

THE ROADS TO POLITICS:
CHINESE PRIVATE ENTREPRENEURS IN CHINA’S POLICY MAKING PROCESS

by
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ABSTRACT

This dissertation is a search for a better explanation of Chinese private entrepreneurs' engagement and influence in China's policy-making process, aiming to provide a nuanced picture that may aid our understanding of China's evolving political economy and flourish the existing broader literature of comparative political economy. In particular, it attempts to examine the behavioral pattern of business lobbying and provide structural explanations on the business community's policy influence. The central question of this study concerns through which pathways Chinese private entrepreneurs engage with policy-makers and conduct policy advocacy, as well as to what extent they exert influence in China's policy-making process. To this end, this research has followed a historical trail through investigation of how and to what extent Chinese private entrepreneurs are able to vie for influence on China's policy-making process by working cooperatively with two types of state-business engagement intermediaries in China—business association and think tank.

This dissertation adopts a tripartite-embeddedness state-society interaction analytical approach on the premise of existing co-evolutionary analytical framework to trace how Chinese private entrepreneurs engage in China's policy-making as well as assess business policy influence. It employs a mixed method approach that combines quantitative and qualitative methods to trace a wide spectrum of business lobbying and state-business interactions in China that take place through business associations and think tanks respectively. It informs that China's policy-making is becoming progressively open and expanded. The shifting advocacy coalitions and policy advocacy patterns in terms of business lobbying might have some implications over state-society relations and the policy-

making process in China. It is possible that Chinese private entrepreneurs, having leveraged more formal and official access to China's policy process, will progressively push forward more institutionalized policy advocacy channels and gain increasing influence over China's policy process. These changes might recalibrate allocation of resources and networks in Chinese policy and socioeconomic realms and disequilibrate the established distribution of policy-making power among state and societal actors. Although it is still not sure if the bottom-up dynamics in China's business lobbying and policy-making process prepares the ground for the future surge of China's political transformation, these changes do add a layer of complexity to China's policy-making system and might increasingly push forward the broader reconfiguration of the state-society relations in China.

Nevertheless, the completion of this dissertation comes at an unsettled time of period under Xi's governance, during which the CCP-state's power concentration makes its recent comeback while the collective policy-making leadership begins to wane since 2012. There is now still no sign of how long China will sustain its economic growth while remaining a strong state policy-making power. In current circumstance, while seemingly the policy advocacy channels for business community have been broadened while the chance of social influence in China's political field increases, I thus far still remain cautious to reach much assertive conclusions on private entrepreneurs' higher level of influence in China's policy-making in the short-term.

Chapter 1

AN INTRODUCTION

1.1 Introduction and Research Question

The world has witnessed more than 30 year-long remarkable economic growth of China since its opening up and market reform in 1978. During China's marketization, a variety of societal players and economic actors have emerged and have been getting involved in China's economic sphere. Among the new rising forces in China, the rise of the private sector and the growing importance of private entrepreneurs¹ in China's socioeconomic domain have caught scholars' eyes. Some scholars have long been revolving around the rationale behind the political inclusion of economic elites in China, while others focus on a range of spillover effects of Chinese private entrepreneurs' engagement in the political sphere. They argue that private entrepreneurs' involvement in China's politics has recalibrated the state-business relations and widened "the range of participants" of China's policy-making (Zhu and Xue 2007: 452) without a wholesale regime transition. Policy-making in China thereby "can no longer be viewed as the clear intentions of a strong state or as only the product of bargaining between government agencies" (Kennedy 2005: 3). Changes in state-business relations and policy arena have added a layer of complexity as well as dynamics to China's institutional transformation and political development.

The channels by which the business community utilizes in policy advocacy and

¹ Throughout this dissertation, unless otherwise noted, "private entrepreneurs" refer to the domestic business owners in Chinese private sector and excludes the entrepreneurs from both state-owned enterprises (SOEs) and foreign-invested enterprises (FIEs).

political participation vary widely across space and over time, “but comparative analysis helps single out which are primary in particular countries” (Schneider 2010: 308). For instance, many Asian countries “have relied heavily on deliberative councils that bring together representatives of government and business to discuss a wide range of policy issues,” whereas businesspeople in Japan and the United States have attached great importance to “campaign contributions and legislative lobbying” in enhancing their policy influence (Schneider 2010: 308). Following the established literature, private entrepreneurs in Chinese context have taken part in politics in various ways and developed diversified coping strategies in their engagement with the officialdom. As Guiheux (2006: 228) observes that some private entrepreneurs participate in China’s policy-making process through formal government bodies, such as “serving as delegates of the Chinese People’s Congress (PC) or the Chinese People’s Political Consultative Conference (CPPCC)” at the national or local level, while other business elites engage in politics through “winning posts in China’s grass-roots level elections” as village chief or village committee members or being granted the honorary title in formal institutions. Meanwhile, some entrepreneurs choose to develop policy advocacy through intermediate third-party agencies, such as business associations, think tanks, and media, etc. Others, especially individual business elites, resort to their established informal political connections or personal network (*Guanxi*, 关系) to interact with government officials or lobby the key policy-makers bilaterally, with their aims to tilt policies toward the advantage of individual firms or specific industrial sectors. Although private entrepreneurs “often avail themselves of a number of these channels simultaneously” (Schneider 2010: 308), they often center on one

type of channel through which they develop a focal network to facilitate their policy participation and business lobbying.

Drawing upon the existing portfolio of corporate political participation in China as well as my fieldworks in China during 2019 to 2022, I classify the varieties of channels by which Chinese private entrepreneurs employ to participate politics or conduct policy advocacy into 4 types (see Table 1.1), based on mode and formality of state-business engagement. However, I have to mention that this typology only offers a possible way to sort out various channels by which Chinese private entrepreneurs utilize in their political participation and policy advocacy. As such, I do not argue that it is the only sorting model but employ it to facilitate the discussion of this study. The first dimension distinguishes the direct channels with the indirect ones in terms of state-business interactions, while the second differentiates the formal channels from the informal ones. With regard to the mode of business' political/policy participation, I simply differentiate existing channels into direct and indirect mode. I would categorize it as an indirect channel when private entrepreneurs engage policy-makers or participate in politics through a legally sanctioned third-party entity as their intermediaries, such as various business organizations and think tanks. Nevertheless, if there only involves a two-party interaction between the state and business, this would be defined as a direct channel. For example, when private entrepreneurs participate in politics through formal political institutions such as serving as delegates of PC or CPPCC, or lobby individual officials by informal ways such as personal networks, I would call them direct channels. To put it differently, the direct channel refers to the two-party interactions between the state and business, while the indirect channel

involves a three-party interaction in terms of private entrepreneurs' political participation or policy advocacy.

As to the dimension of formality, some of the existing studies have often confined formal political/policy participation amongst the conventional political actors within the political institutional framework that operates in “the normal and orthodox form” with “an internally coherent set of rules” (Fukui 2000: 2-4), while defining informal political participation as those operating under informal rules that are “usually unwritten, that are created, communicated and enforced outside of officially sanctioned channels” (Helmke and Levitsky 2004: 727). However, North (1990; 2005) argues that formal and informal political engagement or policy participation function inseparable and influence each other's effectiveness. Tsai (2007) observes that grassroots interactions and informal practices in China have contributed to changing formal institutions, while Yu (2007: 419) notices “formal leadership exerts a heavy hand on informal politics ... the political activities of factional networks and social groups are restricted and even suppressed. ... informal political activity intensifies when formal institutions are disrupted.”

Building upon the ontological promise of the interactive dynamics between formal and informal institutions, I conceive that business policy advocacy and political engagement in the authoritarian context of China involve both formal and informal policy advocacy channels. I thereby would like to caution against overstate a stark dichotomy between formal and informal political deliberation and policy participation in terms of private entrepreneurs' policy advocacy and state-business interactions in this study. I argue that the boundary between formality and informality is fluid in Chinese authoritarian

context, and “entrepreneurs’ political participation offers a micromechanism for the interplay between formal and informal institutions to take place” (Li et al. 2022: 1063). In this regard, a broad and loose configuration to differentiate varieties of formal and informal state-business interaction activities and business policy advocacy channels allows for a more nuanced understanding of business lobbying that takes place through intermediate organizations and its influence in China’s policy process and institutional change.

As such, as to the dimension of formality in my typology, formal channels are associated with state-business interaction activities or business policy advocacy behaviors that operate under prescribed rules and being regulated by normal institutional mechanisms or enforceable organizational procedures. And informal channels speak to state-business engagement or business lobbying that take place through the building of social networks and coping strategies in a non-transparent manner with unprescribed procedures. For example, it is typically being defined as a formal channel when private entrepreneurs submit their policy proposals through the PC or CPPCC mechanism as business delegates. However, private entrepreneurs’ contact with government officials through *guanxi* is deemed as a typically informal channel, as it occurs in private occasion and involves “the waiving of official rules ... [or] the regularized use of bribes ... in prohibited ways” (Goodfellow 2017: 206). However, to avoid making a strict separation of the boundary between formal and informal channels, I do not differentiate ad hoc policy activities or informal lobbying practices that take place through formal channels. For example, business associations may arrange policy-related meetings between the government officials and private entrepreneurs on an ad hoc basis or in the form of close-door conferences, or state-

business engagement that takes place through business associations/ think tanks may be conducted in private occasions or without following a fixed schedule or pattern.

In other cases, as a policy advocacy channels, the public institution or social organization does not necessarily operate within a political institutional framework or affiliate to any government agencies. With regard to all these scenarios as just aforementioned, I define them as formal channels. For example, I would define an entrepreneurial-led business association as formal channels, as long as it has been accorded with officially prescribed mechanisms/procedures to contact the Chinese officialdom or could organize policy-related state-business activities by following regulated rules and enforceable procedures rather than doing these through personal networks or social resources outside the associational framework. As such, I hold a loosening configuration on the dimension of formality in making the typology as abovementioned. Keeping this in mind is especially important when the boundary between public and private organizations in China is increasingly becoming fluid as the Chinese government now is implementing a set of institutional reforms to decouple a large number of government-backgrounded business associations from their supervisor units (*yewu zhuguan danwei or guakao danwei* 业务主管单位/挂靠单位).

Table 1.1 Channels for Business Political Participation and Policy Advocacy in China

Formality	
Formal	Informal

Mode	Direct	Legislative or consultative bodies such as PC/CPPCC at all levels, rural-level posts of grass-roots offices, public hearings, the administrative committee of industrial park/zone, ² etc.	Contact individual officials through personal-based networks, private state-business meetings/activities
	Indirect	Various third-party organizations as intermediate fields, such as business associations, think tanks, etc., under official settings and following rules and standard procedures	Shaping media coverage, publicity through lobbying firms, etc.

While the Guanxi-based direct state-business interaction has long been a prevailed form in China, it has nevertheless confined business lobbying activities within an informal spectrum of political connections. In this case, business actors and policy-makers prefer to hide their connections from others, as their engagement usually involves rent-seeking activities or other illegal transactions toward the specific interests of individual business. The guanxi-based personal networks “involve very small numbers and are often largely invisible, even to other participants in policy making” (Schneider 2010: 308). It is thereby difficult to trace the lobbying process and examine its corresponding policy influence. In addition, although all levels of PC or CPPCC have long provided formal and direct mechanisms for private entrepreneurs’ political participation, this kind of ‘top-down’ public participatory channel is often inaccessible for most Chinese private owners of micro-small-sized enterprises. For example, Feng Yang (2019) has empirically examined the publicly listed companies obtained from the China Stock Market & Accounting

² As to the administrative committee of industrial park/zone in China, most are the dispatched offices of local government. They are newly emerged agencies in China. Some are fully funded as government agencies (*zhengfu jiguan* 政府机关), while some run as public institutions (*shiye danwei* 事业单位). Only a few runs as enterprises, depending heavily on self-funding. Authorized by local government, these agencies shoulder a number of administrative duties and manage various issues within specific industrial zones. See Baidu Baike (百度百科). <https://baike.baidu.hk/item/%E5%B7%A5%E6%A5%AD%E5%9C%92%E5%8D%80%E7%AE%A1%E5%A7%94%E6%9C%83/12721813>, retrieved in April 6, 2022.

Research (CSMAR) database, with regard to the political seats held by private entrepreneurs in the NPC. He found that the selection rule of Chinese ruling party “gives advantages to those who have paid more taxes” since the early 2000s (Yang 2019: 65). While other informal-indirect channels, such as media access, are available for most private entrepreneurs, their lobbying and policy advocacy activities that take place through these ways are usually sporadic and individualized in terms of policy issue domains and business interests. Given that the main purpose of this dissertation is to examine if collective business lobbying in China is increasingly becoming institutionalized and how it influences China’s policy process, I then leave out those two types of advocacy channels in my dissertation. And a comprehensive investigation on the formal-direct and informal-direct/indirectly policy advocacy channels, as shown above in Table 1.1, thus is beyond the discussion of this dissertation project.

As such, this dissertation focuses on the type of formal-indirect policy advocacy channels, exploring how Chinese private entrepreneurs develop business lobbying (the pattern of policy advocacy) as well as measuring how much impacts it has on China’s policy-making process (the level of policy advocacy). It investigates how Chinese private entrepreneurs develop their lobbying networks and wield policy influence by using the formal-indirect ways in an authoritarian context. This study aims to examine whether the state-business intermediaries in China provide institutionalized channels for business’ collective policy advocacy as well as assess to what extent they facilitate private entrepreneurs exert influence in China’s policy-making.

The broader literature on formal-indirect policy advocacy channels in China argue

that private enterprises usually influence the policy process via “their trade associations and other intermediaries” (Kennedy 2005). Among various intermediaries, business associations have long been viewed as a kind of intermediaries where the state and entrepreneurs interact. And business participation through associations “is typically formal, structured, known to many, and often covered by the press” (Schneider 2010: 308). While the business association provided an important point of entry for scholars to study state-business relations in China, this kind of policy advocacy channels has recently been experiencing significant institutional changes. For example, the Chinese government has carried out a number of institutional reforms progressively since 2015, aiming to decouple most official or semi-official business associations from their competent ministries or government departments (*zhuguan bumen*, 主管部门 or *guakao danwei*, 挂靠单位). The changes on business associations may affect the established institutional relations among the state, association, and the business community, and thus add new dynamics to study business lobbying and state-business relations in China. It is thereby necessary to revisit this kind of conventional state-business intermediary in its new context.

In addition to those traditional policy advocacy channels, new alternative channels for business’ policy advocacy and political engagement have emerged in China and been gaining some ground in scholars’ research. As some scholars observe that Chinese think tanks and experts, in addition to their consultative roles in policy-making, “begin to acquire the ‘revolving doors’³ quality” (Li 2016: 1). Their audiences range from policy-makers

³ Transparency International UK (2011, 5) defines the concept “revolving-door” as “the movement of individuals between positions of public office and jobs in the private sector, in either direction.” Existing literature often theorizes the political-business revolving door as a mechanism of rent-seeking, through which

who wield “direct influence on policy change” to “the at-large public, for indirect influence” (Gen and Wright 2013). While the Chinese think tanks are still playing their consultative roles in China’s policy realm, their dual embeddedness in both the state and society enables them to increasingly become “a crucial institutional meeting ground where officials, entrepreneurs, and scholars can interact” (Li 2016: 2). Private entrepreneurs thus begin to “notice and exploit those loose spots in the structure of ideas, institutions and incentives” (Leighton and Lopez 2012: 134, as cited in Teets 2017: 126), building policy networks and advocacy coalitions with Chinese think tanks to jointly exert influence in China’s policy process.

As such, institutional reforms on the conversional type of state-business intermediary — business associations, as well as the burgeoning of a new type of advocacy channels —

the retired government officials or former politicians move from their bureaucratic positions to firms, business associations, think tanks, or other social organizations. This revolving door phenomenon may occur in any institutional contexts. Discussions of the revolving door phenomenon in liberal democracies often devote special attention to the movement and importance of former government employees into the lobbying industry (see e.g., Austen-Smith and Wright 1992; Attkisson 2008; Maskell 2010; Overby 2011; Draca 2014; Bombardini and Trebbi 2019; Shepherd and You 2020). As to studies on the political-business revolving door in developmental states such as China, scholars often focus on how post-government career of former government officials affect public resource allocation as well as how interactions and exchanges between political and business elites affect policy outcomes and state-society relations in authoritarian regimes (see e.g., Ding, Akhtar and Ge 2006; Goldman, Rocholl and So 2013; Li 2022; etc.). While the political-business revolving mechanism is usually used to denote the movement of former or retired government officials into private firms in China, there is emerging that the movement is trending toward the Chinese think tank community. In this situation, the revolving door mechanism is not only used to point that the Chinese government officials obtain corporate positions in private firms or think tanks, but also can be used to analyze cases in which business elites move from private companies or state-owned enterprises (SOEs) into the think tank sector or “play a crucial role in the management of think tanks, gained through the financial contributions these companies make to the think tanks in reaction to government policies that strongly affect their businesses” (Li 2009, 1). Under the Western discourse, the term ‘revolving door’ within the think tank landscape refers to “the career mobility of former politicians, scholars, lobbyists, or journalists from different sectors, such as government, Congress, university, industry, and media, to policy research institutes, or vice versa—builds one of the most effective transmission belts for ideas to travel” (Zhu 2018, 299). Zhu further argues that the revolving door “has now become the prevailing recruitment strategy for global think tanks. In particular, the Chinese government and academia are embracing the revolving door mechanism for the development of Chinese think tanks,” whereas “the exact effects of the revolving door on Chinese think tanks” (Zhu 2020: 297) need to be further scrutinized.

think tanks thereby raise a number of questions concerned with the private entrepreneurs' influence in China's policy-making. How do Chinese private entrepreneurs build networks with government agencies through the two types of channels and mobilize resources to influence China's policies and regulations? Do changes in these intermediaries affect the lobbying patterns of Chinese private entrepreneurs? How is the policy-making power of the state being mobilized and disbursed by business' lobbying activities? Does this lead to the redistribution of power across formal institutions and thus reshape China's policy-making structure? What implications can we draw for state-society relations and political development in China? While a recent surge in research has provided insights on these questions (e.g., Foster 2001, 2002; Kennedy 2005; Liang 2007; Li 2009, 2017; Steinberg and Shih 2012; Shen 2017; Huang and Chen 2020), there is much more nuances to be investigated. Meanwhile, an in-depth empirical investigation of think tanks and their roles in China's policy processes as new types of intermediate nexus of state-business interactions remains understudied, and efforts in this direction thereby may provide an alternative fertile ground to existing scholarship on state-business relations and policy-making in China. This dissertation project thus asks three sets of interrelated research questions:

- (1) How do Chinese private entrepreneurs develop collective business lobbying or policy advocacy through business associations and think tanks, respectively? What impacts do business lobbying and policy advocacy have on China's policy process, in terms of width and depth?*
- (2) Is collective business lobbying or policy advocacy in China that takes place through business associations and think tanks increasingly becoming institutionalized? Or alternatively, do business associations and think tanks in China, respectively, provide a kind of*

institutionalized lobbying mechanism for Chinese private entrepreneurs?

(3) *What are the implications of business' policy engagement for state-business relations and political development in China?*

1.2 Research Design: A Theoretical Framework and An Analytic Template

To address these research questions, I develop a theoretical framework that extends the existing state-society interaction approach further on the premise of an evolutionary ontology to study how Chinese private entrepreneurs delegate their policy ideas to the existing power holders and participate in China's policy processes formally as well as indirectly, with its focus on two types of intermediaries for state-business interactions — business associations and think tanks. Drawing on existing literature and interdisciplinary studies on comparative political economy, this dissertation develops a tripartite embeddedness state-society interaction analytical framework to observe business lobbying and policy engagement, conducted by Chinese private entrepreneurs and taking place through business associations and think tanks respectively.

Much the existing literature on the tripartite mechanism revolves around issues relevant to labor and employment relations. Numerous studies have been carried out on the tripartite interactions and negotiation among different groups of players from the state, business, and the labor market. In the context of tripartite negotiation, governments establish certain consultation mechanisms with labor organizations and industrial associations to cope with wide-ranging issues related to employment relations and labor policies. While these studies are concerned with state-business relations as well as the role of trade unions/associations, they focus on labor politics or the protection of labor interests

and their implications on the development of welfare states. Yet, with a few exceptions, much of the existing literature to date has not employed the concept of tripartite embeddedness state-society institutional relationship to analyze business lobbying that takes place through the intermediate organizations and the impacts of the three-party interactions among the state, business and the intermediaries on China's policy-making.

As such, my analytical framework differs from existing studies abovementioned in that while it uses tripartite institutional mechanism as an explanatory terminology, it focuses on business interests. It examines how the three-party interactions among actors from the government agencies, the business community, and the intermediate organizations affect business lobbying and the distribution of policy-making power in authoritarian context of China through the lens of the tripartite embeddedness state-society interaction framework. As Haggard, Maxfield, and Schneider (1992: 54-55) point out that "embedded networks are natural, generalized, and preexisting, ... in which all other forms of social, economic, and political interaction are embedded. ... States are not central to the creation of embedded networks; on the contrary, governments are embedded in them."

In this regard, the main tenet of my tripartite embeddedness state-society theoretical framework is that in authoritarian contexts like China, the institutional connections to the state play an important but nonlinear role in determining the outcomes of business' lobbying and policy advocacy. Meanwhile, private entrepreneurs' policy influence is critically affected by the conflictual but reciprocal feedbacks between state and business actors. Concerning state-business interaction that takes place through varieties of policy advocacy channels, it involves a three-party interconnectedness among actors from the

state, the business community, and the intermediate organizations. Business lobbying has thus been conditioned under a tripartite embeddedness state-society institutional relationship, and the outcomes of business' policy advocacy are thus determined by the three-party interactions and mutual feedbacks among policy players from the state, business and the intermediate fields. These rationales are the most critical analytical potential of this tripartite embeddedness state-society interaction framework. In this regard, a search of the most critical determinants that affect policy actors' capabilities and resources in the processes of the three-party interactions is of great importance to assess business influence in China's policy-making.

