her to new checks and balances that considerably reduced the room for the arbitrary exercise of power. The "three transformations"—the

standardization of the work of the party branch, the legalization of village self-government, and the adoption of procedures for democratic supervision—have attracted the attention of observers. It is these changes that make the position of the “number one hand” under this system different than the “number one hand” of old.

The critical link is the establishment of a “joint conference of the village party branch and the village committee” (*cun dangzhibu yu cun weiyuanhui lianxi huiyi*), which draws on the experience of Shandong. According to the regulations, “The joint conference of the two committees is the most important form of decision making at the village level, and it has a wide-ranging function of decision making. The joint conference is composed of all members of the village party branch and the village committee. The number attending must be more than half of those eligible to attend. The conference is called by and presided over by the party secretary. Normally, [a conference] should be called once a month, though it can be called on an ad hoc basis if work demands it.”<sup>8</sup>

What this joint conference does, of course, is to open up village affairs to the whole party committee (not just the party secretary) and, more important, to the elected representatives of the villagers. Under this system, decision making must be more open and more inclusive.

At the same time, responsibility over financial affairs—the point of contention in many villages—has been divided into three bodies: the party committee, the village committee, and the village financial affairs small group (*licai xiaozu*). The three groups check and balance one another. Moreover, as the “one mechanism, three transformations” were implemented, Handan implemented the “village accounting agency system” (*nongcun kuaiji weituo daili zhi*), under which accounts are kept at the township level. The villages no longer keep accountants but only an assistant accountant.<sup>9</sup> Such mechanisms make corruption and the arbitrary use of funds much more difficult.<sup>10</sup>

## The Development of the Permanent Representation System in Ya’an, Sichuan Province

A previous article in *CLM* looked at the *changrenzhi*, or permanent representation system, in the Taizhou area of Zhejiang Province, particularly the Jiaojiang District, one of the first places in China to implement the system.<sup>11</sup> That article looked primarily at the implementation of the *changrenzhi* there, and less at the impetus for innovation. Recent information on the implementation of the *changrenzhi* in Ya’an city, Sichuan, gives a fuller picture of the process of innovation as well as the issues raised by implementation.

The stimulus for innovation in Sichuan stemmed directly from the poor showing of leading cadres who are party members in the township and village elections in late 2001 in the Ya’an area, which has been on the forefront of reform efforts. At that time, the Ya’an City Organization Department promoted the “public recommendation, public election” (*gongtui gongxuan*) system in the 1,110 villages under the 174 townships in Ya’an. The *gongtui gongxuan* system is a

system of “inner-party democracy” that expands the number of people involved in selecting party leaders, including party secretaries and other leading cadres, at the village and township levels. At the same time, Ya’an promoted the so-called sea elections (*haixuan*) for village heads. Under the *haixuan* system, anyone can be nominated as village head. The result was that 64 township-leading cadres, 181 village party secretaries, and 215 village heads lost their elections.<sup>12</sup> That is a turnover rate of between 10 and 20 percent at different levels, suggesting considerable popular dissatisfaction with local governance. One result was the installation of a group of relatively younger cadres who had more of a popular base and were willing to carry out further reform.

That reform started with the trial implementation of the permanent representative system in Beijiao township in Yucheng District of Ya’an in August 2002. On the basis of this experiment, Ya’an promoted the *changrenzhi* more widely in the fall as the time for selecting new party delegates was approaching. This was also the time of the 16th Party Congress in Beijing, which endorsed inner-party democracy and the reform of the party congress system. Central to Ya’an’s implementation of the *changrenzhi* was the direct election of party representatives, something that did not occur in Jiaojiang District, Taizhou.

### *Direct Election of Representatives*

Ya’an selected two places to implement the *changrenzhi*, Yucheng District, a more urbanized, wealthier place with more party members (13,677), and Rongjing County, a rural area with fewer party members (5,456), and weaker party branches. In Yucheng District, it was determined that there would be 150 party representatives for the first 10,000 party members and one additional representative for each 100 party members above that number, giving a total of 186 representatives. In Rongjing County, it was determined that there would be 160 party representatives for the first 5,000 party members and one additional representative for each additional 100 party members, for a total of 164 representatives. Nominations for party representative took place in three ways: self-nomination, joint petition of 10 or more party members, and recommendation by the party organization at the relevant level. The electoral unit was the party branch.<sup>13</sup>

There is no question that in the selection of party representatives, the *changrenzhi* achieved one of its goals—increasing party member involvement. In Yucheng District, 1,380 people—12 percent of all party members in the district—were nominated as representatives: 764 by self-nomination, 376 by petition, and 240 by party recommendation. In Rongjing County, 736 were nominated, 13 percent of total party members and 4.4 times the number of positions available. All 82 electoral districts in Yucheng had direct elections for representatives. Perhaps because of the weaker party structure in Rongjing, only four of the 32 electoral units had direct elections; the others were indirect.<sup>14</sup>

In Yucheng District, a combination of voting by secret ballot and examination of credentials (potential representatives had to meet criteria

regarding age, education, and work experience, among other things) reduced the number of candidates to 242 “preparatory candidates” (*houxuanren yubei renxuan*) for the 186 positions—30 percent more candidates than positions. Rongjing County also winnowed the field to 241, 45 percent more than the number of positions available. The credentials of preparatory candidates were then scrutinized by the election commission. In the case of Yucheng District, two were found to be unqualified, and they were replaced by those who had the next highest vote totals in their electoral units.

