What is the relationship between the Chinese government and interest groups in China? What is the connection between meritocracy and economic growth? Professor Yang Yao, Dean of the National School of Development at Peking University, addressed these questions during his Critical Issues seminar presentation. Rooted in Chinese tradition, meritocracy has played an important role in China’s political transition and explosive growth. A meritocratic system within the government is related to the Chinese government’s “disinterested” state. This system, nevertheless, will pose significant political and economic challenges for China in the coming years.

The historical roots of meritocracy extend to the civil service examination. First implemented during the Sui Dynasty and perfected during the Tang, the civil service exam was the imperial system’s symbol of meritocracy. Scholars today have questions about whether a young man from an ordinary family background could actually pass the exams, but such folk tales were nonetheless told and believed throughout the exam’s history.

While having roots in this historical tradition, the current Chinese Communist Party’s strands of meritocracy stem from the party’s search for legitimacy. During the first thirty years of its history, the CCP based its legitimacy on revolutionary credentials. With the Anti-Rightist Campaign, Great Leap Famine, Cultural Revolution, and triumph of western capitalism over communism in the rest of the world, however, these revolutionary credentials depleted. The party found a new grounding in its performance legitimacy, based on impressive economic growth and the gains such growth has given the Chinese people.

Through this transition, the party has learned the importance of delivering on economic growth and has pursued growth-orientated policies, including promoting meritocracy within the party-government through rationalization and de-politicization. Party rationalization has included the establishment of a mandatory retirement age, which has allowed younger party members to secure promotions, and limited intra-party democracy. Elite bureaucrats now have much more space to voice their opinions. Trends towards de-politicization of the CCP have included the loss of a unifying political ideology and greater emphasis on pragmatism – means are justified by outcomes and there no longer remains one permanent “truth.” The CCP today can in many ways be seen as a collective monarch – neither a despot nor a constitutional monarch, but a selectorate that chooses subordinate government officials.

The CCP’s moves towards greater meritocracy are further represented by the disinterested stance towards society the party has developed over the past thirty years. A disinterested government adopts a neutral relationship towards social interest groups, captured by none, and able to allocate resources identity-blind and according to group productivity. This arrangement is only possible when there is a relative balance of power between political and economic elites. When neither political nor economic elites have the upper hand, the state remains un-captured and able to practice neutrality. Such an arrangement is conducive to economic growth and perhaps explains the
divergent economic performances of non-democratic countries. The high growth rates of East Asian non-democratic states, including Singapore, early-reform China, and pre-democratic transition Korean and Taiwan, may be attributed to their interest group equality and disinterested governments.

Numerous challenges for the CCP and its meritocracy remain, however. Growing inequality between interest groups has created difficulties for the party’s disinterested stance. The selection of competent subordinates also poses problems. In the optimal system, local leaders should be promoted by talent and central leaders should be promoted by loyalty. Existing empirical research remains divided on whether leaders’ economic performances versus political connections are the best predictors for their promotion. Yao’s own study (with Zhang) of city-level leaders suggests that a leader’s ability is an important factor in his or her promotion, but only for leaders of a certain age. For younger and older leaders it is difficult to secure promotions no matter the level of leadership ability, but for middle age cadres the most capable leader is twenty-two percent more likely to be promoted.

Tying promotion to leadership ability and economic growth track records has created numerous contradictions in the Chinese state. The government has become pervasive, crowding out private business and hurting innovation. With this pervasiveness, furthermore, the government has taken on too much responsibility, threatening its survival and stability. The state itself has been bureaucratized, giving bureaucrats disproportional power to run the country. Excessive economic growth, caused by competition among local officials for promotion, is beginning to perversely affect the environment and the people’s welfare. The economic structure remains distorted, overly focused on exports. Ultimately, these issues pose a challenge for the legitimacy of the CCP.