Another analytical potential of this approach lies in that it diverts away from the normative value of societal organizations under Western liberal discourse to assess the autonomy, independence, and representativeness of business associations and think tanks in authoritarian regimes. While this standardized normative value provides a convenient and highly fashionable way to scholars' research, it will "impede our ability to register and appreciate qualitative differences in institutions across low-, middle-, and high-income nations" (Ang 2016). My theoretical framework thus interprets the practices and performances of Chinese business associations and think tanks, in terms of serving as intermediaries of state-business interactions, as institutional divergence rather than failure. As such, guided by this theoretical framework, this dissertation aims to map the multilayered policy inputs and outcomes of business lobbying through the examination on Chinese private entrepreneurs' lobbying patterns, policy advocacy activities and strategies that take place through the two types of intermediaries. Findings from this dissertation

project shed lights on broad questions that are centrally important to inform state-business relations and institutional change in China, as well as enriches the burgeoning comparative political economy literature on institutional change in developmental states.

As such, the tripartite-embeddedness state-society interaction framework allows for the systematic investigation of how private entrepreneurs build policy networks and conduct policy advocacy through intermediate organizations, as well as helps to identify business lobbying patterns and assess business influence in China's policy-making process. It also works to highlight the multiple pertinent facets of the business community's engagement in China's policy process and facilitates the identification of the underlying factors that may be critically associated with to what extent private entrepreneurs could exert influence in China's policy-making. In making use of the tripartite-embeddedness state-society interaction analytical toolkit, the study of China's policy-making and state-business relations can be explored in-depth and more fruitfully.

Taking the tripartite embeddedness state-society institutional interaction analytical framework as the starting point, this dissertation pursues two objectives. First, it aims to systematically examine the evolution of business lobbying in China over time and across space and assess the accumulative effects of state-business interactions on China's policy-making system. Second, it expects to provide a number of takeaways for studies on institutional transformation and political change in contemporary China as well as identify the lessons for developmental states. A burgeoning scholarship in comparative political economy argue that "the distribution of power across organizations affected by particular institutions was the most important determinant of the path of institutional change, and the

effectiveness of particular institutions” (Khan 2004). In this regard, we may assess the current flow of political power between the Chinese state and business/society by looking into the changes and dynamics in the process of business lobbying and policy advocacy. While this research exemplifies the scenario of state-society interactions in China, it may shed a new light on studies of institutional change and political development in other transitional contexts.

To this end, this research develops an analytic template that is designed and operationalized by revolving around three dimensions. Firstly, I conduct a behavioral examination on the lobbying patterns of Chinese private entrepreneurs. Business lobbying patterns can be observed through private entrepreneurs’ advocacy activities and input in China’s policy processes. As to their policy advocacy activities that take place respectively through business associations and think tanks, I mainly focus on the lobbying strategies and lobbying targets. With regard to Chinese private entrepreneurs’ policy input, it concerns the orientation of their policy preferences in business lobbying and policy engagement. For example, some attempt to tilt the direction of policy change toward the advantages of specific industrial sector(s), while others may make endeavour to fight for the general interests of the private sector as a whole. Their different preferences thus drive them investing different policy suggestions or demands in the process of business lobbying and thus take their political participation and policy influence on different directions. As such, these behavioral investigations of business lobbying patterns help to pick out the actual factors that make a difference in shaping private entrepreneurs’ policy influence.

The second dimension of my analytical template follows the behavioral observations

on private entrepreneurs' lobbying activities. Here, I conduct a structural analysis that aims to explain why business policy influence that take place through business associations or think tanks (dependent variable) is critically correlated with the identified determinants in this study (independent variables). I situate my structural exploration in the broader context of China's evolving policy-making pattern alongside the market-oriented economic development. The third dimension of my analytic template compares business lobbying that takes place through think tanks and business associations respectively. As such, the three dimensions provide a thorough analytical template that helps me examine the evolutionary process of business lobbying and changes in China's policy-making.

To explore the analytical potential of this template, I also develop a key explanatory concept in this research—a tripartite institutional network among the state, business and intermediate organizations. It is consisted of three sets of institutional networks: the state-business network, the state-associational/state-think tank network, and the business-associational/business-think tank network. Then, a premise that underlies my arguments in this dissertation is, while the three types of networks construct an institutional environment where the tripartite policy players interact with one another, each group of actors takes one as its focal network. For instance, while a government-initiated business association in China might develop a state-oriented preference and take the institutional linkage with the state as its focal organizational network, it also takes efforts to weaves the network with its member enterprises. Likewise, although a bottom-up entrepreneurial-led business association may prioritize its institutional ties with the business community, it nevertheless would like to enhance its state network. In this respect, we should understand these

explanatory concepts in a relative sense rather than making a sharp boundary between and among them. Nevertheless, the key explanatory concept operationalized by its three sets of networks constitute an analytical ground for both the behavioral investigation and structural explanations on Chinese private entrepreneurs' policy advocacy activities and lobbying outcomes.

As such, unpacking the patterns, inputs, and outcomes of business lobbying toward China's policy process further deepens our understanding of how institutionalization and marketization in China arrived at the particular problems that they face today. As Ang (2016) insightfully points out that "political change need not only take the form of formal democratization. ... within authoritarian regimes, bureaucratic change is political change, ... could restrain power-holders and alter incentives and norms," and those changes are not necessarily aligned with formal regime change. Findings from this research may shed a new light on extant studies on state-society relations and political development in China.

1.3 The Proposed Research Methods and Data Sources

In this section, I present the proposed research methods by which I employ to carry out this dissertation project, as well as profile the data sources on which I depend in my analysis. The choice of research methods in this dissertation is guided by the research questions and the needs to data collection and analysis. This research project aims to measure Chinese private entrepreneurs' influence in China's policy arena through the investigation of their lobbying activities and policy engagement that take place through

two kinds of intermediate policy advocacy channels respectively—business associations and think tanks. It thereby is necessary to trace and examine 1) the regularity and forms of interaction among relevant policy players; 2) the strategies and targets of business lobbying; 3) the range of policy issues that private entrepreneurs expect to target; 4) relevant policy players' focal institutional network(s) and mobilization capacities toward resources; 5) the degree of proactiveness of business associations and think tanks in facilitating state-business interactions. Findings from the five aspects are critically important to help assess what private entrepreneurs' policy advocacy inputs are and to what extent the lobbying endeavours from the business community affect China's policy process.

1.3.1 Methodology and Methods

This dissertation examines two types of policy advocacy channels in China by which Chinese private entrepreneurs employ in their interactions with government agencies and policy-makers. Drawing on the relevant existing literature and my knowledge of the subject accumulated from my 2-year fieldwork conducted in China, I extend the two-party institutional network between the Chinese state and private entrepreneurs to a three-party institutional interaction between the state, the intermediaries (business associations or think tanks), and private entrepreneurs in China's policy-making process, with a focus on how the two types of intermediaries respond to divergent policy demands from the business community. As a matter of fact, this kind of three-party institutional interaction is quite common in authoritarian policy-making processes. Nevertheless, most studies focus on the two-party interactions between the state and society in authoritarian regimes, paying scant attention to the role of various intermediate agencies in state-society engagement and the

three-party institutional linkages constructed through them. As such, this dissertation seeks to add a third component in China's policy process—state-business interactions that take place through business associations/think tanks and the role of these intermediaries in the policy process. It thus develops a three-party interaction approach to examine how the tripartite embeddedness state-society institutional relations among the state, business, and intermediate agencies affect the sources and outcomes of business lobbying or policy advocacy in China, to offer some takeaways for existing scholarship of state-society relations in authoritarian contexts and enrich extant studies of comparative political economy. Below, I elaborate my research method in detail upon discussion of the two types of intermediaries that facilitate the state-business interactions in China—business associations and think tanks.

A Conventional Political-Business Intermediary: Business Association in China

I adopt a mixed method approach that combines quantitative and qualitative research methods to trace the process of business lobbying and policy engagement that take place through Chinese business associations. In addition, a technique of document analysis has been carried out as a complement to quantitative and qualitative methods. Drawing on data from existing studies, news media, official documents and statistics, and internal reports of some business associations, the documentation analysis is used to examine information collected from my fieldwork in China and provide “a confluence of evidence that breeds credibility” (Eisner 1991: 110). Qualitative methods provide foundational contextual information and in-depth account for cases under a microscope range while quantitative method offers statistical evidence to draw generalizable description of correlations between

dependent and independent variables. As such, these mixed methods allow different avenues of exploration in providing evidence of state-business interaction and Chinese private entrepreneurs' lobbying behavior with breadth and depth. Findings from both sides constitute the internal and external validity that enhance a more thorough explanation on my research questions and facilitate me to reach some tentative conclusions.

In specific, the mixed method approach works from two sides. First of all, I conduct a quantitative analysis based on data from my online survey. I build a dataset that records the dependent variable (DV, private entrepreneurs' policy influence) and relevant independent variables (IVs) based on data from my online survey in China (see Table 3.1 in Chapter 3). I categorize a number of actual factors (IVs) that may make a difference in shaping private entrepreneurs' policy influence (DV) into three groups in my analytic framework (see Table 3.1): (1) the statist factors; (2) firm-specific factors; (2) business association-specific factors. Then, drawing on a broader literature on business associations and an initial exploratory quantitative assessment on data from online-survey in China, I derive my proposed hypotheses H1—H6 as discussed in chapter 3. On the basis of the statistical analysis, I am able to generalize some tentative conclusions that specify the roles of Chinese business associations and their changes as state-business intermediaries, as well as the lobbying patterns and policy advocacy outcomes of Chinese private entrepreneurs. Nevertheless, it is difficult to draw causal relations in this research. In this regard, I derive these findings mainly from the observational correlations between my DV and the two sets of explanatory variables, depending heavily on bivariate correlation and multivariate regression analysis.

While the correlation analysis helps to tease out business lobbying patterns and provides some inferences to this research, it nevertheless is insufficient. In this regard, I assess the sustainability of my tentative conclusions derived from the quantitative analysis by carrying out comparative case studies in chapter 4. These qualitative works then provide more observational empirical evidence to support the correlations between dependent variable (private entrepreneurs' policy influence that takes place through business associations) and relevant independent variables identified by quantitative analysis. I draw on empirical evidence from my fieldwork and other resources such as historical materials, journalistic accounts and existing studies to inform my selection of cases. I construct narratives and conduct in-depth, case-based analysis of how Chinese private entrepreneurs develop policy advocacy and lobbying through business associations, and to what extent these business activities influence China's policy-making process and structure.

As such, with the mixed method approach, this study is able to construct a regional comparison in terms of private entrepreneurs' policy influence that takes place through business associations as well as a comparison between government-initiated and entrepreneurial-led business associations in terms of business lobbying. And the main unit for these comparisons is private entrepreneurs' policy influence that takes place through Chinese business associations. As for the regional comparison, I attempt to examine whether Chinese private entrepreneurs' lobbying behavior and policy influence that takes place through business associations across regions share any commonalities or trending increasingly toward similar patterns, with a focus on comparisons between (1) Eastern and

Central China;⁴ and (2) the top-tier and the new top-tier city clusters in China. In this respect, I frame my case comparisons in two regions that embody two sets of socioeconomic characteristics and bureaucratism. Eastern China is the economically developed area where government agencies are more adaptive and flexible in dealing with the private sector. Its development model in terms of market reforms and state-business interactions has long been referenced as a benchmark in China, while marketization and governance in Central China still lag behind that in Eastern region. As such, by taking the two regional developmental models into consideration, I contextualized my comparative studies in the historical context of China's evolving political economy.

The regional cases compare Chinese private entrepreneurs' policy advocacy that take place through business associations between Eastern and Central China where the two regions contrast highly in their patterns and levels of economic development. In doing so study in Chapter 3 examines whether private entrepreneurs across regions develop similar lobbying patterns as well as assess whether business associations across regions show

⁴ I do not make comparisons on cities by cities or provinces by provinces but made regional comparisons on the basis of a broader geographic definition. To put it differently, I adopt the official classification of China's National Bureau of Statistics (http://www.stats.gov.cn/tjzs/cjwtjd/201308/t20130829_74318.html) that divides different provinces (plus Beijing, Shanghai, and Tianjin) in China into four economic zones — namely, Eastern (东部), Central (中部), Western (西部), and Northeast China (东北). I then employed this classification to categorize Chinese domestic private companies based on the localities where they registered, instead of by the localities' administrative ranks. In this dissertation research, I only made cross-regional comparisons between Eastern and Central China due to the lack of necessary data from Western and Northeast China. By this kind of classification, while companies may involve some interprovincial business activities and set up their subsidiaries or branch offices in different cities, they were classified only by the localities in which their parent companies registered. For example, I classified a company into the group of Eastern China when it registered its parent company in Beijing while set up its sales offices in different other cities. I adopt this classification for regional comparisons as my cases came from six provinces and twelve cities. Given that they vary widely in the socioeconomic and bureaucratic characteristics, comparisons by provinces or cities may lead my analysis getting lost in a 'spaghetti bowl', because there may involve too much explain variables. This regional comparison helped to keep my analysis away from too much irrelevant variables and thus avoid the risks of yielding too restrictive and less valuable conclusions.

similar level of capabilities in promoting business policy influence. However, given the practical concern of fieldwork access and data acquisition, it wouldn't have been feasible to compare all of the cities/municipalities from one region/city-cluster to another. As a result, comparisons across regions and city-clusters are based on data derived from my online survey in China that covers a number of samples of representative cities and municipalities within each region as well as within each city-cluster rather than all of the cities/municipalities in these regions/city-clusters. While this compromise is an unavoidable strategy that may involve arbitrary judgement over the representativeness of these cases, it nevertheless offers "invaluable points of reference in constructing comparisons" (Collier and Collier 2002: 15). In addition, the three case studies in Chapter 4 that examine how private entrepreneurs develop lobbying and engage with Chinese policy-makers, with the assistance of business associations, provide additional empirical evidence to support findings from regional/city-cluster comparisons in Chapter 3.

In addition, to see if business associations in China are growing into an intermediate mechanism that facilitates the business community's institutionalized lobbying and transmits their collective demands, it is necessary to examine and compare the associational performance and development between government-initiated and entrepreneurial-led business associations in China. The cases of Beijing and Shanxi concern two government-initiated (semi-official) associations, and the case of Guangdong involves the discussion of an entrepreneurial-led association. While the former case attempts to examine if official or semi-official business associations increasingly tilt direction toward serving the interests of their constituencies, especially when institutional reforms in China accelerate the

decoupling of associational ties with the state, the latter tends to see if entrepreneurial-led associations that have long been in a disadvantageous position previously could get more access to resources and increase their influence in policy-making. Taken together, these case studies provide empirical evidence to see if there is an increased similarity and decreased difference in terms of business associations' practices in serving the demands of their members.

As such, these empirical cases traced how private entrepreneurs across regions and city clusters engage with policy-makers through the intermediary of business associations, as well as how the tripartite embeddedness state-society interconnectedness among three sites of actors define the business community's lobbying behavior and mechanism in Chinese society. Case studies thus provide a solid empirical base and complementary observational evidence to my statistical analyses of private entrepreneurs' participation and influence in policy-making that takes place through business associations in the Chinese context.

A Newly Emerging Policy Advocacy Channel for Business Actors: Chinese Think Tank

Existing scholarship has taken a close look at Chinese think tanks and their roles in China's policy-making process (Lu 2000; see also Weaver 1989; Naughton 2002; Shambaugh 2002; Zhu and Xue 2007; Downs 2013; Abb 2015; Hayward 2018; Menegazzi 2018; etc.). While some scholars have observed the increasingly important roles of think tanks in China's foreign policy-making (e.g., Shambaugh 2002; Abb 2015), others argued that Chinese think tanks have emerged as important sites of political contestation "concerning the influence of capital, both domestic and global, on China's state apparatus"

(Hayward 2018). These studies have highlighted the role of public intellectuals and specialists, providing a meta-analysis of Chinese think tanks' policy engagement. However, they conceive of Chinese scholars and think tanks as the 'secondary actors' and the 'track two' mechanism in China's policy-making process. But "their ties to bureaucracy, both institutional and financial," as Kennedy (2008:14) points out, "have outstripped their links to interest groups or society at large."

Yet, with a few exceptions (e.g., Sun 2003, 2006; Zhu 2007, 2011; Li 2016), research on the growing importance of Chinese think tanks as a type of state-business intermediaries remain understudied. While some have been aware of this new development, fewer provide evidence-based in-depth investigation of how Chinese private entrepreneurs carry out policy advocacy through think tanks and to what extent this kind of business lobbying influence China's policy process. Most importantly, most studies on Chinese think tanks adopt a liberal civil-societal theoretical framework and conduct a research check on their independence and autonomy as societal organizations. Guided by this approach, scholars usually exemplify the institutional connections with the government by Chinese think tanks and interpreting their practices in policy deliberation and socioeconomic transformation as failure. It thereby fails to capture the full dynamics of these organizations in policy-making.

This research thereby takes a step further to investigate of how Chinese private entrepreneurs develop lobbying and carry out policy advocacy through think tanks in China. Guided by the tripartite embeddedness state-society interaction theoretical framework and the proposed analytic template abovementioned, I mainly use qualitative case studies to study Chinese think tanks and their roles in business' policy influence. However, I also

draw on the quantitative dataset abovementioned to inform some starting points on Chinese think tanks. For example, based on the survey data, I measure the level of private entrepreneurs' policy participation through think tanks, as well as make a comparison between think tanks and other avenues regarding their roles in state-business interactions. With this quantitative analysis, I am able to draw a general picture of private entrepreneurs' views on Chinese think tanks as policy advocacy channels as well as derive a number of patterns in terms of business lobbying and policy participation.

Nevertheless, a substantial part of the investigation of business lobbying that takes place through Chinese think tanks relies heavily on qualitative analyses through case studies. The cases in Chapter 5 provides a general picture of Chinese think tanks — the evolution of their organizational functions and source of power — from both my readings of relevant literature and my knowledge of the subject accumulated from fieldwork in China. In addition, depending mainly on data from my interviews in China as well as the textual analyses of the secondary resources such as governmental reports and journalist articles, research in Chapter 5 constructs two comparative cases between government-initiated and private think tanks (details will be presented later in Chapter 5). With a pair of think tanks from each type, this research conducts an in-depth case-based analysis to trace how exactly Chinese private entrepreneurs develop their policy network and shape the desired policy agenda with government agencies through public intellectuals and the think tank community. By doing so, it aims to measure the policy influence which Chinese private entrepreneurs may exert through the conceptualization of ideas and the power of persuasion.

1.3.2 Data Collection Method and Questionnaire Design

This dissertation relies on both the first-hand data from my fieldwork in China and the secondary sources for information. The primary source of data comes from a large number of semi-structured interviews⁵ and two rounds of online surveys between October 2019 and August 2022. Most qualitative data were collected through interviews conducted in multiple field sites in China, ranging from the capital city of Beijing to cities of six different provinces—Shandong, Shanxi, Hubei, Jiangsu, Guangdong, and Guangxi. The quantitative dataset was built on two rounds of online surveys carried out respectively in April and August 2021. While the first-round online survey was undertaken as a pilot study to assess the design of the questionnaires, I conducted the quantitative analysis by drawing heavily on data from the second survey.

All interviewees of this dissertation project—namely, private entrepreneurs, secretaries-general or directors of business associations, scholars and public intellectuals, and government officials—were recruited through the snowball sampling method. I used my established network of contacts in China to identify a number of participants for interview. Almost each participant could provide multiple other referrals, and subjects who meet the research criteria were selected until there was enough number of participants for the sample. Each new referral then provided with more data and other referrals. More new networks then were established in this process. In general, the refusal rate for interview

⁵ To ensure the anonymity, all interviewees are coded as follows. Taking '19BJ01' for example, '19' indicates the year, 'BJ' are the abbreviation of the location (BJ stands for Beijing and GZ represents Guangzhou, etc.), while '01' indicate the overall interview sequence in the whole interview and are not differentiated by its given locale(s). However, if there are more than one interviewee in an interview, then it will be marked as '19BJ01A', '19BJ01B', and so on, so forth.

through the snowball sampling method is quite low. Among those referrals, only one refused to accept my interview. Moreover, the method of snowball sampling allowed follow-up or second-round interviews through established networks of contacts. But if a follow-up interview or second-round visit on the same interviewee is made, it is counted as a new interview.

I have carried out 50 core interviewees toward 66 individuals. Among the 66 interviewees, 37 are from private companies (they are either firm owners or executives/departmental managers responsible for issues relevant to public relations/government affairs), 9 are chairs or secretary-general of business associations or local-level Federation of Industry and Commerce (FIC), 15 are think tank experts (2 work in universities), 2 are government officials, 2 interviewees come from an influential Chinese state-run news agency, and 1 works as a manager in department of client serve at a Chinese bank. As such, multiple sources of interviewees help to weigh evidences about private entrepreneurs' lobbying behavior and policy influence. And each interview typically lasted for 1 to 2 hours while a few were conducted with follow-up interviews. To protect the identities of the interviewees, all interviewees and institutions/companies where they work are anonymized in case studies as well as in any parts of this study where they are referred. One exception is that I use the real names of think tanks in chapter 5, whereas pseudo names are also used for the interviewees in this part. Meanwhile, to further protect the identities of the interviewees, I only mention the provinces where business associations locate in my case studies in chapter 4. As such, instead of identifying the specific cities in which these business associations locate in case studies, I code the cities with pseudo names

(except the one that is located in Beijing—the capital city of China that is a municipality with provincial status).

Interview questions toward private entrepreneurs were divided into five general categories: 1) an overview of the domestic economic circumstance surrounding private business since 1980s; 2) an overview of state-business relations, bureaucracies and business environment across cities or regions in China; 3) comments on various avenues/intermediaries by which Chinese enterprises employ to deal with officialdoms; 4) an overview and comparison on their experience in political engagement and policy advocacy through business associations and think tanks, if applicable; 5) any specific events occurred in the process of state-business interactions that are relevant to business lobbying and policy influence. Furthermore, to control the quality of the interview data, I classified interview questions into two clusters: one was toward Chinese private enterprises, and another targeted at the two types of intermediate organizations. This helped to identify factors that arose in the process of private entrepreneurs' lobbying and policy participation. Meanwhile, mirror interviews toward other actors were conducted correspondingly.

In addition to interviews, I executed two rounds of online survey through a Beijing-based survey firm in April 2021 and August 2021 respectively, and my quantitative analysis relied heavily on data from the second-round survey. The first-round survey was carried out to 200 Chinese private entrepreneurs to pretest the questionnaire. The questionnaire was then revised accordingly based on the results of the pilot survey. I then administered the second-round online survey to 596 Chinese private entrepreneurs using the same survey firm, drawing respondents from the firm's large-scale sample base.