The next step was to post candidates’ names publicly for three days. In Yucheng District, no major problems were discovered and the candidates were declared “formal candidates” (*zhengshi houxuanren*). In Rongjing County, however, the party secretary of Miaogang Village was accused of having a “superficial and showy” style of work as well as eating and drinking excessively and being arrogant. The election commission found the charges difficult to substantiate and did not disqualify him from the election.

At the meeting that formally elected the delegates, to which all party members were invited, the candidates each had to give a three-minute speech. Leading cadres participated in the election as ordinary party members; speeches were given in the order of the number of strokes in the candidates’ surnames.

The result was that six leading cadres, including the party secretary of Miaogang, failed to get elected. In a provision that apparently sought to save face (and to avoid difficult issues about whether a leading cadre who failed to get elected could continue to serve in his or her position), such losing candidates were still allowed to attend the party congress as “special representatives.” But six months after the election, the Organization Department organized special polls in the losing candidates’ districts; failure to achieve the support of two-thirds of party members would mean loss of position—as it did for the Miaogang Village party secretary.<sup>15</sup>

The first annual meeting of the new party representatives convened in Yucheng District 29–31 December 2002. In the three-day course of this meeting, representatives raised 46 resolutions, 23 of which dealt with party-building work of one kind or another.<sup>16</sup> This was unprecedented. Party representative meetings previously were solely for the purpose of ratifying personnel decisions concerning the composition of the party committee at that level. At a minimum, the scope of involvement in party affairs had been significantly expanded, though it was, of course, far from being democratic in any Western sense.

At the second annual meeting of the Yucheng District party representatives, three new committees were established: an inspection committee, a work committee, and a policy advisory committee. The inspection committee was chosen through a *cha’e* election (that is, one with more candidates than posts) of representatives who were themselves not on the district party committee or discipline inspection commission. Members of the party committee and discipline inspection commission who received more than 30 percent negative votes and were deemed unfit for office by the district standing committee would be asked to resign voluntarily. Those who received more than 20 percent negative votes two years in succession were subject to recall.

As might be expected, there was considerable controversy in Ya'an about the establishment of this inspection commission. After all, the party already has a discipline inspection commission. But it has long been recognized that discipline inspection commissions at all levels have a very difficult time supervising the work of party committees at the same level. Establishing the new committee was intended to fill this gap. The fact that party representatives are chosen in a more democratic fashion, from the bottom up, might give such a committee more freedom. But party members are always subject to party discipline (and perhaps other forms of pressure), so we will have to see if this institutional innovation proves meaningful.<sup>17</sup>

### *Problems*

One problem with the *changrenzhi* as it has been implemented in Ya'an and elsewhere is that the proportion of leading cadres among party representatives hovers around 60 to 70 percent. This, of course, ensures that the party representatives will not become too independent, but at the same time it undercuts the purpose of the *changrenzhi*, namely to better supervise the exercise of authority. It also undermines the ability of the party representatives to develop expertise; by comparison, the people's congresses at various levels have greater specialization.

The *changrenzhi* is intended to change the relationship between the standing committee, the whole committee, and the party representatives, giving the latter greater authority to supervise the former two. But how much authority? For instance, should party representatives have the authority to approve the appointments and removals of cadres? If they had this authority, the party representatives would become quite powerful, so there is inevitably a contest in different localities to work out the balance of power among different party bodies.

Similarly, if the party representatives are to exercise meaningful supervision and approval of personnel appointments, there needs to be a permanent organ, such as a standing committee. At the present time, some localities have established "party representative liaison offices" (*dangdaibiao lianluo bangongshi*), but these are usually located in an overworked section of the party's organization department and not as a separate office. Without sufficient size and independence, it is difficult for these offices to do much.<sup>18</sup>

### *Implications*

The immediate cause for institutional innovation in Handan was direct conflict between the village party secretaries and their village chiefs. Each claimed legitimacy under a different set of rules. Under these circumstances, the involvement of township and city officials was inevitable. As it turned out, there was much higher involvement as even Hu Jintao and Yu Yunyao intervened. The result upheld the centrality of the party secretary, but constructed an institutional

framework that in fact involved the village chief and village committee. New institutional rules were developed for decision making and steps were taken to make local finance open—and out of the hands of village leaders.

In Ya'an, there clearly were social tensions and a loss of faith in the local party leaders. Although the sources available do not say so explicitly, the desire of the local party leadership to promote reform is apparent in the relatively far-reaching measures that were taken, such as direct election of party representatives and the insistence that leading cadres participate in these elections without special privileges (such as being identified as leading cadres or having their names listed first). Of course, it can be presumed that most party members voting would know who was and was not a leading cadre, and the number of leading cadres elected as party representatives—some 60 to 70 percent—suggests that there was no threat that these elections would run out of control of the local organization department. Nevertheless, there clearly was an effort to increase the participation of party members in local affairs, to subject leading cadres to a more open process, and most significantly to develop institutions that would shift power away from the number one leader and his inner circle.

These institutional innovations suggest real pressures on local party organizations to develop institutional mechanisms that will re-legitimize the party in the eyes of local citizens and local party members. There clearly is a need to curb the arbitrary exercise of power and to develop the sort of feedback and supervisory mechanisms that will allow the state at higher levels to better monitor its local agents. At the same time, the intensive involvement of higher levels of the party makes clear that the sort of institutional innovation that is occurring is not simply a bottom-up process. The party at higher levels is carefully designing and monitoring these innovations to make sure that they do not threaten party control, even as the innovations themselves are changing some of the Leninist features of the local party organization.

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## Notes

<sup>1</sup> See, for instance, Thomas A. Koeble, “The New Institutionalism in Political Science and Sociology,” in *Comparative Politics* 27, no. 2 (January 1995): 231–243; Kathleen Thelen, “Historical Institutionalism in Comparative Politics,” in *Annual Review of Political Science*, vol. 2 (1999): 369–404; and Elisabeth S. Clemens and James M Cook, “Politics and Institutionalism: Explaining Durability and Change,” in *Annual Review of Sociology*, vol. 25 (1999): 441–466.

<sup>2</sup> He Zengke, “Nongcun zhili zhuanxing yu zhidu chuanguanxin—Hebei sheng Wu'an shi ‘yizhi sanhua’ jingyan de diaocha yu sikao” [The transformation of governance and institutional innovation in villages—An investigation and reflections on the experience of ‘one mechanism and three transformations’ in Wu'an city, Hebei Province], in He Zengke et al., eds., *Jiceng minzhu he defang zhili chuanguanxin* [Grassroots democracy and innovations in local governance], p.6. Beijing: Zhongyang bianyiju chubanshe, 2004.

<sup>3</sup> *Ibid.*, p. 4.

<sup>4</sup> Jing Yuejin, *Dangdai Zhongguo nongcun ‘lianghui guanxi’ de weiguan jixi yu hongguan youshi* [Micro analysis and macro view of ‘relations between the two committees’ in contemporary China’s villages], p. 141. Beijing: Zhongyang wenxian chubanshe, 2004.

<sup>5</sup> *Ibid.*, p. 142

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<sup>6</sup> He Zengke, “*Nongcun zhili zhuanxing yu zhidu chuangxin*,” p. 17, and Jing Yuejin, *Dangdai Zhongguo nongcun*, p. 142.

<sup>7</sup> Jing Yuejin, *Dangdai Zhongguo nongcun*, p. 144.

<sup>8</sup> Quoted in Jing Yuejin, *Dangdai Zhongguo nongcun*, p. 146.

<sup>9</sup> Jing Yuejin, *Dangdai Zhongguo nongcun*, pp. 148–150.

<sup>10</sup> He Zengke, “*Nongcun zhili zhuanxing yu zhidu chuangxin*,” p. 13.

<sup>11</sup> “Taizhou Area Explores Ways to Improve Local Governance,” *China Leadership Monitor* 15 (summer 2005).

<sup>12</sup> Xiang Guolan, “*Tuijin dangnei minzhu de zhidu chuangxin—Ya’an dang daibiaohui changrenzhi anli fenxi*” [Promoting innovation in inner-party democracy—Analysis of the case of Ya’an’s party congress permanent representative system], in Yu Keping, ed., *Zhongguo difang zhengfu chuangxin—anli yanjiu baogao (2003–2004)* [Innovation in local government—Research reports on individual cases, 2003–2004], p. 176.

<sup>13</sup> *Ibid.*, pp. 177–178.

<sup>14</sup> *Ibid.*, pp. 178–179.

<sup>15</sup> *Ibid.*, pp. 180–181.

<sup>16</sup> *Ibid.*, p. 181.

<sup>17</sup> *Ibid.*, pp. 182–183.

<sup>18</sup> Li Ling, “*Sichuan dangdaihui changrenzhi shidian diaoyan de sikao*,” retrieved from [www.chinaelections.org/printnew.asp?newsid={FAF04301-10DE-AC6D-CAAF3179C66}](http://www.chinaelections.org/printnew.asp?newsid={FAF04301-10DE-AC6D-CAAF3179C66}).