The online survey adopted a stratifying sampling method with a number of quotas being set up. All company respondents came from China's domestic private enterprises in the manufacturing industry. The sampling list of Chinese private firms came from the databases of that Beijing-based survey firm with different sources. One is the firm's self-built database which covers around 9 million users across 100 cities in China, and users can be identified through clear and specific tags recorded with their individual and occupational attributes. Meanwhile, this Beijing-based survey firm also took samples from another source of database. The survey firm has built survey unions with a number of Chinese private companies,⁶ such as Alibaba (阿里巴巴), JingDong (JD 京东), NetEase (网易), and ByteDance (字节跳动), etc. Through establishing partnerships with these companies, the Beijing-based survey firm is authorized to take samples and launch questionnaires toward an extremely large user base that covers around 400 million people and across almost all cities and some counties/villages in China. It enables the survey firm to recruit respondents not only by their personal and occupational identities, but also by other additional attributes such as localities. Drawing on these two sources of databases, the Beijing-based survey firm was able to identify and launch corresponding questionnaires toward private firms/company respondents that meet the requirements of my quotas.

In general, company respondents were selected from business owners and executives of Chinese private enterprises who were in charge of government affairs (GA) or public relations (PRs). Of the 596 company respondents surveyed, it shows that 172 (28.9 per

⁶ For example, this Beijing-based survey firm has built survey unions with two subsidiaries of Alibaba group — namely, Taobao (淘宝) and Alipay (支付宝), and for the base of Taobao alone, there are 860 million customers users.

cent) companies had a GA or PRs department, 103 (17.3 per cent) had a Party branch or Party committee, and 243 (40.8 per cent) had both while 73 (12.2 per cent) had none of these institutions. In addition, the survey has to be distributed to company respondents in China's private domestic manufacturing industry, with its particular focus on two industrial sectors — traditional manufacturing and (high-)tech manufacturing⁷ — based primarily on products of electronics or electronic components. As the survey shows that 339 (56.9 per cent) survey-takers were from the (high-)tech manufacturing industry, while 257 (43.1 per cent) were traditional manufacturing companies or companies that were in transition (from traditional to tech-based).

Moreover, the sampled private firms ranged from large-sized to small-and-medium ones, for which the size was determined by the total number of a company's current staffs. This index "affects whether a firm can devote human resources to interacting with the government" (Kennedy 2008: 192), and companies are usually less sensitive to this data. Of the 596 private entrepreneurs surveyed, 231 (38.8 per cent) were from large-sized companies and 365 (61.2 per cent) were from medium-to-small-sized ones. Meanwhile,

⁷ The survey design had provided three options in one question — namely, traditional, (high-)tech, and industrial sector in transition — by which respondents were asked to choose which type of manufacturing sector that their companies can be classified. However, I decided to merge companies belong to the type of industrial sector in transition with the traditional manufacturing sector as one sort. As such, the quantitative analysis and discussion on case studies were all based on two types of manufacturing industrial sectors as it needed. On the one hand, traditional manufacturing and manufacturing sector that is in transition have shared commonality in many aspects. Most companies were in the group of traditional manufacturing before being defined as transitional manufacturing industry. Moreover, comparing with tech-based or high-tech manufacturing industry, the two sectors have lagged behind in technology upgrading in terms of production. Consequently, companies in the two sectors have many indexes in common as quantitative analysis of the survey data revealed. As such, I integrated the two into one type of industrial sector, traditional manufacturing industry, to facilitate my analysis. However, there were still slightly variances between the two most similar sectors. These divergences may increase across space and over time and affect business' lobbying behavior and policy influence, leaving this area of inquire for future studies.

while regional distribution among surveyed companies is taken into consideration, quantitative data is mainly drawn from 3 municipalities and the capital cities of 12 selected provinces, as the regional level characteristics are likely to manifest at the megacity level clusters. I classify these samples into three regions — namely, Eastern China, Central China, and Western China —based on cities in which the respondents' companies registered. However, I only made a regional comparison between Eastern and Central China due to the difficulties in getting access to sufficient data for Western China.

As such, this quota sampling method in terms of the selection of company respondents ensures adequate coverage of firms from different sectors within China's manufacturing industry across regions. Company respondents were recruited randomly (though not purely randomized) from the two sources of database until the quotas and numbers set for the survey were fulfilled. Besides, to ensure as accurate the survey as possible, the survey firm has devised certain strategies during pre- and post- survey. For example, to guarantee the validation of each survey, one or two 'trap question(s)' were designed for survey-takers. A survey toward a respondent is to be terminated if he/she chooses the wrong answer(s) to these 'trap questions', or it will be discarded if it is completed in an unreasonable time period. By some strategies of screening and data inspection/cleansing, returned survey data was crafted to match the research design and ensure a higher level of accuracy.

1.3.3 Case Selection: Why Private Enterprise and the Manufacturing Industry

My dissertation aims to examine the evolution of state-business interactions in China and its implications to institutional development in China's policy arena. I focus on Chinese domestic private enterprises and entrepreneurs, and other forms of ownership, such as

state-owned and private foreign, thereby are beyond the scope of this research.⁸ However, identifying the ownership of a domestic private company is usually challenging due to the emergence of the mixed-ownership economy in China. For instance, it takes time to identify whether a company is owned by private entrepreneurs or other entities, especially when SOEs are partially privatized or private firms register as collectives at local governments. To facilitate this dissertation, I define a Chinese domestic company as private-owned as long as individual private entrepreneur(s), instead of the state entities, claims the ownership over one of these objects: the company's profits, investment, the share of the stock, or the management decisions and personnel of the company.

In addition, this dissertation aims to examine whether business lobbying and policy advocacy in China that take place through a variety of intermediate channels are becoming increasingly institutionalized, as well as how they influence China's policy-making structure. I focus on the formal and collective lobbying activities and policy influence of Chinese private entrepreneurs, and the individual-level state-business interactions are thus excluded in this research.

With respect to industrial sector selection, this dissertation centered on the manufacturing industry in China, with its focus on two sub-sectors within manufacturing — namely, traditional and (high-)tech-based sectors.⁹ This choice of cases was made due

⁸ It should not be naïve to assume that SOEs in China actually are “national team (*guojia dui* 国家队) or state-actors by whom the Chinese government and “the Party-state could best maintain control of a liberalizing economy” (*Eaton 2013: 8*) through “active governmental guidance of the economy” (*Heilmann and Shih 2013: 21*). Basically, Chinese private entrepreneurs are supposed to be different with SOEs in terms of their lobbying behaviors.

⁹ I classified and differentiated the traditional and (high-)tech-based manufacturing industries by following the official ‘industrial classification for national economic activities’ 2017 (*guomin jingji hangye fenlei*, 国民经济行业分类), as well as its official classification on high-tech industries 2017 (*gaojishu chanye (zhizaoye) fenlei*,

to two reasons: (1) its strategic significant roles in China's economic structure and development as of 2021; (2) the strategic importance to my analysis due to its sectoral characteristics — it encompasses multiple industrial sectors as sub-sectors. On the one hand, the manufacturing industry has long been the key branch of national economy as the largest industrial sector in China. It has laid the foundation of China's economic development at the early era of its market reforms and has long played key roles in China's marketization. The official statistics shows that as of 2020, there were 3,846,747 corporate units that registered as manufacturing industries in China.¹⁰ It reported that the manufacturing industry generated almost 32.6% percent of China's GDP, which was “by far the largest contributor, followed by the wholesale and retail industry that was responsible for 9.7 percent and the financial sector that produced 8.0 percent of the country's economic output.”¹¹ Among the three major sectors that grew the fastest in China, manufacturing sector's output climbed 3.4 percent year-on-year in 2020, comparing with the reported year-on-year growth in industries of mining (0.5%) and the production and supply of utilities (2%).¹² In addition, the manufacturing industry is said to be the main source of wealth for Chinese private entrepreneurs. According to the data from Hurun Institute (胡润研究院) in 2019, 24.5 percent of Chinese private entrepreneurs who were

《高技术产业(制造业)分类》) made and released by National Bureau of Statistics (NBS) of China.

<http://www.stats.gov.cn/tjsj/tjbz/hyflbz/201905/P020190716349644060705.pdf>;

http://www.stats.gov.cn/tjsj/tjbz/201812/t20181218_1640081.html, retrieved on March 2022.

¹⁰ Online source: “China Statistical Yearbook 2021” (中国统计年鉴 2021), compiled by National Bureau of Statistics of China (NBS, 国家统计局). <http://www.stats.gov.cn/tjsj/ndsj/2021/indexch.htm>, retrieved on March 2022.

¹¹ <https://www.statista.com/statistics/1124008/china-composition-of-gdp-by-industry/>, retrieved on March 2022.

¹² http://english.www.gov.cn/archive/statistics/202101/18/content_WS6004ee90c6d0f72576943ffc.html, retrieved on March 2022.

in the ‘Hurun China Rich List’ (胡润百富榜) relied on the manufacturing industry as their major source of wealth, followed by real estate sector (14.8%) and IT industry (11.7%).¹³

Moreover, the automatization, intellectualization, and digital economy are now transforming global economy and influencing international economic cooperation to a great extent, especially in the era of post-pandemic. To improve the competitiveness in international markets as well as accelerate domestic economic development, the Chinese government seeks to enhance its capacities in innovation and technology by increasing significant investments in research and development. And the manufacturing sector is one of the most crucial industries to promote the strategic development of China’s innovative economy. Chinese central government has formulated bundles of national policies and plans, with ‘Made in China 2025’ (MIC 中国制造 2025) as the most prevailing one,¹⁴ to upgrade the manufacturing industry, aiming to transform China into a leading advanced manufacturing economy. The manufacturing industry thereby is inherently and strategically important to China’s economy in contemporary China.

Consequently, the importance in national economy and the transformative development in digitalized China impart an economic distinctness to the Chinese manufacturing industry. It is an industrial sector that encompasses a wide range of

¹³ <https://www.hurun.net/zh-CN/Info/Detail?num=DB69EC68030F>, retrieved on March 2022.

¹⁴ MIC 2025 is a ten-year, comprehensive blueprint that was enacted by Chinese central government on March 25, 2015. It aims to develop an innovative manufacturing industry in China and transform it into an advanced manufacturing leader. According to a report of the US Chamber of Commerce in 2017, “MIC 2025 targets ten strategic industries-including next generation information technology, aviation, rail, new energy vehicles, and agricultural machinery-critical to economic competitiveness and growth in the 21st century. ... In concert with the 13th Five-Year Plan, Internet Plus Action Plan, and other state-led development plans, MIC 2025 constitutes a broader strategy to use state resources to alter and create comparative advantage in these sectors on a global scale.”

industries as its sub-sectors due to the increasing and deepening industrial integration in China. For example, manufacturing sector is the main carrier to implement the state's 'Internet Plus Action Plan (互联网+)' and other development plans. Therefore, though traditional manufacturing and tech/high-tech industries vary along with two different economic lines, the two sectors now have overlapped with each other in certain areas and formed a boundary-blurring coalition. In this respect, the cross-sectoral characteristics between manufacturing and tech/high-tech industries provide a tactic to find if there are differences in Chinese private entrepreneurs' pursuit of policy influence, while their inner-sectoral overlaps offer an alternative way to investigate if there are any commonalities in terms of business lobbying patterns.

As such, although my case selection centers on one single industry, its sectoral distinctness and diversification help to avoid the risks of ignoring potentially important variables, as well as refrain from being distracted by massive irrelevant or insignificant variables. In this respect, traditional and tech/high-tech manufacturing industries are analytically important in facilitating my analysis of allocating actual factors that make a difference in shaping Chinese private entrepreneurs' lobbying patterns and policy influence.

1.4 Research Contribution

This dissertation makes three specific contributions to the body of extant scholarship. First, this research makes contributions to existing studies on China's policy-making and state-business relations in the following three aspects: (1) It concentrates on the non-bureaucratic actors' influence in China's policy process, in particular, it focuses on how

business actors build coalitions with business associations and think tanks respectively to develop lobbying and exert influence in China's policy-making process. It differs from the statist explanations that have focused on the state actors and central policy-making process.

(2) In addition, this study of the newly emerging intermediate organizations for state-business interactions — Chinese think tanks — enriches the existing society-centric literature that studies the society actors' role in China's policy arena. It provides much first-hand empirical evidence of Chinese think tanks' changing roles and development in state-business interactions, which contributes to the understanding of the complexity of Chinese policy-making process and China's evolving political economy.

(3) Last, this dissertation develops a “Tripartite-Embeddedness State-Society Interactions Analytical Framework” to understand China's policy-making process and state-business relations. While this tripartite-embeddedness approach is built on existing co-evolutionary state-society interaction framework (Ang 2016), it goes beyond explanations on the two-party interactions between the state and society/business. State-business interaction or business lobbying is a game that involves multiple policy players. With regard to business policy advocacy that takes place through various intermediate organizations, there often involve interactions among actors from three primary groups, namely, the government officials, entrepreneurs, and people from intermediate agencies. However, existing literature on state-business relations study has often focused on the two-party interactions between the state and business. As such, my dissertation has developed a tripartite-embeddedness state-society interaction analytical framework to examine how private entrepreneurs engage with Chinese policy-makers and conduct policy advocacy

under the assistance of business associations and think tanks respectively. In addition, this tripartite mechanism has often been used by existing scholarship to examine issues relevant to labor and employment relations among actors from the state, business, and the labor market, focusing on labor politics and the implications to the development of welfare states. However, I adopt this tripartite mechanism as an analytical model and extend it to investigate how the three-party interactions among the state, business community, and intermediate agencies affect business lobbying behaviors and the lobbying outcomes. As such, building this integrative tripartite-embeddedness analytical account of how business community builds coalitions with intermediate organizations in engagement with the state and advocates its interests in policy process drives us rethink the foundations and dynamics of state-society/business relations and policy-making system in Chinese authoritarian context.

Second, this dissertation deepens and enriches existing literature in policy research and state-society relations studies in China. A large body of studies in extant scholarship in the two fields have provided a body of theoretical models and analytical tools to exemplify the increasingly pluralized policy-making processes and evolving state-society/business relations in China, taking us steps back in certain “doorstep conditions” (North, Wallis, and Weingast 2009: 26) that are relevant to changes and evolutions of China’s policy process and state-society/business relations (see e.g., Lieberthal and Oksenberg 1988; O’Brien and Li 1999; Hillman and Hitt 1999; Mertha 2009; Ang 2016; Teets 2017; Hsu, Tsai and Chang 2021). However, these studies fail to take us further steps back in explaining what has led China arriving at these doorstep conditions. As such,

although these studies are useful for understanding China's policy-making mechanisms and state-society/business interaction patterns, they do not provide a full picture of the complicated policy-making processes and the dynamic state-society/business development. Moreover, various theoretical modes on China's policy-making process have thus far disconnected. As such, guided by the tripartite-embeddedness state-society interaction analytical approach, this dissertation observes dynamics embedded in China's policy process and state-business interactions in additional dimensions and thus provides an integrative theoretical framework to fill in the exiting research gap. To put it differently, by tracing the processes of three-party interactions among the state, business, and intermediate organizations, this dissertation exemplifies how business lobbying and policy engagement open the possibility of decision-makers being influenced by societal actors from outside. As such, this research project takes us far in examining how the changing institutional relations and interactive patterns between the state and society affect China's policy-making mechanisms, and thus deepens our understanding of how the attribute of adaptation of both the state and society actors have been triggered and shaped by mutual interactions and reciprocal feedbacks between the two sides.

Third, by the adoption of a mixed method approach that combines quantitative and qualitative research methods, my dissertation has generated multiple snapshots of how the state and society/business actors interact and shape China's policy process. Findings from the quantitative analysis of survey data exemplifies the most current scenario of how private entrepreneurs engage with the Chinese state and carry out policy advocacy to influence China's policy process, while the qualitative approach of recording business

lobbying and policy engagement in several well-documented cases profiles multiple dimensions of state-business interactions and the evolution of China's policy-making patterns over time. As such, these first-hand empirical evidence constructs a direct, factual, and full observations of how private entrepreneurs advocate their collective interests and influence China's policy-making through formal and institutionalized mechanisms within intermediate organizations.

1.5 Research Limitation

There appears to be at least three limitations or challenges for this dissertation. First, the survey design was mainly targeted at Chinese private entrepreneurs in two manufacturing industrial sectors, so was most interviews. While the Chinese manufacturing industry encompasses a wide range of sub-industries and this cross-sectoral feature attributes it an appropriate, if not perfect, candidate for this research, it still entails risks to extend China case to other authoritarian regimes by building conclusions from case studies on one industrial sector. In addition, parallel surveys toward business associations and think tanks were not conducted, my knowledge on their practices in terms of state-business interactions and private entrepreneurs' policy influence thus relied heavily, if not exclusively, on responses from business actors. While this weakness was somewhat offset by resorting to information from interview data, this methodological shortage in data collection limits the capability of this research in drawing macro-level generalizations about business lobbying and influence in China's policy-making.

Second, while my analysis was drawn on a relatively larger sample of online survey

(596), the sample size was still too small to implement effective multivariate regression analysis. I thereby depended heavily on bivariate correlation and cross tabulation analysis to identify the relations between private entrepreneurs' policy influence (DV) and other explanatory variables (IVs). As a result, I can draw only the most tentative conclusions about how private entrepreneurs' lobbying patterns and influence in China's policy-making that take place through business associations and think tanks.

Third, "the most current events", as Ang (2016) claims, "gives only a temporally limited view". What this research captured was just a snapshot of business lobbying and state-business interactions in a given context and time period of contemporary China. The reciprocal interconnectedness between the state and society generates continued variations, which constantly shake our observational and analytical foundation in understanding state-society relations. State-society relations in China are thus in a dynamic equilibrium rather than being static. Thereby, while the power configuration between the state and society in China has long been "symbiotic but asymmetric" (e.g., Solinger 1992; Wank 1999), the distribution of political influence between the two sides is not static. In this respect, we should conceive of the outcomes of business lobbying — namely, the corresponding influence it exerts in China's policy process — as relative influence in the moment. Moreover, a time span is needed to observe the policy reform or change, entailing necessary efforts to monitor and re-evaluate business' policy advocacy inputs and lobbying outcomes.

1.6 Organization of This Research

This dissertation is organized into three parts. In addition to this Introduction Chapter, Chapter 2 in Part I sets out a comprehensive review on pertinent literature on private entrepreneurs, state-business relations, and policy-making in China. This literature review follows a historical trajectory to revisit the evolution of Chinese private sectors and private entrepreneurs since China's market reforms in 1980s. It is organized into two sections: First, it historically overviews how different theoretical models characterize policy-making in China through engaging with existing scholarship in this field. Taking these studies as the point of departure, this part exemplifies the co-evolutionary development of institutionalization and marketization in China since the 1980s, as well as provides a general picture of how a symbiotic relationship between the state and society has been cultivated in China. As such, the first section lays out the evolvement of China's policy-making structure through systematically mapping the features of China's political system in different historical trajectories. Meanwhile, it situates the investigation of how private entrepreneurs and other societal actors enter into the political arena and engage in China's policy process in a broader historical context. The second section of the literature concerns a wide variety of channels by which Chinese private entrepreneurs employ in their policy advocacy and political participation, with its focus on business associations and think tanks.

I then carry out quantitative analysis and qualitative case studies in Part II, constructing a direct, empirical observation of business' lobbying and policy engagement in China. In particular, this study seeks to trace how business associations and think tanks, respectively, facilitate state-business interactions in China on the basis of much empirical

evidence from both survey and interviews in Part II. It aims to systematically examine the roles of business associations and think tanks as policy advocacy channels, as well as measure private entrepreneurs' policy influence that take place through the two sorts of intermediaries. Part II is made up of two portions — one concerns business associations, and another discusses think tanks — and is divided into three chapters. The three chapters constitute the case studies of this dissertation, analyzing the lobbying patterns and policy advocacy outcomes of Chinese private entrepreneurs. Chapter 3 and Chapter 4 focus on business associations. Relying heavily on data from an online survey, Chapter 3 employs a quantitative analysis to identify the lobbying patterns like lobbying methods, lobbying targets, policy preferences, etc., and test the proposed hypotheses abovementioned. It then draws a number of tentative conclusions on the basis of these quantitative findings. Chapter 4 builds its analytical ground on three cross-regional case studies to trace how business associations facilitate Chinese private entrepreneurs' lobbying and policy participation. It then offers additional backing to findings from the quantitative analyses and helps in testing the hypotheses in Chapter 3. Most importantly, the concrete and in-depth investigation on these cases provides more empirical evidence to show the actual influence of Chinese private entrepreneurs in China's policy process.

Meanwhile, in the Part II, it reviews the evolution of Chinese think tanks, with its focus on their increasingly prominence in state-business interactions in Chapter 5. It adopts a qualitative method to trace how private entrepreneurs develop lobbying and frame government officials' understanding of policy issues through policy network building with public intellectuals. Case studies in Chapter 5 center on a number of advocacy programs,

jointly conducted by think tanks and private enterprises in the name of research projects.

In doing so, it attempts to show how the business community exploits the established institutional arrangements to stretch China's policy-making space and tilt the direction of policy preferences toward private business' interests. Finally, this dissertation ends with Part III, in which it makes some concluding remarks in Chapter 6.

Chapter 2

CHINESE PRIVATE ENTREPRENEURS IN THE CHANGING LANDSCAPE OF CHINA'S POLICY-MAKING

2.1 Introduction

Deng Xiaoping's decision to launch the opening policy and economic reforms while retaining a communist bureaucracy and polity in the 1980s has driven China making "considerable progress toward a competitive socialist market economy" (Shirk 1993: 14). While the Chinese Communist Party (CCP) has long been cautious of potential sources of threats in embracing economic modernization, its reform program has brought inevitable market dynamics in China such as the emergence of non-state actors in economic arena and "the formation of a non-critical sphere of civil society" (Dickson 2003: 169). Although these dynamics now do not necessarily pose a threat to the Party-state's governance or lead to the regime change, they have nevertheless challenged the political rules of Chinese policy-making and reshaped the way of thinking of bureaucrats in their making of policies.

Taking existing literature as a point of departure, this chapter systematically maps the evolution of China's policy-making across time. While it acknowledges the continuing supreme authority of the Chinese Party-state over policy-making power, this chapter highlights the increasingly pluralized policy-making process. It adopts a tripartite embeddedness state-society interaction theoretical framework on the premise of the existing "co-evolutionary" (Ang 2016) ontology to revisit the emergence of Chinese private entrepreneurs and examine the institutional development of China's policy-making system. Much the existing literature acknowledges that private entrepreneurs are one of the

most important groups of actors in China's economic development and market transformation.

Nevertheless, scholars often diverge on the issue relevant to the rise of capitalist economy in China. The state-centered school pays attention to the authoritarian resilience of the Chinese state and explains the growth of the private sector in China as a top-down project driven by exogenous factors, while the society-centered school emphasizes the adaptability of Chinese private entrepreneurs and views the rise of private economy in China as an endogenously-driven bottom-up process. In addition, a third school of thought employs a middle-ground stance, contending that the market-oriented economic growth and the capitalist rise in China are the results of the co-evolutionary development of the state and society. As such, the third analytical approach inserts an intervention between the statist and societal-oriented frameworks.

This chapter joins this debate as well. Rooted in the historically developmental trajectory of Chinese political economy, this chapter adopts the existing co-evolutionary theoretical approach in its discussion of the rise of private entrepreneurs, their political participation in China's policy process, and the evolving state-business relations in China. It suggests that private entrepreneurs' policy involvement as well as the evolution of China's policy-making are the combined results of the mutual interactions and reciprocal feedbacks between the state and society. The widening of policy consultation in China's bureaucratic decisionmaking thus reflects both the authoritarian resilience of the CCP-state and the adaptivity of the Chinese societal actors.

This chapter is organized as follows. First, it undertakes a comprehensive review on

relevant literature on policy-making and state-business relations in China in the very beginning. Taking these literature review and the proposed research lacunae as the point of departure, it then profiles the evolution of China's evolving policy-making patterns since the Maoist era. In the third portion of this chapter, it outlines the basic contours of the rise of private entrepreneurs and the growth of the private sector in China. I embed my discussion in the context of China's historically evolutionary development of political economy. And by following a time sequence (from 1949 to 2022), I divide the evolution of policy-making patterns and the capitalist development in China into three stages.

The first stage ranges from 1949 to 1976 in the 'Maoist' China, in which policy-making has taken on a strong-man model coupled with the personality cult. And during the Mao era, the Chinese state has undertaken an apparent repression on private economy and private owners/entrepreneurs. The second stage began in 1977 and has come to an end in 2011, which I defined as the reform-era. During this time period, the collective leadership has taken into shape while consensus-building decision-making mechanism has developed among the Party-leaders and within the Chinese bureaucracies. It is also in this stage that private entrepreneurs have re-emerged and become increasingly active in China's economic arena and policy process. However, changes have been taking place in the broad political and socioeconomic landscape in China since Xi Jinping came into power in 2012. As such, I categorize the governance under Xi's leadership (from 2012 till now) as the third stage. While policy-making during Xi's administration is still confined within the collective leadership and consensus-building mechanism, Xi's excessive concentration of power and the national government's centralization of power are undermining the

previously well-established rules and principles of China's decision-making system. Changes in the CCP-state's governance techniques and China's policy-making system pose new challenges and uncertainties to China's state-business relations and socioeconomic development.

2.2 Relevant Literature

A burgeoning literature have come to acknowledge the role of private entrepreneurs and the relevance of state-business interactions in affecting policy process and in shaping policy outcomes in authoritarian contexts. Maxfield and Schneider assume that the state-business interactions in Chile contribute to its policy design as well as affect the country's investment patterns while Thorp observes "the longstanding involvement of top capitalists" in Colombian policy process (Maxfield and Schneider 1992). In addition, Natrass' (2014: 62) research suggests that in South Africa, there is "a relatively high coverage of collective bargaining and routine involvement of trade unions and business in government policy." And Fields (1992: 124) concludes that "cooperation between public bureaucrats and private capitalists has been crucial to the formation and implementation of effect industrial policy and the pace of economic development in both Korea and Taiwan."

How is the scenario in the authoritarian context of China? Is the China case in accordance with conclusions drawn from the existing studies on state-business relations in authoritarian regimes abovementioned? In this section, I profile the current mainstream research on policy-making and state-business relations in China, as well as the research lacuna in this research field. The first section of literature review speaks to different

theoretical frameworks in existing studies of China's policy-making — structures, processes, and actors. Current scholarship in this research area mainly revolves around three analytical paradigms — the state-centric approach, the society-centered model, and the co-evolutionary perspective. The second section focuses on existing studies on business' policy advocacy channels, with its focus on two types of intermediate organizations for state-business interaction in China — namely, business associations and think tanks. These literatures are the very beginning but important point of departure on which I develop my theoretical framework of this dissertation. While my framework is mainly built on the premise of the existing co-evolutionary model, I extend the latter further and form a tripartite-embeddedness state-society interaction analytical approach. I then use this updated approach to investigate how private entrepreneurs construct policy networks and interact with Chinese policy-makers within the business association community and think tank landscape respectively, as well as assess to what extent these tripartite institutional relations affect business policy influence.

2.2.1 How Private Entrepreneurs Come into China's Policy Landscape

Previous studies on policy-making in authoritarian contexts suggest that “all decisions are made by one or a few individuals at the top of the nation's communist party” (Shirk 1993: 7). Taking this analytical perspective as the point of departure, scholars often employ two theoretical models in their studies of decision-making in China: one is the “rationality model” (Barnett 1974, 1981; Harding 1981; Solinger 1984) that understands Chinese policy-making as a result of the CCP-leaders' rational choices in promoting China's national interests; and the other ‘power model’ (MacFarquhar 1993; Pye 1981; etc.)

presumes that China's policies "result from struggles among the top leaders ... in terms of individual or factional interests" (Lieberthal and Oksenberg 1988: 9-18). Although the two models differ to some ways, they all view Chinese policy-making is a game among the top Party-leaders and have thereby largely ignored the relevance of political institutions and bureaucratic structure in policy process. While some have noticed the roles of organizational dimension in China's policy process (e.g., MacFarquhar 1993; Pye 1981), few carry out in-depth investigation. As Lieberthal and Oksenberg (1988: 9-10) rightly point out that previous Chinese policy analysis research "provided a static picture which proved unable to explain political change or the dynamics of the system" because of their overemphasis on the "totalitarian features of the system and the seeming weakening of organizations in China."

Alongside findings from a large number of studies that exemplify the vertical and horizontal distribution of authority among various factional bureaucracies and reveal the fragmented policy-making process in China (e.g., Lampton 1987; Lieberthal and Lampton 1992; Shirk 1993; Weave and Rockman 1993; Lu 2000; etc.), a burgeoning literature later argues that even in a communist system, there is a policy-making process. Among these studies, the "fragmented authoritarianism" (FA) theoretical framework, developed by Lieberthal and Oksenberg (1988), "has remained the most durable heuristic through which to study Chinese politics" (Mertha 2009: 996). The FA model situates its analysis of Chinese politics in a broader bureaucratic setting in post-Mao era. It examines the structural elements of Chinese policy process and the power struggles among political elites, underlying that,

“authority below the very peak of the Chinese political system is fragmented and disjointed. The fragmentation is structurally based and has been enhanced by reform policies regarding procedures. ... Structurally, China’s bureaucratic ranking system combines with the functional division of authority among various bureaucracies to produce a situation in which it is often necessary to achieve agreement among an array of bodies, where no single body has authority over the others” (Lieberthal and Lampton 1992:8).

Drawing on this theoretical ground, the FA paradigm suggests a ‘4-tier’ hierarchical structure of Chinese authority within its upper-level leadership. It proposes that while the top leadership remains very powerful in China’s political system, the bureaucratic structure and policy-making process have radiated out from the upper-level political authorities to various lower-level bureaucratic units. The top-level leaders of the politburo make up the first tier in China’s policy-making structure as a core group. While staff, leadership groups, research centers and institutions are in the second-tier of this hierarchical line, they play important roles as buffers, facilitating “the small coterie of very top officials” in the first tier “ties into the huge bureaucratic clusters through which they govern China” (Lieberthal and Lampton 1992: 16). In addition to the two tiers of political authority, the State Council commissions and ministries in supra-ministerial status are supposed to be in the third-tier of China’s policy-making structure, coordinating activities of line ministries and provinces, and then the line ministries constitute the fourth tier for policy implementation. As such, the 4-tier organizational line of the FA model provides an analytic template to understand the structures and mechanisms of China’s policy-making.

Taking Lieberthal and Oksenberg’s (1988) “FA model” as a point of departure, scholars have later developed a wide variety of analytical concepts to further explicate

China's policy-making system. O'Brien and Li (1999) have adopted a "selective policy implementation" model to examine the degree of local governments' autonomy in China. Ahlers and Schubert (2015) have formulated a concept of "effective policy implementation" to explain centralization and decentralization in China. While the FA model recognizes the critical roles of bureaucracies and consensus building in shaping Chinese policies in authoritarian context, it has nevertheless confined Chinese policy community and policy-making process within "the walls of the state" (Kennedy 2005). This state-centric paradigm revolves heavily around political elites and the distribution of policy power among various hierarchical government agencies. It asserts that China's policy process is "dominated by a relatively autonomous central state," leaving no room for "social actors or their representatives" (Beeson 2010).

Guided by this state-centered analytical approach, scholars thus explain China's capitalist economic development as a top-down project that follows a gradualist trajectory. They emphasize the "'helping hands' of political actors ... and a corresponding change in the role of the state through incremental shifts away from direct interventions in micro-managing the economy" (Nee 2010: 2). And the underlying assumption behind this statist perspective is that institutional or bureaucratic changes should precede socioeconomic transformation. Or to put it differently, the rise of capitalism and the transition to modernity in any society are preconditioned on the establishment of strong institutions that facilitate the take-off of the market and the preservation of the growth. And the "doorstep conditions" (North, Wallis, and Weingast 2009: 26) for "institutional innovation will come from rulers rather than constituents" (North 1981: 32). For instance, Nathan (2003) proposes a

resilience theory of Chinese authoritarianism to understand China's long-lasting development without democratic transition. Naughton (2018) argues that China's economic growth is mainly expedited by two critical state-led reforms: one is the structural changes in terms of "distribution of resources and activity" while the other is the institutional transformation "in the organizations, information, and incentives that guide economic decision-makers." And he further points out that it is the two top-down processes that have led to China's "extraordinary ... 'miracle growth' period" (Naughton 2018).

In accordance with the state-centric scholarship on China's policy-making, scholars conceive the emergence of private entrepreneurs and the growth of private economy as an unexpected and exogenous ramification, engendered by the Party-state's resilient governance technique and the top-down market reform. According to Andrew Nathan, the CCP-state has built "new participatory institutions," seeking to "buy legitimacy among major social sectors, ... divide and repress opposition, monitor civil society, ... so that the opportunity structure for social mobilization remains unpromising" (2009: 7, 39). Bruce Dickson argues that the CCP-state has developed "a two-pronged strategy" to ensure "a thriving market economy and a Leninist political system" in China (2003: 171, 55), while Jessica Teets (2013) assigns the credit to the Party's governing strategy in responding to the rising demands of China's civil society. In addition, Heilman (2018) argues that the revolutionary experience and "a guerrilla-style policy-making" approach have made China being capable of "generating an array of creative-proactive as well as evasive-tactics for managing sudden change and uncertainty."

These state-centric arguments suggest that the Chinese state's authoritarian resilience

and the CCP's flexibility in governance techniques have encouraged the development of "new entrepreneurship" (Huang 2008) and widened the process of policy consultation in China. These top-down source of dynamics, they further conclude, have thus provided political expediency for business actors and other social elites to engage in China's policy process. As Dickson observes that the Chinese state has been

"incorporating certain individuals, groups, and interests into the political system while continuing to exclude others. It is willing to co-opt successful entrepreneurs into the party, in part to help promote the goal of economic modernization and in part to prevent these entrepreneurs from becoming a potential source of opposition outside the state. At the same time, it continues to exclude and in many cases persecute those who challenge the CCP's priorities with explicitly political goals" (Dickson 2003: 69).

This body of literature exemplifies a statist scenario in the broad landscape of China's policy-making and state-business relations, whereas they do not tell the whole story.

As such, another body of scholarship proposes a challenge to the state-centered "resilient authoritarianism" theory (Nathan 2003) while adopts a society-centered perspective in the study of China's policy-making and state-business relations. Although it also perceives that the development of China's political economy has been an incremental and gradualist process, this society-centric literature assumes that marketization precedes institutionalization. In another word, China's economic growth is driven by the bottom-up sources of dynamics while development in the economic domain in turn enables changes in China's political and societal realms. Building on this theoretical premise, the society-centered scholarship understands the rise of private economy in China as an endogenous phenomenon while explaining that the widening China's policy-making process has been engendered by the bottom-up entrepreneurial actions.

For example, Kennedy (2005: 3) asserts that China's policy-making "can no longer be viewed as the clear intentions of a strong state or as only the product of bargaining between government agencies." Mertha (2009: 996) observes that

"previously-excluded member of the policy-making process in China — officials only peripherally connected to the policy in question, the media, non-governmental organizations and individual activists — have successfully entered the political process precisely by adopting strategies necessary to work within the structural and procedural constraints of the fragmented authoritarianism framework."

As a result, the otherwise marginalized members of all socioeconomic stripes in China have managed to enter into the political arena and played "an increasingly important role in the policy process in transitional China" (Zhu 2007: 452). The emergence of new groups of policy entrepreneurs and the increasingly pluralized policy process in China has led Mertha (2009) develop a model of "*Fragmented Authoritarianism 2.0*" (FA 2.0). According to Mertha (2009: 995),

"although China remains authoritarian, it is nevertheless responsive to the increasingly diverse demands of Chinese society. ... the rules of the policy-making process are still captured by the fragmented authoritarianism framework, but that the process has become increasingly pluralized."

In addition, building on the FA 2.0 model, a number of China specialists have developed a set of theoretical concepts and analytical approaches to study the pluralist trend in China's policy process. For example, Wang Shaoguang (2008) has formulated "six models of agenda-setting" to reveal the "functioning feedback mechanisms" between Chinese state and the public (e.g., official think tanks, individuals, citizen groups or NGOs). Meanwhile, He and Warren (2011) have conceptualized a framework of deliberative authoritarianism to discuss public participation in China's policy arena. Brødsgaard (2017)

has presented a “integrated fragmentation” model to analyze the balancing capacities that exist in Chinese policy-making system. Likewise, by integrating the FA 2.0 model and other different typologies of “policy-making logics,” Schubert and Alpermann (2019) have theorized a medium-ranged integrative analytical framework — namely, “political steering theory” — in studying China’s policy-making process. While distinct to some ways with regard to the conceptualized analytical frameworks, the mainstream policy analysis research begins to bring non-state actors and previously peripheral groups into the discussion and maps how they reshape the contours of China’s policy process.

As for now, scholarship under the society-centered framework have brought different groups of societal actors back in the broad landscape of China’s policy bargaining process, examining how they create policy network, engage decision-makers, and develop policy advocacy in authoritarian states (e.g., Kennedy 2005; Gallagher and Hanson 2009; Teets 2017). While distinct to some extent in their analytical approaches, these studies argue that policy-making in authoritarian contexts is not a strictly top-down process that excludes societal participation. Guided by this society-centric perspective, scholars have then become increasingly active in pursuing “the bottom-up dynamics of emergent capitalist economic development in China” (Nee 2010: 2) and explaining the rise of private entrepreneurs and the growth of private economy in China as a “self-reinforcing, endogenous” process (Nee 2010: 4). According to the society-centered scholarship, private entrepreneurs have long been in an institutional environment that is hostile to the development of private economy in China. Given the concern that private entrepreneurs may become “a potential source of opposition outside the state” (Dickson 2003: 69), the

Chinese government has imposed various political, regulatory, and financial restrictions on the development of the private sector.

Zhang and Ming (1999) suggest that private construction companies in China have to “wear the red hats of collective enterprises” to get access to the construction projects due to the then strict government regulations on the private sector. Correspondingly, Dickson (2002) has later developed a concept of “red capitalist” to depict the complex interactions between the Chinese officials and the business community. In addition, in Tsai’s (2002, 2006) studies, Chinese private entrepreneurs have relied on informal mechanisms to survive the then weak market-supporting institutional environment. Huang (2008) observes that foreign direct investment (FDI) has long been the primary financing source for Chinese private firms as their venture capital or private equity in 1990s. In addition, Nee (2010: 4) argues that in the earlier reform-era, the Chinese formal rules and institutional design “continue to favor state-owned enterprises and state-controlled corporations. This is seen clearly in the lending policy and practices of China’s state-owned financial institutions.”

Drawing upon this empirical evidence, existing society-centric literature then argues that the robust bottom-up entrepreneurial actions have broken down the barriers and containment imposed by the state and lead to the growth of China’s private enterprise economy. In this respect, it is private entrepreneurs, rather than the Chinese state, that play a pivotal role in accelerating the market-supporting institutions building in China. As Tsai argues that private entrepreneurs have been excelling in creating a body of “adaptive informal institutions” and varieties of “novel operating arrangements” within China’s “quasi-legal and extralegal gray areas”, through which they “stretch the limits of formal

institutions or create new patterns of interaction not explicitly governed by formal institutions may endure and even thrive unencumbered for some length of time” (2006: 127).

Alongside their growing importance in “accomplishing government objectives such as a growing economy, stable prices, high employment, and expanding tax receipts” (Kennedy 2005: 198) and the critical role as a source of knowledge on China’s economic issues, private entrepreneurs have become increasingly active in “expand[ing] their efforts to policy-making process ... using the existing institutions and government power to serve their ends” (Hillman and Hitt 1999: 826). To this end, there has emerging a burgeoning policy research that focuses on Chinese private entrepreneurs and their growing roles in shaping the playbook of China’s policy-making, suggesting that the enduring and innovative entrepreneurial actions have helped private entrepreneurs gaining much leverage in China’s policy-making process. Tsai (2007: 5) argues that the business community’s increasingly engagement in China’s policy arena and its “day-to-day interactions” with the Chinese officialdom have imposed new dynamics on “the country’s formal political institutions” (Tsai 2007: 5) and may transform the established rules of policy-making in China. Moreover, in their study on China’s exchange rate policy, Steinberg and Shih (2012: 1405) observe that the Chinese “lobby groups have access to the political process and leaders are sensitive to their preferences.” In addition, Shen (2017) asserts that the “rise of corporate power” in China’s renewable energy industry has significantly shaped “a new form of government-industry relationship.” As such, scholars in this body of literature contend that as those in Western liberal democracies, private

entrepreneurs in authoritarian regimes such as China are important players in China's policy process.

In brief, the statist scholarship highlights the top-down institutional design on China's policy-making and conceives of the rise of private economy and political inclusion of private entrepreneurs as exogenous processes accommodated by the Chinese state, while the society-centric literature ascribes the growth of private economy and the increasingly political penetration of private entrepreneurs to the bottom-up efforts of private entrepreneurs. While the two models respectively exemplify the statist scenario and the societal dynamics, both provide a partial explanation on China's evolving policy-making process and state-business relations. Taking this research gap as a point of entry, an alternative school of thought embraces a middle ground and develops a co-evolutionary theoretical framework (see e.g., Ang 2016) to re-examine state-society relations in China. This scholarship presumes a co-evolutionary state-society relationship in their policy analysis researches in authoritarian regimes and developmental nations.

Contrary to the conventional path-dependent theories, the co-evolutionary approach perceives development as a "coevolutionary process" in which "states and markets interact and adapt to each other, changing mutually over time" (Ang 2016). It assumes that in authoritarian regimes, a Weberian institutionalization is not necessarily the prerequisite for marketization and state-led, economic success (see Ang 2016). Instead, marketization may develop without market-supporting institutions as long as formal institutions and political elites are "remarkably flexible and accommodating" (Tsai 2006). Meanwhile, this co-evolutionary theory asserts that marketization in developmental states does not necessarily

led to the development of good bureaucracies and thus the “so-called transitional institutions do not emerge and expire at uniform rates” (Ang 2016).

Guided by this co-evolutionary theoretical model, a burgeoning area of scholarship argues that “both the designers and enforcers of China’s formal institutions have proven to be flexible, and even responsive, to the actors driving the country’s economic growth — private entrepreneurs” (Tsai 2006: 118). Meanwhile, varieties of members in Chinese socioeconomic arena are also innovative actors in adapting to China’s changing political environment. The combined efforts of the accommodating state and the adaptive society have thereby facilitated the accumulative interactions between the political elites and economic actors in China. As such, the co-evolutionary theoretical model conceives the widening and pluralist process of China’s policy-making as a reciprocal compromise between the state and society, during which the two sides have built “a symbiotic, though asymmetric, relationship as early as the 1990s” with the society (Schubert and Heberer 2017: 116; see also Unger 1996).

In conclusion, existing scholarly research on China’s policy-making and state-business relations has provided an array of analytical concepts and theoretical paradigms, as well as producing considerable empirical knowledge on China’s policy-making processes and varieties of groups of policy actors. Guided by these models, current scholarship has highlighted the business community’s growing engagement in different policy fields and the pluralist policy-making process in China. However, these studies often focus on the directly official policy advocacy channels such as CPC and CPPCC or informal mechanisms such as personal network building (*guanxi*, 关系), and examine how

Chinese private entrepreneurs use them to develop business lobbying. As a result, these studies often question the relevance of private entrepreneurs' influence in China's policy sphere because "few channels of private sector influence exist in China" (Kaplan 2006, 1193). Yet, with a few exceptions, existing policy research on how private entrepreneurs employ indirect-formal policy advocacy channels to exert policy influence in China has remain understudied.

As such, this dissertation aims to fill these research lacunae in this field and provide a full picture of business lobbying and its impacts on China's policy-making. In addition, the state-business relationship in any context is not static but changes over time. It thus necessitates an evolutionary perspective to look into changes in the broad landscape of China's evolving political economy and the dynamics those changes might impose on state-business relations in China. In this regard, while the current scholarship is thought-provoking to the study of the emerging non-state policy actors and their roles in the increasingly pluralized policy-making process in China, there are much more nuances to be investigated. The section below provides a literature review on current studies on business lobbying in indirect-formal ways. That is, how private entrepreneurs enter into China's policy process through intermediate organizations, with its focus on two types of policy advocacy channels in China — namely, business associations and think tanks.

2.2.2 Chinese Private Entrepreneurs and the Roads to Politics: Where Top-down Meets Bottom-up?

Current research on China's political economy has also confirmed the rising relevance of private entrepreneurs in China's policy process. Many scholars have long committed to investigate how the business community's growing policy engagement and negotiating

power affect the state-business power configuration. However, “measuring the hard impact of private entrepreneurs on policy-making is a tricky matter” (Schubert and Heberer 2017: 116). Thus, scholars usually employ some points of entry to examine how private entrepreneurs interact with the state and influence China’s policy process. While some set out from the top-down sources of “agency slack” (Mertha 2009) created by the formal institutions, others seek to the bottom-up informal institutional arrangements initiated by Chinese private entrepreneurs. Although Chinese private entrepreneurs often make use of a number of channels simultaneously in their political participation and policy engagement, they rely heavily on one or two channels to construct their primary policy network.

As of now, existing literature on China’s policy analysis research has identified some prevailing channels by which private entrepreneurs use in business lobbying and policy advocacy activities. It observes that some businessmen take part in politics through the Chinese government bodies and formal organizations. While serving the Chinese People’s Congress (CPC) and the Chinese People’s Political Consultative Conference (CPPCC) at both national and local levels as entrepreneurial delegates are the most common ones for owners of large private enterprises, private entrepreneurs of medium or small companies may use the honorary titles granted by some government organization to establish their contact with government officials. Meanwhile, some private entrepreneurs can build their policy networks through winning the posts in China’s grass-roots level elections as village chief or village committee members (Guiheux 2006: 228). Others resort to their established socio-political informal ties or personal networks (*Guanxi*, 关系) to lobby individual government officials. In addition to these direct ways for state-business interactions, a large

number of private entrepreneurs engage in politics or develop policy advocacy through some intermediaries. And business associations, NGOs, and media have been among the most frequently discussed ones.

While the Guanxi-based socio-political network has long been an important policy advocacy channel for Chinese private entrepreneurs, the process of state-business interactions nevertheless has been largely invisible as it often being confined within a closed environment among a small number of policy actors. Thus, private entrepreneurs' political participation process and the corresponding policy influence generated through this way is difficult to trace. While private entrepreneurs could participate in politics and develop business lobbying through the formal mechanism of the PC and the CPPCC, this 'top-down' participatory channel is usually inaccessible for most private owners of small enterprises. For example, drawing on the China Stock Market & Accounting Research (CSMAR) database, Yang (2019: 65) has empirically examined the political seats hold by private entrepreneurs in the NPC, suggesting that the selection rule of Chinese ruling party "gives advantages to those who have paid more taxes" since the early 2000s. As one Chinese scholar comments that "as to a private entrepreneur being elected as a Party representative of the NPC, it requires that his/her enterprise must has outstanding industrial performance within that Province."¹⁵

In addition, the Chinese Organic Law of Village Committees (OLVC) requires a democratic and direct election at the county and township levels since 1987 (Xia 2011:

¹⁵ (2012, November 6). China Economic Weekly (Zhongguo Jingji Zhoukan 中国经济周刊), How To Be Elected as The Party Representatives of the 18th NPC: The Standpoint from Private Entrepreneurs (民营企业家曝十八大代表选举流程). *Sina Finance* (新浪财经网). <http://finance.sina.com.cn/china/20121106/070113586545.shtml>

140), and the Party organizations at the rural-level thus have to “assign quotas to different social groups (cadres, peasants, workers, entrepreneurs, intellectuals, etc.)” (Zhang 2017: 9). However, as Zhang (2017) further notices that political leaders at the rural level usually ask private entrepreneurs to use investments in exchange for political resource while private entrepreneurs often purchase votes to get elected. As it is revealed, private entrepreneurs in some regions of Zhejiang province “spend hundreds of thousands or even millions of yuan to buy votes” (Zhang 2017: 11). The high costs to win the grass-roots elections may thereby block the participation of most private entrepreneurs of small businesses in this process. As such, the direct political participation through Chinese bureaucratic organizations and formal institutions thus far have been available for a small number of business actors.

For the vast majority of Chinese private entrepreneurs, a broader literature indicates that they usually communicate their policy ideas and engage policy-makers through “their trade associations and other intermediaries” (Kennedy 2005). As a type of conventional intermediary, business association has long been viewed as a meeting ground where business members interact with the Chinese government officials. In addition to business association, Chinese think tank, among others, is emerging in recent years as “a crucial institutional meeting ground where officials, entrepreneurs, and scholars can interact” (Li 2016). This section then presents a literature review on the two types of business’ policy advocacy channels in China.

2.2.2.1 Business Association¹⁶ in China

¹⁶ In China, there exists various business organizations, initiated either by the government or by societal actors

Existing literature has developed a variety of theoretical frameworks to understand business association in authoritarian regimes such as China. Some emphasize the top-down design in constructing business associations and their organizational functions, while others focus on the bottom-up dynamics of business associations and the roles in serving the interests of their member enterprises. Generally speaking, current studies in this field can be classified into two streams.

The first school of thought adopts a state-centric perspective to examine business associations in authoritarian contexts. Some scholars perceive business associations in China as “part of an evolving state corporatist system of control and interest intermediation” (see e.g., Unger and Chan 1995; Thornton 2013). Others argue that in addition to facilitate the CCP’s political governance, business associations have served the Party-state for its socioeconomic goals. Foster (2001: 102) has developed a “two-part model” that divides the Chinese state into the “state center” and the numerous “organizational state,” asserting that the Chinese state has “a mix of political and developmental motivations.” To achieve the diversified and “concrete functional goals related to economic and social development,” Foster (2001, 90) further proposes, the Chinese government at all levels accord business associations “an even greater multiplicity of goals and strategies” other than simply functioning as appendages of the state in exercising control over the society. While Foster’s (2001) “two-part model” exemplifies the multiple organizational functions within the

for different purposes. They are given different names and carry out different functions. Some are called business associations; others are named as trade unions or chamber of commerce. To facilitate the analysis and avoid unnecessary misunderstanding in this chapter, I decide not to differentiate them by their names. Instead, they all are referred to as ‘business association’, although these organizations do differ in their associational functions in practice.

business community, it is still a two-party interaction framework with state-centric perspective.

On the contrary, the second school of thought employs a society-centric theoretical perspective to examine business associations and their roles in China. This body of literature sets society against the state in authoritarian contexts and assumes that “members of civil society could...join highly structured associations, akin to societal corporatism, which would authoritatively represent their interests” (Kennedy 2005: 8). This point of view contends that business associations in essence are “the paradigmatic representatives of societal interests. ... present a constant threat to the state because they provide organizational basis with which people can resist state efforts at domination” (Foster 2001: 86, 94). And business associations should build enforcement mechanisms and perform a conducive role in serving the collective interests of their constituencies (Olson 1965).

Taking this civil-societal perspective as a point of departure, scholars pay attention to the autonomy and representativeness of business associations in Chinese authoritarian context. They often examine the performance of business associations in China under normative values set by Western liberal democracies to see whether “associations play in struggles for democratization and in efforts to advance more ‘people-centered’ development” (Foster 2001: 85). As such, this civil-societal model has also set a sharp boundary between the state and society in authoritarian regimes. However, the civil-society centered scholarship has also diverged on their conclusions in terms of the nature of business associations. One cluster in this school has reached conclusions as similar as those derived from the statist school of thought, which posits that business associations in China

have not broken away from “a dualistic relationship with the state in favour of more complete independence” (Pearson 1994: 27) but performed as an apparatus through which the state could exercise the control on society. As Foster (2001: 98) puts it, “the vast majority of associations in China” are not “civic” associations so much as what he calls “incorporated associations.” According to Foster,

“The term incorporated association refers to associations that are structurally or operationally connected with the state in some significant way. These linkages may involve personnel, financial arrangements, organizational decision-making structures, and operational procedures. The associations involve a mix of state and non-state elements, and may even be dominated by the state elements (or vice versa)” (2001: 87).

As such, this cluster of scholars have conceptualized business associations in authoritarian regimes as qualitatively different from those in Western democracies, as the former are closely and institutionally connected with the state and always attune more to represent the interests of the state than they are to the interests of their business members.

Another cluster from this society-centric school asserts that business associations in China have increasingly active in embracing their functions in serving the society side. Drawing on some empirical evidence, a burgeoning literature has exemplified the societal scenario within the broad landscape of Chinese business associations. These studies argue that alongside the growing market competition and the concern for long-term organizational survival, business associations have increasingly attached importance to the relations with their member enterprises. In addition, some scholars begin to differentiate between official-backgrounded business associations and the grass-roots ones in terms of their roles in state-business interactions (e.g., Wank 1995; Nevitt 1996; Unger 1996; Zhang

2007; etc.).

The state-centered and society-centric schools have contributed a number of paradigms to study business associations and state-business relations in China. However, both subjects to an underlying analytical deficiency, as they all assume a sharp boundary between the state and society in authoritarian contexts. However, how exactly the state and society relate leaves unanswered. As Foster (2001: 103) points out that business associations in China “include a much more varied set of cases than a democratization/civil society-centered approach reveals.” By the same token, business associations in China also include much more variation in their cases than a state-centric model reveals. As such, both the statist model and the civil-societal model abovementioned capture a partial scenario and fail to provide satisfying explanations on state-business relations within the Chinese business association community.

Recent studies have paid increasing attention to business lobbying that takes place through business associations (e.g., Chen and Huang 2019), whereas much the analysis is still confined within the two-party interaction framework between the Chinese state and business associations. Among the small number of these researchers, Kennedy (2005) attempts to assess business policy influence through the examination of the relations between a wide-ranging business associations and private enterprises in China (see also Kennedy and Deng 2010). Nevertheless, Kennedy’s study (2005) has included China’s state-owned enterprises (SOEs) in the analysis of business lobbying. Strictly speaking, SOEs in Chinese context should not be defined as market-oriented enterprises as those of private domestic and foreign companies in both political and economic meanings. As such,

this may raise questions on his assumptions and conclusions.

Firstly, Chinese SOEs have been created to serve the Chinese Party-state's goals in political governance and socioeconomic agenda. In economic realm, SOEs facilitate the Chinese state to involve in economic affairs and manipulate industrial sectors that are critically and strategically important to China's national economic lifelines. As to political governance, the Chinese state plays a major role in the running of SOEs through "four pillars" — namely, "state ownership," "the Party's cadre management system," "the Party's participation in corporate decision-making through the 'ex-ante procedure' and 'two-way entry and cross-appointment' mechanism," and "intra-Party supervision, the monitoring mechanism" (Jin, et, al. 2022). SOEs thus are

"both the economic and political bases" of the CCP and the Chinese state and "the overarching principle of SOE reform is to firmly implement the Party's leadership ... creates a political governance system in China's SOEs — a Party-dominated governance system characterized by Party leadership, state ownership, Party cadre management, Party participation in corporate decision-making, and intra-Party supervision" (Jin, et al. 2022).

Secondly, the state ownership suggests that Chinese SOEs operate legally under the CCP's leadership through the Party's cadre management system. Under this system, the Chinese state plays "a major role in selection and appointing managers" of SOEs (He and Kyaw 2018, 56). This selection mechanism "helps align the objective functions of cadres with the Party's objectives" (Jin, et al. 2022: 2) while maximizes the Party-state's sociopolitical agenda. In addition, the administrative ranking system within SOEs has add a complexity on relationship between the Chinese state and SOEs, especially on relations between the central SOEs (CSOEs, *yangqi*, 央企) and the local governments. While China

has formally abolished administrative ranking for SOE executives in 2000, this practice still exists (Brødsgaard, et al. 2017: 58). As reported, amongst the 115 CSOEs, executives of 54 CSOEs are in the vice-ministerial rank while some executives of the key CSOEs are even accorded the ministerial rank.¹⁷ As a result, the basic territorial management principle (*shudi guanli*, 属地管理) that local governments adopt to manage enterprises does not work well for SOEs whose executives rank higher than does the leaders of local governments.

Thirdly, the state ownership accords SOEs much privilege in getting access to political and economic resources in China. SOEs as a consequence, with the great financial and political support from the Chinese government, have experienced less market competition. In this vein, SOEs in China should be defined as key players of the “national team” (*guojia dui* 国家队) and close alliances of the CCP-Party (Eaton 2013: 8). These explanations on SOEs suggest that while the relationship between the state and SOEs is also theoretically important topic in the field of China study, it should be proposed and studied separately. As such, Kennedy’s (2005) analysis of business lobbying and his assessment on business policy influence may involve the risks of being distracted by irrelevant factors or ignoring potentially important explanatory factors.

In brief, existing literature on business associations and business lobbying have become increasingly specialized and heterogeneous over time, which is deepening our understanding of state-business relations in China. However, much the scholarship adopts a two-party interaction approach and thereby conditions their analysis under single-

¹⁷ Ifeng (*fenghuang wang*, 凤凰网). <https://finance.ifeng.com/news/special/gqybs/>.

dimensional institutional policy network. Nevertheless, it usually involves the three-party interactions among actors from the state, association, and the business community when private entrepreneurs develop lobbying through business associations. In this respect, much the research in current literature has exemplified a partial scenario of state-business interactions within the broad landscape of Chinese business associations. Consequently, these studies fail to provide satisfactory explanations on an apparently contradictory phenomenon in the Chinese business association community — as observed by some Chinese scholars, despite of the low autonomy of business associations, there has been a growing tendency and increasing preference among Chinese private enterprises in terms of joining various types of business associations (Zhang and Lv 2019:97).

2.2.2.2 Chinese Think Tank: Current Literature and the Need to Revisit

Existing scholarship on Chinese think tanks usually focus on two bodies of research. One stream of literature revolves around think tank's academic and advisory roles in China's policy-making and encapsulates think tank as the intellectual actor or the "track-two" mechanism (Lu 2000) in China's vibrant policy-making process. Another body of literature has been interested in the organizational nature of Chinese think tanks, through which it aims to assess how civil society develops in China.

To be specific, the former literature examines the advisory role of think tanks in China's consultancy agencies by focusing on the two-party interactions between Chinese policy-makers and public intellectuals. Oksenberg (1982), in his earliest research, has pointed out the instrumental consultancy role of specialists and research institutes in China's economic policy-making in the mid-1980s. Naughton (2002) further suggests that

Chinese think tanks in the 1990s “were knit into a web of policy debate and advice ... uses as a source of ideas and analysis.” However, previous studies in this body of literature have long been substantially interested in think tanks’ advisory role in China’s foreign policy arena.

As Li (2017) argues that Chinese think tanks have long been “considered the primary channels for ‘secondary track diplomacy’ (ergui waijiao 二轨外交).” Shambaugh (2002: 575) also points out the “increasingly important roles” of think tanks in China’s “foreign policy making and intelligence analysis, as well as serving as an increasingly important liaison to officials and specialists in foreign countries.” And in their case study on China’s peaceful rise, Glaser and Medeiros (2007) highlight the role of Chinese think-tank experts and university-based scholars in shaping public opinion and influencing government foreign policy. In addition, Kaplan (2005) pays special attention to the role of Chinese military research institutions “as a valuable source of information for senior officials” in China’s national security and foreign affairs arena. Tanner (2002) argues that Chinese senior political leaders often seek for advices from some influential public security (police) think tanks in terms of internal security and legal policy, as well as use experts to shape public and international opinion. Meanwhile, Abb and Koellner’s (2015) study reveals how public intellectuals influence foreign and security policy and use public discourse in support of official government line in both China and Japan.

In recent years, a burgeoning literature has reoriented toward think tanks’ role in China’s socioeconomic policy sphere. Changes in the research agenda emerge alongside China’s evolving political economy. There has been a rising demand from the Chinese

government for policy advices in terms of development in wide-ranging socioeconomic sphere when the Xi administration released its 2012 “Five-in-One” (*wuwei yiti* 五位一体) initiative that emphasizes the simultaneously multi-dimensional development in China. Nevertheless, this body of literature often focuses on the academic or advisory role of think tanks in economic diplomacy and environmental policy area (e.g, Wübbeke 2013; Menegazzi 2018). While distinct in some ways, much the scholarship in this body of literature focuses on think tanks’ advisory role in China’s policy-making process.

The other body of literature nevertheless focuses on different issues. This scholarship has long been interested in how civil society develops in authoritarian context of China. It focuses on the organizational and operational autonomy of Chinese think tanks and uses think tanks as cases to study the state-society relations in China. Scholars in this line of literature have developed a variety of taxonomies in distinguishing government-backgrounded think tanks from civilian ones, aiming to see whether Chinese think tanks are functioning by trending toward the civil society side. While some studies propose that semi-official think tanks in China are increasingly market-oriented and evolving gradually toward the civilian direction, a large number of scholars remain skeptical about this conclusion due to the Chinese think tank community’s heavy reliance and close institutional connections to the Chinese state. As Zhu claims that strictly speaking, there are no completely civilian think tanks in China “because of the existing one party-dominated system, and almost all Chinese think tanks are government-funded or have a degree of government connection” (2009: 337). In her comparison on Chinese think tanks and other semi-independent institutes in Southeast Asia, Stone (2005) suggests that think

tanks in authoritarian contexts “often have close interaction with government, or with individual political figures. ... help shape the legitimacy of political authority.” In addition, Shai and Stone argue that Chinese think tanks

“have no intention of challenging or replacing the regime, but want to maintain the existing structures of political authority by persuading the state to change itself and thus help the political leadership overcome its difficulties” (2004: 143).

The varying degree of institutional linkages with the Chinese government have given think tanks “a bad reputation for the quality of their policy recommendations, especially when compared with their Western counterparts” (Menegazzi 2014: 17), as well as cast a shadow over scholars’ expectation on the development of China’s civil society.

Existing scholarship has provided some analytical points of entry to observe the roles of Chinese think tanks in China’s policy-making as well as in the development of China’s civil society. However, on the one hand, while the civil-societal approach offers a convenient way to study think tanks in authoritarian regimes, its binary ontology has nevertheless oversimplified the state-society relations within the think tank community which is instead “much more complex than many critics have recognized” (Li 2017: 8). As Marchetti (2013: 105) points out that it is the “intense civil society-government synergy” that leads to “an effective enhancement of the political capabilities of both governmental and non-governmental actors.” On the other hand, although scholars have noticed the advisory role of think tanks in China’s policy-making system, they “have missed the point that, in recent years, China’s research and expert-community–government interaction has provided new possibilities for addressing essential dynamics in order to expand

investigations about the Chinese policymaking system” (Menegazzi 2018: 10-11). In this regard, much the existing study of Chinese think tanks does not tell the whole story.

During the Xi era, the CCP develops a “new normal” (*xin changtai* 新常态) model of socioeconomic development in responding to the challenges and demands rising alongside the rapid technology advancement and digitalized development in China. The Party-state’s shifting agenda in socioeconomic realm may add new sources of dynamics on policy-making system and affect the state-society relations in China. Meanwhile, the Xi administration has made a number of reforms on think tanks since 2012 in support of think tank building and called upon the “revolving door” (*xuanzhuanmen*, 旋转门)¹⁸ mechanism on Chinese think tanks (Li 2017: 5-6). This top-down “government-sponsored national strategy (国家战略, *guojia zhanlue*)” (Li 2017) on Chinese think tanks will affect previously established interactive patterns between the state and the intellectual field as well as between the state and society to some extent. As Li (2016) observes that Chinese think tank has begun to acquire “the revolving door quality” as a newly emerging nexus where tripartite groups of actors—namely, government officials, private entrepreneurs, and intellectuals—meet. Much empirical evidence from my fieldwork in China also suggests that Chinese think tanks have increasingly embracing a policy advocate role by serving as intermediate organizations between the state and private enterprises.

¹⁸ Under the Western discourse, the term of revolving door within the think tank landscape refers to “the career mobility of former politicians, scholars, lobbyists, or journalists from different sectors, such as government, Congress, university, industry, and media, to policy research institutes, or vice versa—builds one of the most effective transmission belts for ideas to travel” (Zhu 2018, 299). Zhu further argues that the revolving door “has now become the prevailing recruitment strategy for global think tanks. In particular, the Chinese government and academia are embracing the revolving door mechanism for the development of Chinese think tanks,” whereas the exact effects of the revolving door on the influence and revenue of Chinese think tanks need to be further scrutinized (Zhu 2018).

Yet, with a few exceptions, current studies on changes underway in the Chinese think tank community and the impacts they may bring to state-business relations remain scant. Most the current scholarship has still focused on the two-party interactions between the government officials and think tanks experts. This analytical deficiency has as a consequence resulted in an insufficient study on the other facets of think tanks' function as well as an overlook on the new trends underway within the Chinese think tank community. What are the rationales behind the private sector's employment of think tanks in their policy advocacy? How does the think tank community help private entrepreneurs to influence China's policy-makers while performing multiple functions in serving the Chinese government? How can the business' policy influence that takes place through China's think tanks be measured? Answers to these questions remain to be addressed. However, answers to these questions are central to capturing the changing roles of think tanks in China's policy arena. Most importantly, they provide an alternative avenue to examine private entrepreneurs' lobbying behaviors and assess business' influence in China's policy process. As Li insightfully asserts that "working with Chinese think tanks offers arguably the best opportunity to glimpse the country's opaque policymaking process" (2017: 11). This exploration might provide some takeaways for future studies on state-business/state-society relations and political development in China.

2.3 China's Policy-making and State-Business Relations in an Evolutionary Perspective

Drawing on a state-society interaction perspective, this section profiles the basic contours of policy-making in contemporary China while mapping the evolving state-

business relations in China in three different time periods. It sets out to identify and distinguish patterns of China's policy-making in three different historical time periods according to the leadership structure, the distribution of bureaucratic authority, the central-local relations, and the state-business relations in China. It maps the trends and changes emerging in the evolutionary process of China's policy-making system in a time sequence between 1949 and 2022. It thereby divides the evolution of China's policy-making into three stages. The first stage China's policy-making ranges from 1949 to 1976 in the Maoist era, with a 'strongman model' and personality cult as the defining features. The second stage begins in 1977 and ends in 2011 in the wake of China's market-oriented reform, during which the 'collective leadership' as a predominant decision-making rule has been set up and entrenched by the CCP-Party. At the same time, the increasing "power struggles and the dissident elements within the Party" have given rise to the factional politics and power diffusion among bureaucracies while the newly emerging socioeconomic elites have become active in China's political arena. All these changes have added complexity to the rules and mechanisms of China's policy-making during that period. The third stage is dated from 2012 when Xi Jinping came into power up to now. Seemingly, the Xi administration has been sustaining the collective leadership mechanism in policy-making, the increasing power concentration at the Party Center coupled with the state's growing intervention in China's socioeconomic issues are nevertheless exposing unprecedented challenges to the established decision-making rules within collective leadership as well as undermining the bottom-up dynamics in China's socioeconomic sphere. As such, nested in the historical roots of China's evolving political economy, this section unpacks the evolution of policy-

making patterns and state-business relations in contemporary China.

2.3.1 Policy-Making and State-Business Relations in Early PRC (1949-1976): A Strongman Model with Maoist Stamp

After the Chinese Communist Party (CCP) came into power in 1949, China entered into the post-revolution era under Mao Zedong's leadership. Owing to its revolutionary experience and the historical legacy derived from its Soviet counterpart, the Maoist regime established the Leninist formal institutions, with the Charismatic authority as a defining feature of the then leadership. As China's president as well as the Chairman of the CCP Central Military Commission (CMC, *Zhongyang junwei* 中央军委), Mao Zedong centralized excessive personal power in the top communist leadership. Even then there established a leading nucleus (*lingdao hexin* 领导核心) within the domain of Chinese central authority, Mao enjoyed an absolute authority in personnel appointment, military affairs, foreign and economic policies. For example, it is recorded that by "against the wishes of most his colleagues in the CCP leadership," Mao "called for an acceleration of the transition to lower-level, and then to higher-level, agriculture producers' cooperatives in the countryside" in July 1955 (Pletcher 2010, 306).

As such, the decision-making power was almost crystallized in a single person and there thereby was not a real policy-making process in China under Mao's governance. Under this strongman model, policy-making during the period of Maoist China had long been ideational-prone with power centralization that "favored continual experimentation and transformation (or 'permanent revolution') over regime consolidation" (Heilman 2018, 26). These characteristics, combined with the "intense ideological pressures, struggle campaigns," as Heilman argues

“reflect a mindset and method that contrast shapely with the more bureaucratic and legalistic approaches to policy making in many other major polities. ... China’s governance techniques are marked by a signature Maoist stamp that conceives of policy-making as a process of ceaseless change, tension management, continual experimentation, and ad hoc adjustment” (2018, 21).

The then chaotic economic policies and the correspondingly disastrous consequence they brought to China’s economy have offered a glimpse of how policy-making in the Maoist China was. To be specific, despite of the very weak economic base during the 1950s, Chairman Mao still called for an autarkist pathway in terms of China’s economic development and secluded the country from the outside world. As a greenhand in governing a post-revolutionary country, the CCP-Party made a variety of ad hoc and experimental economic policies in the mid-1950s, aiming to develop its centrally planning socialist economy in its own ways. In 1953, the Chinese government launched the first ‘Five-Year Plan’ (FYP, *wunian jihua* 五年计划) to develop national economy by following the Soviet model. And in his 1955 speech, Mao proposed to accelerate the socialist transition, and party members at all levels who disagreed with this policy were to be punished. Mao’s misjudgment and the state’s excessively administrative interference in China’s economic issues had consequently led to the unprecedentedly imbalanced economic development between 1953 and 1955, signifying the politicization of economic policy-making in China.

Soon later in May 1958, the CCP announced the general principles in socialist construction at the 2nd session of the CCP’s Eighth Party Congress. At this session, Mao proposed his famous radicalized policy — the Great Leap Forward (GLF, *da yuejin* 大跃

进) — that called for “a bold form of ideological leadership that could unleash a ‘leap forward’ in technical innovation and economic output” (Pletcher 2010, 312). The launch of the GLF, as Pletcher (2010, 314) argues, “involved an enormous amount of experimentation. It had no detailed blueprint, ... [but] general reliance on a combination of ideological and organizational techniques ... in accordance with Mao’s preferred national military strategy.” However, there were no Party leaders who were courageous to speak out against Mao’s such deficient economic policy at that time.

In this context, the CCP called for the transformation of private industry and commerce to facilitate the implementation of the GLF new economic policy and accelerate the process of socialist transition. However, the revolutionary legacy and the Marxist-grounded ideology had made Mao and his followers take antagonistic attitude and action toward private economy and private owners. As such, Mao proposed the ‘General Line for the Transition to Socialism’ (*shehui zhuyi gaizao jiben fangzhen* 社会主义改造基本方针) in August 1953 which was soon delivered to the public the same year in October. Guided by Mao’s ‘General Line,’ Chinese private enterprises were commanded to be “coerced into socialization” or they would be declared as convicted of “adamantly resistant to any kind of state management” (Cliver 2015, 139). Mao and his administration took efforts to crack down on capitalist development between 1952 and 1957, aiming to speed up the socialist transformation of private enterprises in responding to the goals of the first FYP.

The joint state-private enterprises (*gongsi heyong qiye*, 公私合营企业) — “originally a stopgap measure, as a means of socialization” (Cliver 2015, 154) — were re-invented in 1953 in that context. Moreover, the Chinese government “moved to restore and expand the

state contracting system inherited from the Nationalists ... by 1955, some 82 percent of ... privately owned factories were contracted to state companies” (Cliver 2015, 146). In addition, Mao and his followers initiated the ‘Five Antis Campaign’ (*wufan yundong*, 五反运动) that targeted at private entrepreneurs since 1952. These top-down political repressions had dramatically marginalized private industry and private economy and made them almost invisible in the socialist construction during the period of China’s First Five-Year Plan.

In September 1954, the National People’s Congress (NPC) promulgated China’s first Constitution, in which the dominant status of the State-owned economy was set up. At the same time, the Constitution also formatted general rules to restrict and reform Chinese private industry while stipulated to replace private ownership with the whole people ownership. As reported, it only took ten days to transform privately-owned industry and commerce across all industrial sectors into the joint state-private ownership in Beijing in the beginning of January 1956, while the Shanghai government announced that over one hundred thousand private firms in 205 industrial sectors were restructured into the joint state-private enterprises on January 20, 1956.¹⁹ The CCP rapidly completed the socialist transformation of private enterprises in February 1956. As recorded,

“private owners were assigned jobs in their own factories and allowed to receive a payment equal to 5 per cent of the value of their assets for 10 years (1956-65). ... Individual craftsmen were re-organised into large cooperatives. During the Great Leap Forward in 1958-59, the majority of these cooperatives were transformed into local, state, or commune factories. By May 1959, amongst the 100 thousand cooperatives in the country, 37.8 per cent had been transferred into local state ownership, 35.3 per cent were

¹⁹ (2013, December 30). Wu Xiaobo (吴晓波), 毛泽东如何用七年消灭私营 (Wipe Out Private Economy: What Did Mao Zedong Do?). *Sina* (新浪网). <http://finance.sina.com.cn/zt/lifestyle/20131230/124517794762.shtml>

absorbed into communes, 13.6 per cent were changed to wage-earning factories, and only 13.3 per cent were still run as cooperatives” (Garnaut et al. 2012, 10).

In the wake of these top-down anti-capitalist policies and actions, the market system in Maoist China “had long since ceased to function properly” (Cliver 2015, 139-140).

Nevertheless, much historical evidence indicates that Chinese private entrepreneurs have long been adaptive actors who were capable of surviving the hostile environment by coping with the Chinese officialdom strategically. Cliver argues that private entrepreneurs were “not as a ‘sheet of blank paper’, ... nor as a largely passive and victimized population, ... but rather as more-or-less well-informed and intelligent actors struggling to survive in a chaotic and confusing environment” (2015, 161). According to Huang, Mao observed the “spontaneous forces of capitalism ... rural entrepreneurship was able to grow out of the traditional agricultural sector ... stand ready to be providers of capital and business capabilities as business owners and operators” (2008, 56, 61). The Chinese private sector and private owners have managed to survive strategically during 1950s when the Maoist government left little room for the development of the private sector.

Then, the Chinese economy ushered in its recovery between 1962 and 1966 while private industry and commerce had also struggled to recover by wearing the hat of joint state-private cooperatives at that period. The then government realized the disastrous damages that the GLF generated on Chinese economy and thus became “softer and less brutal than in the 1950s” on private business (Cheremukhin et al. 2015, 23). While “the planning and Big Push ideology persisted” (Cheremukhin et al. 2015, 23), the central leadership began to “recognize small individual businesses, including individual handicraft

shops” (Garnaut et al. 2012, 10). However, the resurgence of China’s economy and the re-emergence of the private sector had soon been abruptly interrupted by the political turmoil of the Culture Revolution (*wenhua dageming*, 文化大革命) in 1966. Private economy was then operated underground between 1966 and 1976. As Garnaut (et al. 2012: 10) observes,

“individual craftsmen were re-organised into large cooperatives. ... Small individual businesses were totally shut down ... re-emerging only in the late 1970s. Private firms beyond the industrial enterprises were not allowed to operate until 1988.”

In a word, the strongman decision-making pattern and Mao’s personality cult during 1949-1976 have led to “the largest economic policy experiments and development programs” in contemporary China (Cheremukhin et al. 2015, 2). The highly concentration of decision-making power by Mao has made China’s policy-making process in “ceaseless change, tension management, continual experimentation, and ad hoc adjustment” (Heilman 2018, 21). In that circumstance, China’s policies toward private enterprises were always the results of the “ad hoc responses” of central authorities to “new problems in the Chinese economy” (Cliver 2015, 143). And these deficiencies in China’s political power structure, in particular the loss of checks and balances system, have resulted in the incapability of Mao and other top CCP leaders in avoiding pursuing policies that were apparently harmful to the nation during the that period.

In that context, it seems that the growth of private economy has been harshly curbed and private entrepreneurs have been greatly suppressed by the CCP-state. However, a close scrutiny suggests that the seed of capitalism and the entrepreneurial instinct in China has never been completely destroyed. Two factors may explain the rationale behind the incredibly strong vitality of Chinese capitalism. One refers to the improvised strategies

devised by various ground-level agents and bureaucrats in Maoist China which played an unexpected role in informally protecting China's private ownership. To put it differently, while Mao often "used decentralization as a tool to activate both the central and the local" since the establishment of the People's Republic of China (PRC), he has long been highly vigilant towards localism and generally developed "the national centralized management system" to strengthen his power and the central government (Zhai 2016, 15). And the Cultural Revolution in 1966 has made the personality cult of Mao reaching its peak, during which China formed a personal dictatorship party-state model.

The increasingly concentration of power by Mao and the central government, the hierarchical bureaucratic system, coupled with the rounds of movements in China's political and socioeconomic spheres "have led to the split up of the otherwise rigorous bureaucracy and weakened the Party-state's capability in controlling over its grassroots level organizations" (Zhang and Liu 2017). Local officials and cadres, especially those being marginalized by their Party peers, had thereby devised the coping strategies to survive the then hostile political environment. For instance, during Mao era, local officials and cadres in Zhejiang Province often use the Township and Village Enterprises (TVE, *shedui qiye* 社队企业)²⁰ to help peasants to run individual factories (Zhang and Liu 2016). By the TVE, local peasants were required to paid only a reasonable amount of

²⁰ The Township and Village Enterprises (TVE, *shedui qiye* 社队企业) had been an unique form of Chinese village economy that played important roles in preserving the villages' collective capital. According to Huang Yasheng (2008, 73), the TVE label "owes its origins to the commune and brigade enterprises created during the Great Leap Forward." There has long been an absence of consensus on the definition of TVEs between Chinese and Western scholars. Western scholarship has "come to understand TVEs in terms of their ownership status," whereas under the Chinese discourse, TVEs "refers to their locations of establishments and registration (i.e., businesses located in the rural areas), not their ownership" (Huang 2008). Here, the TVEs is understood under the Chinese definition.

administrative fees to local government. These sorts of local improvisation have facilitated the special informal alliance between bureaucrats and the mass while inadvertently created niches for the growth of the rural-level private economy. As Zhang and Liu (2016) argue, “in Maoist China, precisely and unexpectedly, it is these anti-capitalism movements that laid the preliminary foundation for the germination of capitalist seed and the re-emergence of private economy in China.”

Another underlying factor with regard to the capitalist development in Maoist China “bring the society back” (Skocpol 1979). In another word, it concerns “the self-reinforcing endogenous dynamics” (Nee 2010) of private economy and the adaptability of private entrepreneurs in China. Some studies highlight that private owners and individual handicrafts have played significant roles in accelerating China’s socialist transition during the Mao era. Cliver observes that the process of socialist transition in the silk industry in Yangzi Delta generally

“did not proceed according to strict plans laid down in Beijing but was contingent and contested, and silk factory owners played a surprising role in accelerating the transition to socialism from 1953 to 1956. ... While the capitalists’ supposed “eagerness” for socialization was rarely borne of genuine ideological commitment, they clearly had their own reasons for pushing forward the transition from an ambiguous and unworkable status as private enterprises in a state-run economy to joint state-private enterprises under the management of state companies. However, the process was far more contested and contingent than has been previously recognized” (2015, 142-143).

Meanwhile, private entrepreneurs “rushed to demonstrate their enthusiasm for joint operations — whether sincere or not” when the CCP commanded the socialist transformation of all private industry and commerce in China, “regardless of their internal

conditions” (Cliver 2015, 156). As such, the socialist transformation in Maoist China should not be interpreted as a pure top-down project, but a complicated process in which the bottom-up societal forces learned how to survive the then hostile institutional environment. While it is unlikely that business actors and other social members were able to exert influence in China’s decision-making process during the Mao era, the strategically entrepreneurial actions toward the state’s repression and block reveal that private entrepreneurs have long been adaptive and creative in modern history of China.

In brief, the socioeconomic development in Maoist China did not always follow a gradualist path but went through many ups and downs. The distribution of decision-making power has almost been tilted toward the hand of a single person through Mao’s personality cult and the within-party political conflicts, and thereby led to the policy-making process with “monumental reversals, continual experimentations, and ad hoc adjustments” (Heilman 2018). While Mao’s policy experimentations and explorations have led to the chaos in policy-making and interrupted the process of capitalist development in China, these practices also reflected the CCP’s extensive exploration in seeking out its path for China’s development. Although much the existing scholarship claims that the emergence of private entrepreneurs and the rise of private economy in China began in the late 1970s or the early 1980s, capitalism has never disappeared in the history of contemporary China. The improvised reactions in policy execution by local-level party cadre and officials as well as the strong adaptability of private owners have created niches for the survival of the peasants-based village private economy in Maoist China.

2.3.2 China’s Policy-Making in the Reform Era (1977-2011): Collective Leadership

and Protracted Policy Process

The death of Mao in 1976 marks the end of an epoch when one all-powerful CCP leader monopolized excessive power over China's bureaucracy and decision-making system. Then, Deng Xiaoping came into power and launched his opening policy and market reforms in the late 1970s, indicating that the reform era has dawned in China. In the political realm, the CCP central authority under Deng's leadership aimed to achieve a regularizing governance from the very beginning. Then, the Chinese leadership began to replace Mao's most problematic ideologically-oriented policy making style with "a system governed by rules, clear lines of authority, and collective decision-making institutions" (Shirk 1993, 9). In the economic sphere, Deng initiated the marketization and encouraged the country to embrace the international society. China since then,

"unlike other countries saddled with the rigid top-down legacies of Leninist parties and command economies, some of whose leaders also proposed bold reforms, the Chinese polity has been singularly adept in adjusting to the demands of domestic economic reforms and global market competition. A major reason for this glaring difference is China's unusual receptivity to on-the-ground generation of new knowledge and new practices—a feature, we believe, that is derived in large measure from many of the same policy mechanisms that propelled the Chinese Communists' protracted revolutionary struggle" (Heilman 2018, 26).

The Chinese power structure of political authority, hitherto since the Deng era, are consisted by three major vertical systems (*xitong* 系统): the Chinese Communist Party (CCP, *dang* 党), the government (*zheng* 政), and the military (*jun* 军) which operate on five levels — namely, center (*zhongyang* 中央), province (*sheng* 省) or army (*jun* 军), prefecture (*di* 地) or division (*shi* 市), county (*xian* 县) or regiment (*tuan* 团), and township (*xiang* 乡) or battalion (*ying* 营) — with the Political Bureau (Politburo) of the

CCP at the apex of its political system.²¹ The Politburo “is often further crystallized in the form of a leadership core (*lingdao hexin*)” (Kaplan 2005, 3). While this leading nucleus took shape as early as in the beginning of the Mao era, it in most cases was a symbolic government body due to Mao’s overconcentration of power and the patriarchal rules that dominated China’s decision-making system. The Politburo Standing Committee then was rebuilt as the leading nucleus by Deng Xiaoping at the 12th Party Congress in 1982. The Politburo “is often further crystallized in the form of a leadership core (*lingdao hexin*), as during and after the Deng Xiaoping era” (Kaplan 2005, 3). In practice, the Politburo Standing Committee is made up of nine CCP top leaders and headed by the General Secretary of the Central Committee. These two organs exercise the supreme authority over China’s decision-making.

Nevertheless, the three major vertical systems abovementioned are not operating under the umbrella of a single authority but running under a so-called system of “sectoral division for management (*guikou guanli* 归口管理) ... in most cases an internal mechanism that does not appear on any formal organizational chart of the CCP, the government, or the military” (Kaplan 2005, 4). To put it differently, to facilitate the “Politburo Standing Committee to exercise centralized control over the whole political system and its policy-making processes,” the three major vertical systems are “further divided into different functional sectors (*xitong or kou*) which are respectively charge of

²¹ Yan, Huai. 1991. “Understanding the Political System of Contemporary China. “Papers of the Center for Modern China 10(August): 2, quoted in Kaplan, Richard A., *An Analysis of China’s Foreign Policy and National Security Decision-Making Support Structure (U)* (document prepared by the Counterintelligence Campaign Management Integrated Threat Office, Counterintelligence/Law Enforcement Center, Counterintelligence Field Activity, Department of Defense, 2005), 3.

the military affairs, legal affairs, administrative affairs, foreign affairs, health, education, science, propaganda, the United Front, and mass organization affairs in China (Kaplan 2005, 3-4). Meanwhile, “each sector is supervised by a member of the Standing Committee ... through an institutionalized body such as a committee or nonstanding organ such as a Leading Small Group (LSG)” (Kaplan 2005, 3).

This vertical and horizontal power structure in post-Mao era has given rise to the decentralization of power and the fragmented distribution of authority within Chinese bureaucracy at all levels. Changes in the governing regimes have consequently rendered China’s policy-making trending toward a “protracted, disjointed, and incremental” process and running over with bureaucratic, sectoral and regional competition (Lieberthal and Oksenberg 1988, 22). It signifies that the previous ‘strongman’ decision-making model prevailing in Maoist China has given way to the collective leadership, with the decentralization of political authority, the factional politics, and the collective decision-making mechanism as its core features.

Under the system of collective leadership, the locus of policy-making authority at the top has shifted to the Party’s leading nucleus within the circle of Politburo Standing Committee, an organ that was rebuilt by Deng Xiaoping at the 12th Party Congress in 1982. This system of collective leadership thereafter was strengthened by Jiang Zemin at the 14th Party Congress in 1992 through increasing the number of Politburo Standing Committee members from six to seven, while Hu Jintao further perfected it at the 16th Party Congress in 2002 by adding two more members into the Committee “so that all of the country’s eight

leading organs could be represented.”²² As such, the CCP has completely re-established the “collective leadership system with Chinese characteristics.”²³

The revival of the collective leadership as the CCP’s predominant decision-making methodology made “the same high level of concentration of decisionmaking power as during the Mao era” (Lu 2000, 162) no longer possible. While Deng, as a charismatic paramount Party leader, could still “command large authority and privilege in determining regular national security policies” (Sun 2013, 2), the balance of decision-making power in China has been increasingly tilted toward a group of top leaders. As such, instead of concentrating power in the hands of a single person as that in Maoist China, the central political authority is diffused among several top Party-leaders within a nuclear circle of the Politburo, avoiding the risks of making “disastrous policies with tragic results, ... [due to] the absolute authority of the top leader” (Sun 2013, 3).

To facilitate decision-making under the collective leadership, the CCP thereafter develops the ‘democratic centralism’ (*minzhu jizhongzhi* 民主集中制), with the majority rules as its underlying principle. Under this principle, the Chinese central authority makes decisions on the basis of consensus. As Shirk observes that in post-Mao China,

“policy-making operates according to delegation by consensus. If lower-level bureaucrats agree, the policy is automatically ratified by the upper level. If some lower-level bureaucrats refuse to agree, effectively vetoing the policy, it is referred to the upper level for resolution or tabled indefinitely” (1993, 10).

²² (2012, July 16). Hu, Angang, The Collective Presidential System with Chinese Characteristics. *China & US Focus*. <https://www.chinausfocus.com/society-culture/the-collective-presidential-system-with-chinese-characteristics>

²³ Ibid.

Thus, the Chinese national policies, in most cases, are the results of the collective choices and coordinated actions on particular policy issues by the top Party-leaders. Nevertheless, considering the internal bureaucratic disputes and interagency competition under the consensus-building mechanism, the decision-making process is sometimes time-consuming while there often involves bureaucratic deadlocks in policy implementation.

In addition, under the system of collective leadership, while the central authorities within the leading nucleus are in equal political status, the top leadership has ruptured into two factions after Deng Xiaoping. That is so-called “one party, two coalitions” (*yidang liangpai* 一党两派), by which the Party members within the Chinese bureaucracy are “broadly divided between informal ‘elitist’ and ‘populist’ coalitions.”²⁴ The elitist coalition is made up of ‘taizidang’ or ‘princelings’ (*taizidang* 太子党) and ‘Shanghai Gang’ (*shanghai bang* 上海帮) or followers of Jiang Zemin, while the populist coalition is dominated by the Chinese Communist Youth League (*tuanpai* 团派).²⁵ Revolving around the two factions, the top leaders at the center often engage factional struggles. Meanwhile, the factional politics also exists among bureaucrats at different local levels. China’s political elites and Party members have been divided into two different coalitions which exacerbated the otherwise interagency bureaucratic competition. As such, while collective leadership renders consensus-building into a critical decision-making mechanism at the top, the fragmented bureaucratic structure of authority and the within-Party factional politics

²⁴ (2012, November 9). Lai, Alexis, “One Party, Two Coalitions” - China’s Factional Politics. *CNN*. <https://edition.cnn.com/2012/10/23/world/asia/china-political-factions-primer/index.html>

²⁵ (2012, November 9). Lai, Alexis, “One Party, Two Coalitions” - China’s Factional Politics. *CNN*. <https://edition.cnn.com/2012/10/23/world/asia/china-political-factions-primer/index.html>

have tilted China's policy-making toward a "protracted, disjointed, and incremental" process (Lieberthal and Oksenberg 1988, 24).

The fragmentated structure of authority and the embedded factional politics have made the 'central-local relationship' (*yangdi guanxi* 央地关系)²⁶ in the reform era much more complex than it was during Maoist China. In its early era of market reform, while the central government initiated a top-down "directional liberalism" (Huang 2008) in embracing market-oriented reforms in China, it has in practice relied heavily on the local resources, knowledge, and expertise, responding to the rising problems and challenges caused by the imbalanced development between marketization and institutionalization in China. However, the previous rigid mode of central-local relationship established in the Mao era has placed a large percentage of national resources and decision-making power under the direct control of the center and thus constrained the local capacities in resource mobilization and problem-solving. The urgency to accelerate market transformation necessitates the central leadership to activate the dynamics of local agents. At this point, Deng and his successors carried out continual and substantial institutional reforms on China's central-local relations.

In addition to the varying degrees of instruction on different issues in policy articulation, the central leadership adopts an experimental policy technique—namely, the

²⁶ The central-local relationship and how to reform it has long been a critical object in debates of Chinese top leaders who "seek an appropriate blend of national uniformity and provincial autonomy," as Lieberthal and Oksenberg (1988) observe. The 'central' level includes "the State Council and its commission, ministries, and leadership small groups in Beijing, as well as the Party Politburo, Secretariat, and the organs of the Central Committee," while the local level spans from the provinces to various lower-level units such as municipalities, and counties (see Lieberthal and Oksenberg. 1988. *Policy Making in China: Leaders, Structures, and Processes*. Princeton University Press, p. 138.)

‘point-to-surface’ (*you dian dao mian* 由点到面)—that offers rooms for local authorities to devise various improvised strategies in economic development within the centrally drawn parameters. While the central leadership still retains a preponderant role in domains that are strategically important to China’s national security and uniformity, this innovative ‘point-to-surface’ approach empowers local governments with considerable autonomy and permits local variations in policy implementation. Ang (2016) has defined this paradoxical mode of “direct improvisation” between the center and local as an “art of giving commands in a decentralized authoritarian regime”, under which the central government “authorizing yet delimiting the boundaries of localization” without a precisely dictating directive, while the locale “improvise a variety of solutions to locally specific and ever-changing problems” within “these centrally drawn parameters.” And guided by this unorthodox policy methodology, an experiment-based policy process that is often based on “learning-by-doing” (Huang 2008; see also Naughton 1996; Rodrik 2007) has been prevailing among government agencies at local levels. These context-specific institutional reforms and policy adjustments at the top have allowed Chinese subnational governments to carrying out the central directives and building the market-oriented economy tailored to local socioeconomic contexts. And these decentralized initiatives and policy innovations have consequently enabled Chinese reformers “building market with weak institutions” (Ang 2016).

As such, the Chinese political system in the reform era is operated with collective leadership decision-making pattern at the center, the decentralized authority at the locals, and the fragmented policy-making process from the center to the local units. While the

central authorities are still at the top of the hierarchical decision-making structure and enjoy supreme power in policy process, the consensus-building mechanism among top leaders, the institutionalized decentralization among the local agents, as well as the factional struggles among bureaucracies have given rises to a protracted and fragmented policy-making process in China. These pervasive features in China's decision-making structure and policy-making process have provided local officials institutional slack to take improvised actions in policy implementation. As Heilman argues, within the local units, there emerges

“a policy process in which central policy makers encourage local officials to try out new ways of problem-solving and then feed the local experiences back into national policy formulation. ... Over time, bottom-up experimentation promoted a gradual, yet transformative change of policy parameters and priorities in a politically curbed subsystem” (Heilman 2018, 45, 98-99).

The ‘point-to-surface’ policy technique at the top and the policy experimentations at the local have offered institutional niches and policy leeway for subnational governments in terms of implementing the top-down directives and policies. Nevertheless, the local governments have long suffered from budgetary hardship due to the vertical imbalance of intergovernmental transfers in China's fiscal system. As manifested in the studies of some scholars (e.g., Naughton 2018; Tsai 2007; Huang 2008; Ang 2016), while the central government has delivered revenues and resources to financially support the lower-level government units in the beginning of market reform era, a reversal of economic policies in the 1990s that emphasized the state-led economic development has resulted in the budgetary difficulties of the central government. To overcome the hardship at the center,

the Chinese top authority implemented a fiscal reform in 1994. This reform coupled with other recentralized arrangements on Chinese budgetary system “resolved the center’s budgetary problems at the cost of weakening local governments’ tax-collection capability. ... increased the expenditure responsibility of local governments” (Naughton 2018, 809).

As a result, the rounds of time-varying top-down institutional reforms on China’s fiscal system have led to the increasingly reliance of local governments on the budgetary transfers from higher levels of government and weakened their overall position in China’s fiscal system. As Naughton (2018, 789) acutely observes, Chinese “local governments never had an adequate revenue base after the 1994 fiscal reform, and the problem has become progressively more serious.” These escalated financial repressions imposed by the central government have further exacerbated the fiscal pressures of local governments. These budgetary pressures have greatly jeopardized their capability of administering locally-driven policy experimentations for market-oriented economic development or functioning other socioeconomic responsibility. In practice, to achieve the top-down mandated developmental goals in socioeconomic sphere, local authorities began to improvise coping strategies and resort to alternative sources for financial support. The most well-known ‘land financing’ is one of the policy innovations by which local authorities devised in responding to budget deficits.

As it reveals thus far that the state-led decentralization in an authoritarian regime introduces an apparent paradox to China’s political system and policy process. That is, the central government centralizes power in areas that are critically relevant to retain its control

such as the fiscal system on the one hand. Meanwhile, it deliberately diffuses considerable authority to local governments through decentralization and permits their policy innovations and improvisations in practice on the other hand, giving local governments substantial policy leeway and institutional rooms to leverage national policies toward the local priorities. These policy techniques render a highly centralized policy-making process at the top but at the same time a highly disjointed process in policy implementation at local levels, unfolding the adaptability of the party-state and the resilience of the authoritarian regime.

The discussion abovementioned has exemplified the changing mechanisms and the evolution of China's policy-making system during the reform era. While it profiles the basic contours of China's policy-making process in post-Mao era, this statist scenario is far from sufficient to provide a full picture. To deepen our understanding, it necessitates the search for the bottom-up source of dynamics in China's political economic development and bring state-society relations in our discussion. As such, in the following paragraphs, I take a historical review on the re-emergence of private entrepreneurs and the rise of private economy in China's reform-era, examining how the bottom-up entrepreneurial actions have progressively widened China's policy process and recalibrated state-business relations in China.

The re-emergence of private entrepreneurs and the rise of private economy in China began at the end of the 1970s when Deng initiated the market-oriented economic reform in China. However, it takes quite a long time for private entrepreneurs and the private sector to be conferred a legal status by the CCP-state. Chinese private economy has been evolving

alongside the deepening marketization in China during the reform-era and its development has thus been divided into two phases. The first phase ranges from 1978 to 1986, during which private entrepreneurs began to re-emerge; and the second phase started in 1987 and ended in 2011, during which the Chinese state promulgated a large number of laws, regulations, and policies to define private economy under the socialist economic system and legitimize the private sector. Despite that the Chinese central authorities have made certain policy adjustments or political reversals toward private business community during the second phase, it was during that time period that the private sector gained its legitimized status while private entrepreneurs' lawful rights were incrementally protected under China's legal frameworks.

In the beginning of the market reform, the top leadership was very vigilant to the ideological-oriented methodology in dealing with the private sector. In the inauguration of the third plenum of the Eleventh Congress in December 1978, the CCP clarified its position on moving toward the direction of socialist economic transformation. Entrepreneurship and private entrepreneurs began to re-emerge and engaged in some economic activities since then. Nevertheless, there were still no established legal frameworks to explicitly protect the economic interests and political rights of private entrepreneurs during most time of the 1980s. As such, the legitimization of private entrepreneurs and the lawful protection of the private sector have always been a challenging issue in this stage.

While a formally lawful protection of private economy is critically necessary and important for its development in the long run, the absence of such a legal framework in the early reform era does not necessarily mean that the Chinese leadership is as hostile to the

private sector as it was in the period of Mao's governance. On the contrary, throughout most of the 1980s, the Chinese reformists at the top and their advocates delivered a clear intention in their departure with Mao's ideological-based economic policy approach and made several moves in policies to accommodate the capitalist development on the ground. For example, as early as in its 1982 Constitutional amendments, the Chinese government defined the individual economy of urban and rural working people as 'complementary to the socialist state-owned economy' (*shehui zhuyi guomin jingji de buchong* 社会主义国有经济的补充). In addition, a group of five No. 1 policy documents²⁷ issued by the Central Committee of the CCP between 1982 and 1986 discloses the progressive manner of the Chinese central authorities on private economy (Huang 2008, 89-91). The promulgation of these No.1 documents reflects the efforts of the Chinese leadership in addressing various issues in the development of the private sector, through which the state permits the private sector's engagement in a broader range of sectors, ranging from agriculture to infrastructure construction (Huang 2008, 89).

This progressive gesture toward the development of the private sector and the laggard action in legitimization expose a paradox of the Chinese reformists in China's development.

²⁷ As it is illustrated, "the 1982 No. 1 document, the first of such documents, addressed private-sector development only in the context of agricultural production and marketing of agricultural products. The 1983 No. 1 document began to touch on the issue of private-sector development in nonagricultural activities, such as long-distance trade, rural processing of agricultural raw materials, access of rural residents to urban markets, and so on. The 1984 No. 1 document addressed the ideologically sensitive issue of employment by private-sector businesses, land contracting, reforms of rural credit cooperatives, deepening reforms of rural supply cooperatives, and rural industrialization. The 1985 No. 1 document abolished compulsory grain purchases by the state and instituted a contract system, permitted some interest-rate flexibility among rural financial institutions, allowed private mining, and opened infrastructural construction to private participation. The 1986 No. 1 document focused on some of the social consequences of the rapid private-sector development in the previous years, such as the rising income inequalities and the persistent rural poverty in some regions" (Huang 2008, 89).

As Huang (2008, 135) comments, “policy makers have to accommodate themselves to the economic reality on the ground rather than to forcibly impose their own visions.” On the one hand, while the central authority sought to develop a state-led market economy in China, it does not have all necessary resources and knowledge to handle the diversified issues of domains, particularly in those newly emerging areas. Meanwhile, the diffused authority in its decision-making structure and fragmented policy-making process make an encompassing central government impossible in practice. And the factional politics at the center between the Chinese reformists and orthodox bureaucrats impede the capability of the former in market reforms. As such, the Chinese state decided to re-activate the bottom-up dynamics of its local-level agents as well as dynamics in the societal sphere to boost up the national productivity and facilitate the transformation toward a market economy.

In that circumstance, the Party-state deliberately tolerated the re-emergence of the private sector and its informally invasion in China’s economic arena. Meanwhile, with considerable policy autonomy relinquished by the center, the local governments improvised various supportive policies and strategically encouraged the development of private economy. The emergence of Hanzheng Street (汉正街) in Wuhan, Hubei Province and its development as a famous national wholesale center, as Chow and Tsang (2012, 68) argue, best illustrate the role of local-level agents in the development of private economy. In this context, the private sector and individual economy²⁸ grew quickly, while the size of privately managed enterprises was still comparably smaller than that of the state-owned

²⁸ Literally, the official expression of private economy or privately managed economy (*siying jingji* 私营经济) in China was not available until October 1987 when it first appeared in the report to the thirteenth Party Congress and this political notion was soon later translated into legislation (Guiheux 2006, 223).

and collective-owned ones. As shown by the national statistical data that the annual output value of the individual-owned industrial increased from 0.08 (billion yuan) in 1980 to 30.85 (billion yuan) in 1986.²⁹

Nonetheless, the Chinese authorities, even the most pro-reform leaders, are vigilant to the bottom-up consequences from diverse newly emerging economic actors, especially those generated by the fully privatization. They often take a wait-and-see attitude or a learning-by-doing policy technique in dealing with issues relevant to private entrepreneurs. The private economy at this period has been thus defined by the Chinese state as a complementary component to the socialist economy. In that situation, while the CCP leaders “endorsed the idea of recruiting Party members from the private sector” as early as in 1981 (Huang 2008, 92), it is still rare cases in terms of private entrepreneurs’ political participation at that time. Moreover, in the early 1980s, the Chinese government placed restrictions on the size of private enterprises’ employment with the seven-person rule. As Lampton (2014, 34) proposes that “greater economic dynamism has meant that regulators are continually behind the ever evolving, ever more creative market-driven actors”. These top-down political motivations and policy strategies provide a statist rationale behind the evolution of private economy and economic change in China, as well as explain the slow moves toward establishing a legal framework in protection of the private economy in the early reform era between 1978 and 1986.

The second phase in terms of the evolution of the private sector in China is from 1987 to 2011, during which the Chinese leaders made successive revisions on the Constitution

²⁹ Source: China Statistical Yearbook 1992.

and promulgated sets of new laws and regulations to lift constraints on private enterprises and set up legal frameworks to protect the lawful rights of private entrepreneurs. Between 1987 and 1988, the Chinese government enacted a set of policies, laws, and regulations on private economy and private enterprises. In his report to the Thirteenth National Congress of the CCP on October 25, 1987, the then Chairman Zhao Ziyang made a specific pronouncement that was critically important to the development of the private sector, defining private economy as necessary and conducive component of China's socialist economy.³⁰ An important move then occurred on April 22, 1988 when the National Congress made a constitutional amendment on Article 11, stating that "the private economy is allowed to exist and develop within the Chinese lawful frameworks. The private economy is necessary and conducive that completes the public-owned economy under the socialist economic system. The lawful rights and interests of private economy are protected, supervised, and managed by the state."³¹ Later in June 1988, the State Council promulgated the "Provisional Act of Private Enterprise of the PRC" (中华人民共和国私营企业暂行条例), defining private enterprises as "profit-making economic entities that are owned by individuals and employ at least eight people." As such, private enterprises have been conferred a legal status at that time.

These regulations and policies enacted between 1987 and 1988 still did not touch upon the lawful protection of private property rights, whereas they have provided the

³⁰ (2013, December 25). Yuan, Li. The Constitutional Origin and Development of China's Basic Socialist Economic System (关于我国宪法确立社会主义基本经济制度的由来和发展). *People's Daily Online* (人民网). <http://theory.people.com.cn/n/2013/1225/c40531-23944507.html>

³¹ (2019, January 16). Luo, Zhongwei. (中国民营经济发展 40 年). *Sohu Online* (搜狐新闻网). https://www.sohu.com/a/289302087_114882

fundamental institutional conditions for the private sector's further development and represented the Chinese government's efforts in its pursuit of a market economy. If we follow a conventional wisdom of capitalist development in most Western democracies, an assumed progressive outcome in terms of the development of the private sector should come into being subsequently in the second stage. Nonetheless, China's economic growth and market reform do not always follow a gradualist trajectory. And so do the growth of the private sector and the development of private economy. The market economic transformation in China has brought some negative side-effects such as hoarding and profiteering, disorder in economic performance, and growing inequality since the second half of 1988. This then has consequently given rise to some societal backtracking toward private enterprises. Meanwhile, the central leadership began to crack down the private sector after the 1989 Tiananmen turmoil and resulted in the ideological stigma against private enterprises between 1990 and 1991. The CCP explicitly prohibited the new recruitment of private entrepreneurs and the top leaders did not attend forums organized by private entrepreneurs in the 1990s. This period is defined by Huang as "the Tiananmen interlude," during which the share of the private sectors declined from 21.4 percent between 1981 and 1989 to 19.8 percent (2008, 23). The political crisis of 1989 indicates that what matters the most to the Chinese Party leaders "is not the class origins of the members, but their ideology" (Guiheux 2006, 227). The Tiananmen event had immediately given rise to the decreased scale of production and popular credit in the private sector when "both economic and political actors faced uncertainty about the central government's commitment to continued reform" (Tsai 2002, 129).

The substantial political reversals on market reform and private economy were quickly halted. Beginning in 1992 when Deng made his famous Southern China Tour (南巡) in January, the market reform in China was revived again. In the following, I briefly profile some turning point events in the second phase of China's reform that are critically relevant to the historical development of the private sector and the political participation of private entrepreneurs in China. In October 1992, the central leadership clarified its goals of developing the "socialist market economic system" (社会主义市场经济体制) in the Fourteenth National Congress of the CCP, and reiterated that individual economy and private economy continued to be supplements of the socialist public-owned economy. In its Fifteenth Party Congress in September 1997, the CCP leaders "recognized private enterprises as an 'important element' (*zhongyao bufen*) of the Chinese economy," and later made a constitutional modification to formally define private economy as an important component of the socialist market economy in the National Congress on March 15, 1999 (Guiheux 2006, 224).

Jiang Zemin proposed the famous "Three Representations" (*sange daibiao* 三个代表) theory in 2001, in which he stated that "private entrepreneurs are now one of the new social classes (hierarchies), and they make great contributions to socialist society through their honest labor and lawful operation, bringing together workers, farmers, intellectuals, cadres and People's Liberation Army soldiers." Endorsed by the call from Jiang's theory, the Party leaders reconfirmed the legitimacy of the private sector, recognized private economy as advanced economy, and admitted the productive roles of private entrepreneurs in China's socioeconomic development. Later in 2002, the CCP passed the resolution on

the “Amendments to the Party Constitution” (《中国共产党章程(修正案)》), by which the CCP revived its customary exercise of recruiting Party members from the private sector. So far, these top-down actions have enhanced the political and social status of private entrepreneurs in China. However, these reforms have not touched on the most challenging issue yet — the private property rights. In March 2004, the National Congress of the CCP passed a constitutional amendment on Article 13, in which it replaced the ‘ownership rights’ with ‘property rights.’ As such, most of the lawful rights and interests of private entrepreneurs have been formally placed under the Chinese legal frameworks during the 1987-2011 period.

These top-down institutional reforms on the private economy have allowed private entrepreneurs engage in broader economic issues, while the CCP’s deliberative recruitment of Party members from the private sector facilitated the business community’s political participation and policy advocacy. The CCP leaders, thus far, have devised a “two-pronged strategy” that permits private entrepreneurs participate in China’s politics and policy process: one is the co-optation of selected entrepreneurs into formal political institutions such as People’s Congress or Political Consultative Congress; the other is the corporatist inclusion of entrepreneurs through grassroots-level organizations, such as selecting individuals to serve the village posts or civil servant positions at local-level administration (Guiheux 2006, 228-229). This top-down policy methodology on private entrepreneurs and the private sector reflects the resilience of China’s authoritarian regime and the adaptability of the Party.

Nevertheless, these progressive moves toward a private economy by the Chinese

leadership after 1992 do not necessarily imply that business environment has always been friendly to private entrepreneurs. For instance, while the Chinese state made a major move when it constitutional legalized the property rights of private entrepreneurs in 2004, an examination through a close scrutiny indicated that the private sector was still unequally treated in many areas such as financing and taxation. In the wake of financial crisis in 2008, as Nee's (2010) study shows that private enterprises have been "virtually excluded from direct support" in the massive economic stimulus program initiated by Chinese central government, while the money was channeled to "support mega-infrastructure projects and to state-owned enterprise" with preferential low-interest credit. Meanwhile, Haggard and Huang's (2008, 349-350) survey data shows even in 2001 "the year touted as a breakthrough for the private sector because of Jiang Zemin's invitation for capitalists to join the Communist Party, only 15 percent of private firms reported receiving formal finance."

As an interviewee comments that "financing has long been the biggest challenge that private enterprises in China face. The Chinese financial system has dominated by the state-owned banks who always concern about the reputation of private owners. They lack necessary experience and sophisticated skill to handle this problem, and thus are often reluctant to lend to private firms."³² While in recent years, the Chinese government has made some institutional reforms on the design of financial system such commercializing the state-owned banks, private enterprises are still suffering from the state's discriminatory policies. In a survey I conducted in August 2021, among the 596 company respondents,

³² Interview 20SX28, 08 November 2020.

only 14.8 percent reported bank loan as the primary source for the operation of their firms, while 57.4 percent private entrepreneurs surveyed reported the self-fund, either by their own funds (52.7%) or supported by the injection of venture/private capital (4.7%), as their primary source of funding. As the Chinese financial system has long been controlled by the Party-state, the allocation of financial resources may serve as “a good indicator of the fundamental policy orientation of the state” (Haggard and Huang 2008, 344).

However, capitalists are “inherently dynamic and unruly, never at rest, and certainly not well captured by notions of stable equilibria, path dependence, coordination problems, and neat institutional regulation” (Baccaro and Howell 2011, 552). Chinese private entrepreneurs are as adaptive as those in most Western democracies and be able to strategically survive the hostile business environment. For example, as most studies reveal that private entrepreneurs have devised various forms of financial innovations, such as private credit activities or financial brokering (Tsai 2002) and relied heavily on them to develop businesses. These innovative forms of informal finance, as illustrated by Tsai’s (2004) cases in China and India, are “imperfect substitutes” in the development of private economy. Moreover, in his study of the founding processes of private firms in three provinces of the Yangzi delta region — Zhejiang, Jiangsu, and Shanghai, Nee (2010) provides a picture of how the marginalized private producers in manufacturing sector in these localities innovatively decoupled from the state-controlled industrial sectors and established “the institutional matrix of competitive advantage” through the informally self-organized “industrial clusters.”

These stories depict the hardships undergone by Chinese private enterprises in the

reform era as well as how they “surmount formidable barriers to market entry and discriminatory policies of the state” (Nee 2010) to engage in China’s transformative economic development. This exemplified societal scenario in the landscape of China’s political economy reveals the dynamics of the private sector and the self-reinforcing power of private economy, bring “the state closer to society in ways not intended by the CCP” (Teets 2017, 127). However, the bottom-up dynamics and the entrepreneurial actions in terms of the capitalist rise and private entrepreneurs’ growing policy engagement in China do not necessarily dismiss the CCP-state’s resilience and the top-down accommodation in this process.

Taking the informal financing system in China as an example, while its emergence reveals the disadvantageous status of private entrepreneurs, this phenomenon also “indicates the government’s tolerance of a greater play for market forces and private decision making outside of its direct control” (Haggard and Huang 2008, 349). As Tsai observes that officials in Wenzhou and Hangzhou have long “generally maintained a hands-off attitude” toward various informal financing mechanisms such as private borrowing and credit associations as well as a number of informal loan-sharking activities, among which some were even illegal (2002, 128). In this respect, it is the Chinese state’s resilient governance and the adaptability of business that have contributed to the re-emergence of private entrepreneurs and the growth of the private sector during China’s reform era. As Huang points out,

“China’s growth experience is actually very conventional. Private ownership, financial liberalization, property rights security, and even some degree of constraints on the political rulers are as essential to China’s

economic success as they are to economic successes elsewhere.” (2008, 9, 104).

2.4 China in the Post-reform Era under Xi Jinping’s Leadership: Where Certainty Meets Uncertainty

Rooted in the historical context of China’s evolving political economy, the discussion above maps the evolution of China’s policy-making patterns and state-business relations in Maoist China and in the reform era. It provides a general picture of how the Chinese state adjusts its governance techniques to accommodate the changing socioeconomic contexts while also depict how private entrepreneurs act strategically and adaptively to survive different kinds of challenging environments in China. Now China is entering into a post-reform era since Xi Jinping came into power in 2012. Will the central authority continue the collective leadership model and consensus-building mechanism in its policy-making system when Xi concentrates much political power and promotes personality cult in China? How will changes in CCP’s governing techniques affect state-business and state-society relations in the Xi era? What implications do these changes have for China’s political and socioeconomic development? Seemingly, it is a bit early to reach firm conclusions on how Xi’s policies and practices affect China’s policy-making and state-business relations the long run. Nevertheless, a preliminary exploration on what the Xi administration is trying to do currently as well as how Xi’s policies and actions challenge the trends of the reform era in terms of China’s policy-making patterns and state-society/state-business relations may provide some takeaways for future studies on China’s political governance and socioeconomic development.

The post-reform era begins in 2012 when Xi’s administration came into being.

Seemingly, Xi and his followers still stand in line with the blueprint of the national reform packages since Deng. Xi has nevertheless taken the world by surprise by his successive concentration of political power and increasing tightening of state control over China's socioeconomic arena, with the repeal of the two-term limit on Party leaders as the most striking event. Xi's governance is defined by Heilman (2018, 205) as a "crisis mode," during which "decision-making procedures are abruptly centralized and dominated by the personalities of the top individual leaders." Meanwhile, although Xi does not actively prohibit the local-level policy experimentations, the accumulative re-centralization of power at the top as well as Xi's increasingly offensive foreign policies are placing government officials and private entrepreneurs under the renewed uncertainty and concerning about the direction of China's opening and reform policies. Following the central government's route of re-centralization, the provincial governments also tighten grip over local government officials below the provincial level.

Xi came to power at a time when the "structural reforms in the economy" were badly needed to "sustain China's rise," as Walder (2018, 31) observes. However, much evidence points to Xi's retreat from the reform trajectory and re-embracing the ideological legacy of Maoism, in comparison to his predecessors. The decision-making system is becoming more rigid due to the Xi's re-centralization of power. In political arena, Xi aims to "enforce the authority of the Party Center with respect to ministerial, regional, and business special interest" (Heilman 2018), while in social sphere, he attempts to re-ignite the ideological-oriented personality cult. And the drastic anti-corruption campaign launched by Xi have enhanced his reputation in public, facilitating him in fostering personality cult while

cracking down Party members who are in different factions. In this regard, during the post-reform era under Xi's leadership, "political objectives, such as enforcing domestic discipline and pursuing great power diplomacy in combination with military modernization, took precedence over economic restructuring" (Heilman 2018, 200).

In addition, Xi's administration proposes a "New Normal" (新常态) mode toward China's development, by which the CCP turns on new sources of legitimacy to anchor its authoritarian survival. As such, the central government develops a new multi-dimensional developmental initiative — namely, "Five-in-One" (五位一体) initiative — that emphasizes the simultaneous development on economy, environment, culture, society, and political civilization in 2012. This initiative indicates that the CCP shifts from the growth-at-all-costs agenda in the reform era to a new agenda that calls on the joint forces in delivering a widening set of developmental goals in the post reform era under Xi's leadership. This CCP's grand plan has recalibrated the central-local relations in China, imposing multiplied and challenging developmental goals on local agents.

However, given that the growing restrictions on locally-driven decentralized initiatives and policy innovations are severely impairing the political dynamics of local government units, impeding the capability of local authorities in progressively carrying out various local-based projects and programs. As Heilman observes,

"from 2013 to 2016, widespread uncertainty was felt in many party and government bodies below the Party Center regarding whether decentralized initiatives were desirable and could be pursued without any political risks. This wait-and-see attitude put the brakes on implementation of many reforms that had been announced by party headquarters" (2018, 205-206).

In that situation, local authorities are decreasing their tolerance on bottom-up innovations

and activities triggered by private entrepreneurs. Meanwhile, under the anti-corruption campaign, Chinese officials are cautious about the direct and informal interactions with private entrepreneurs to avoid unnecessary risks to their political career. In that situation, private entrepreneurs are increasingly turning on alternative low-risk means at the outset, such as business associations, think tanks, and other intermediaries, to strategically engage with the Chinese officialdom.

At the same time, this new multi-dimensional initiative has enabled the central government to wield political influence over socioeconomic domain in a widening scale, ranging from economic affairs to environmental issues. In particular, the Chinese state under Xi's leadership is increasing the governmental intervention on private economy. Under the new initiative, the development of private enterprises is embedding in a framework of "Common Prosperity" (共同富裕) — an initiative raised by Xi in the tenth conference of the CCP's Central Financial Committee on August 17, 2021,³³ entails private entrepreneurs a broader social responsibility in facilitating the government achieving Xi's proposed "China Dream" (中国梦).

The next day on August 18, 2021, Tencent (腾讯), one of China's giant private enterprises in internet sector, announced its decision of initiating the "Special Programme on Common Prosperity" with 50 billion RMB. At the same time, tycoons of the primary Chinese internet companies, such as the ByteDance (字节跳动), Xiaomi Corp (小米), Pinduoduo (拼多多), and Meituan (美团), also took actions in this direction, responding

³³ (2021, August 17). Xi Jinping Hosted the Tenth Conference of the CCP's Central Financial Committee (习近平主持召开中央财经委员会第十次会议). *Xinhua News*. http://www.gov.cn/xinwen/2021-08/17/content_5631780.htm?jump=false

to the state's "Common Prosperity" objective. In addition, the central government calls for the integration of the private sector into China's "Targeted Poverty Alleviation" programme (*jingzhun fupin* 精准扶贫), an initiative raised by Xi in 2014, to assist the state accomplishing the goal of eliminating poverty in China. It is reported that until the end of 2018 there were more than 70 thousand private enterprises participated in the "10,000 Enterprises Help 10,000 Villages" project (*wanqi bang wancun* 万企帮万村).

Moreover, to ensure that the Party-state plays a role inside private enterprises as well as consolidating the Party's ruling status, the CCP reprioritized the party building project under Xi's leadership. In March 2012, the Party's organization department issued a document "calling for the party to 'comprehensively cover' the private sector," and since then party branches in private enterprises increased dramatically with "their mission shift towards a strengthened role in Human Resources and Management."³⁴ In 2016, "Xi chaired a national meeting that cleared the way for a more expansive role for the party in enterprise," and it is reported that "68% of China's private companies" had established or already had party units in that year.³⁵ Later in 2018, according to the new issued corporate governance code, the Chinese government required that all "listed firms, at home and abroad, to include in their internal guidelines an expansive role for the party. Many Chinese companies listed in Hong Kong also wrote the party's role into their articles of

³⁴ (2021, 26 January). Influence Without Ownership: The Chinese Communist Party Targets the Private Sector. *Institut Montaigne*. <https://www.institutmontaigne.org/en/blog/influence-without-ownership-chinese-communist-party-targets-private-sector>

³⁵ (2019, 25 July). McGregor, Richard. How the State Runs Business in China. *The Guardian*. <https://www.theguardian.com/world/2019/jul/25/china-business-xi-jinping-communist-party-state-private-enterprise-huawei>

association.”³⁶

This renewed policy package raised by Xi’s administration implies “the CCP’s hope of experimenting and weaking its way out of many simultaneous crises, in order to avoid a more fundamental transformation of the political system” (Ang 2021). However, the increasing re-centralization of authority at the top, Xi’s personalized policy-making process, and the growing governmental intervention in market activities are in fundamental conflict with the growing demands for decentralization and liberalization from both political and economic actors, exposing a paradox of China’s political-economy development in the post-reform era. As Heilman warns,

“as other East Asian late industrializers have experienced, economic and social diversification cannot be guided top-down in an increasingly complex and sophisticated economy and society that require decentralized information flows and bottom-up innovations for further development. The politically difficult task for all East Asian governments has been to organize this unavoidable retreat in a phased and timely manner” (2018, 143).

While Xi’s embark on power is substantially changing China’s political and socioeconomic landscape, it still awaits further observations and studies on whether his reconfiguration of the national development plan recalibrates China to the trends under Mao’s governance, or he will sustain the governance techniques and collect leadership established during the reform era since the end of the 1970s. As Heilman (2018, 205) observes that China’s domestic political development has typically revolved around the cycle of “tightening and loosening of top-down control” since 1978. Although the Chinese

³⁶ (2019, 25 July). McGregor, Richard. How the State Runs Business in China. *The Guardian*. <https://www.theguardian.com/world/2019/jul/25/china-business-xi-jinping-communist-party-state-private-enterprise-huawei>

top leaders during the 1978-2011 reform period had permitted for decentralized flow of authority, policy innovations, and socioeconomic diversity, they “sometimes then had to try to recapture at least partial central control when deviations became too great and the loss of central authority too extreme in key areas such as central revenue” (Lampton 2014, 20-21). The much policy reversals in the processes of the market economic transformation, such as the 1994 fiscal reform, and the central authority’s subsequent recalibration best illustrate that “governance and leadership in China have had considerable continuity throughout the reform era” (Lampton 2014, 48).

In the current situation under Xi’s leadership, while decentralization and market-oriented economic reform in China is now in danger of weakening due to the central authority’s policy reversals, it seems that Xi and his followers know well about the importance of the symbiotic development between the Party-state and the economy in maintaining the state’s political dynamics and the party’s resilience. The CCP’s adaptability has rendered Xi’s administration as pragmatic as his ancestors in making policies on China’s development. For example, Xi had invited “a selected group of private entrepreneurs, including Tencent’s Ma Huateng (also known as Pony Ma), for a meeting ... to reassure them that they were ‘all part of our family’ . At the same time, a surfeit of stories appeared in the official media urging banks to lend private firms more money,” when China was suffered from the economic slowdown and the trade war with the US in 2018.³⁷ As such, recognizing the regime resilience and Party adaptability is one key to the

³⁷ (2019, 25 July). McGregor, Richard. How the State Runs Business in China. *The Guardian*. <https://www.theguardian.com/world/2019/jul/25/china-business-xi-jinping-communist-party-state-private-enterprise-huawei>

understandings of the dynamics of China's authoritarian political system and the CCP's enduring governance.

Nevertheless, "adaptation will not automatically occur but may triggered and shaped by specific pressures" (Ang 2016), and these pressures may come from multiple dimensions in both the state and society. At the current time when China is rapidly trending toward developing a digitalized economy, enormous changes are taking place, under which the traditional foundations of state-business interactions tend to crumble while new sources are coming into being. This will definitely affect the political-economic development and recalibrate the state-business relations in China. The Chinese central leadership's pursuit of the technology-driven economic develop model coupled with the technological dynamism embedded in the private sector are generating new sources by which the state and business actors may compete to strengthen their respective bargaining power in the daily interactions. Meanwhile, it is also forming a new nexus on which the state and business may cooperate relating to some development issues, such as environmental protection and technological-based industrial upgrading. In this regard, the development of high-tech-based digitalization under the Xi era is providing a new meeting ground where institutionalization and marketization could complement.

2.5 Discussion

Drawing the existing studies of China's policy-making and state-business relations while rooted in the historical trajectory of China's political economic development, this chapter follows the time sequence to profile the basic contours of China's policy-making

system and the development of private economy. It concludes that while distinct to some ways, China's policy-making from Mao's governance to Xi' leadership has always followed a "guerrilla mode," with "a change-oriented 'push-and-seize' style that contrasts with the stability-oriented 'anticipate-and-regulate' norm of modern constitutional governments and rule-of-law polities" as the defining features (Heilman 2018, 34). As the ruling Party in China, the CCP has been unexpectedly resilient in governance methodology when responding to crisis and challenge rising in the process of marketization. It allows deviation and has been able to strategically deal with issues relevant to China's socioeconomic development. The political co-optation of private entrepreneurs in China's consultancy system has borne this out. These core characteristics and governance model in China's political regimes "continue to shape present-day policy making and have contributed to the flexibility, and volatility, of Communist Party rule" (Heilman 2018, 34).

While the resilience of the Chinese authoritarian regimes and the efforts of the CCP to manage the contracting relations with private entrepreneurs are one of the keys to understand China's market-oriented economic growth and the increasingly widening policy process, adaptation will not automatically occur and can only be triggered by specific pressures (Ang 2016). In addition, state-society relations in any social formation form and develop within a system that "preexists naturally in which all other forms of social, cultural, economic, and political interaction are embedded. ... States are not central to the creation of embedded networks ... [but] are embedded in them" (Haggard, Maxfield, and Schneider 1992: 55). In this regard, any policy change and institutional transformation not only require the actions of political elites, but necessarily being influenced by actors

and activities outside of the state spectrum. While the state and society operate in distinctive trajectories, how they articulate with one another as well as to what extent they reach in a specific equilibrium affect the direction of change in political institutions over time.

The Chinese case has provided an observable real-world example of how the state develops a capitalist economy under a socialist governing regime. It also profiles how members from both the state and society “test and constantly push the limits of the status quo and seize every possible opportunity to change the situation to their advantage” (Heilman 2018, 4). As the Chinese scholar, Zhou Li’an (2007), asserts that China’s development has followed an unorthodox “officialdom + market” (*guanchang + shichang*, 官场+市场) model, and he explains that the resilience of the CCP-state lies in the central authorities’ deliberate acquiescence in local officials’ improvised policy techniques and their hands-off attitude toward the bottom-up entrepreneurial exercises. As Tsai (2004, 1503) observes that despite that “local-level political and economic dynamics fundamentally mediate [China’s national] developmental outcomes,” these experimental practices in the local level have fostered a decentralized market where private entrepreneurs have been able to run business and find leeway to tilt policies toward their interests. These day-to-day interactions between local agents and the business community have allowed the Chinese state to monitor China’s economy and take use of the societal resources on the one hand, while provided private entrepreneurs opportunities to exert influence on Chinese policy-makers. As Heilman points out that China’s political dynamics and policy innovations have lied “in the entrenchment of collusive networks between local

officials and entrepreneurs” (2018, 99). As such, it is the co-evolutionary development between the state and society that has delivered the outcomes of the simultaneous development of institutionalization and marketization, as well as tilted the pluralist policy-making process in contemporary China.

However, as the Xi administration has brought power re-centralization to the fore once more, we need to observe how these retreats affect and shape policy-making patterns and state-society relations in contemporary China. Will the CCP sustain the constitutive features of collective leadership and consensus-building mechanism in policy-making in the Xi era? How do changes in the Party-state’s governing techniques impact the political system’s performance in China? Will Xi’s re-centralization strategy reshape state-business/state-society relations in China, and how will the Chinese society react? Will the Chinese state retain a specific equilibrium with the society in the Xi era? Even though current scholarship has already provided an array of theoretical models and empirical analyses on policy research in China, all those questions above have still remained underdeveloped and need to be addressed. And we should avoid “creating the illusion of static equilibrium as an empirical or ideal condition” (Streeck 2009: 1) in both the current and future studies.

Chapter 3

UNVEILING BUSINESS LOBBYING IN CHINA: WHERE TOP-DOWN MEETS BOTTOM-UP

3.1 Introduction

The market-oriented economic reform since the 1980s have greatly changed China's political and socioeconomic landscape, creating a multilayered institutional environment where non-state actors engage and exert influence in China's policy-making process. While those societal players "may not have substantial political power" to have the final say in China's policy-making system, their "multiple bottom-up policy initiatives and influences at various levels and in the policy implementation process have effectively changed the contours of public policymaking in China" (Hsu and Wang 2021: 198). Existing scholarship has captured the increasingly widening process and the pluralist participatory mechanism in China's policy-making process (e.g., Lieberthal and Oksenberg 1988; Mertha 2009; etc.), and thus developed various theoretical models to investigate the rationales behind these changes as well as examine how these changes affect state-society relations in China.

In the field of China's policy research, private entrepreneurs, amongst the diverse groups of non-state policy actors, have drawn scholars' attention. Given the difficulties of directly observing how private entrepreneurs engage in the policy-making process in Chinese authoritarian context, scholars often have to find some points of entry. And among varieties of formal and informal political participatory channels within the Chinese

business community, business associations³⁸ — a conventional type of policy advocacy channels by which private entrepreneurs often use to deal with Chinese officialdom — have provided Chinese specialists an alternative window to look into how private entrepreneurs interact with the state in China’s policy process. As the literature reveals in chapter 2, current scholarship has provided varieties of theoretical insights and analytical approaches to understand the Chinese business associations and their roles as state-business intermediate organizations. Nevertheless, a closer examination through the lens of the tripartite-embeddedness state-society interaction model reveals that there are much more nuances in this area of study that need to be investigated. However, much the current scholarship either focuses on the two-party interactions between the state and business or between the state and associations, or pays special attention to the organizational autonomy of Chinese business associations in term of their performance in joining the civil society. Yet, with a few exceptions, a less noticeable but equally important three-party interactions within the Chinese business association community and the impacts on business lobbying and policy-making in China remain understudied, and thus necessitates a revisit in this research realm.

In addition, the Chinese government recently implements top-down institutional reforms that stipulate a vast majority of business associations to decouple from their

³⁸ In China, there exists various business organizations, initiated either by the government or by societal actors for different purposes. They are given different names and carry out different functions. Some are called business associations; others are named as trade unions or chamber of commerce. To facilitate the analysis and avoid unnecessary misunderstanding, the term “business associations” in this chapter includes all industry associations/industry-specific associations, trade associations/trade unions, and chambers of commerce, etc., although these organizations do differ in their associational functions in practice. And these terms are sometimes used interchangeably.

competent ministries/government departments. As a result, changes that emerge within the Chinese business association community thereby raise new challenges concerned with the roles of business associations and changes in state-business interactions that take place through business associations in contemporary China. How do Chinese private entrepreneurs make use of the institutionalized mechanisms within the business association sector to develop lobbying and advocate for business interests? To what extent do business associations, as intermediate organizations, help private entrepreneurs build policy networks, develop lobbying, and shape the policy outcomes? How does the tripartite-embeddedness institutional engagement within the landscape of business associations affect the lobbying behavior and outcomes of private entrepreneurs? What do changes in business lobbying patterns and business-associational relations imply for state-society/business relations and policy-making structure in China? These questions thus far remain to be addressed.

Taking the research gap as a point of departure, this chapter joins these debates as well by revisiting the Chinese business association community. It employs a tripartite-embeddedness state-society interaction analytical framework to look into how policy players from the Chinese state, the business community, and intermediate organizations interconnect and shape China's policy process. This study departs from the conventional practice in state-society/business studies of using two-party interaction framework as an analytical approach. It instead focuses on the three-party interactions among actors from the state, the business community, and business associations in terms of private entrepreneurs' lobbying. This study argues that China's policy-making is not simply a top-

down process but a specific mix that involves the mutual interactions and reciprocal feedbacks between the state and societal participants. It theorizes that the lobbying patterns of private entrepreneurs have been shaped and reshaped by the tripartite institutional relationship among the state, the business community and intermediate organizations while the policy advocacy outcomes of private entrepreneurs hinge heavily on the trade-offs among these three groups of policy players.

As such, this tripartite-embeddedness state-society interaction framework provides an alternative analytical model to re-examine the role of business associations in private entrepreneurs' policy advocacy as well as changes in business lobbying patterns, and thus advances our understanding on the evolving state-business relations and the dynamics of policy-making in authoritarian contexts. The objectives of this chapter are: (1) to distinguish the basic lobbying patterns of private entrepreneurs; (2) to document the changes in terms of business associations' role in state-business interactions and business lobbying; (3) to identify underlying factors that are associated with business policy influence that takes place through business associations; and (4) to assess the width and depth of business influence in China's policy process.

This chapter is organized as follows. Drawing upon the extant literature on business associations and business lobbying in China as well as my observations from the fieldwork in China between October 2019 and August 2021, I develop my six hypotheses (H1–H6). I then empirically test these hypotheses by drawing primarily on data from the online survey toward 596 private entrepreneurs in China in August 2021. These quantitative works coupled with several extensional analyses, as tests to my hypotheses, help to identify

the lobbying methods and lobbying targets in private entrepreneurs' advocacy activities that take place through the Chinese business association community across space and over time. Results from these quantitative analyses expedite the identification of the evolving business lobbying patterns as well as changes within the Chinese business association community in terms of state-business interactions. Then, I present a number of findings on the basis of my quantitative analyses and draw some tentative conclusions. Findings and conclusions in this chapter so far are based heavily on quantitative analyses of substantial survey data, and thus may exemplify the snapshots on the moving picture of private entrepreneurs' policy advocacy and state-business interactions that take place through business associations in China. However, some findings challenge the conventional view on business associations and business lobbying in authoritarian regimes and contribute to existing literature in the realm of state-society relations and policy analysis research. Moreover, I take advantage of the interview data from my fieldwork in China between October 2019 and August 2021 by constructing several empirical case studies in chapter 4, as to offer complementary evidences and extensional analyses to further support my findings and conclusions in this chapter.

3.2 Variables and Empirical Hypotheses

As I seek to analyze to what extent private entrepreneurs could influence China's policy process with the assistance of business associations, my dependent variable (DV) is 'private entrepreneurs' policy influence that takes place through business associations'. The question (Q31) reads: *'Please rate based on your (company) experience, how often do*

business associations assist your company in terms of the following issues?’ allowing the responses never, barely, occasionally, often, or very often. Q31 is constituted by eleven sub-questions, among which the first three (Q31_1/Q31_2/ Q31_3/Q31_4) measure in which stage private entrepreneurs could participate in China’s policy process with the help of business associations (different levels of policy engagement) while the four in the middle (Q31_5/ Q31_6/ Q31_7/Q31_8) investigate to which level of government officials private entrepreneurs could reach under the help of business associations (the lobbying targets). And the last three sub-questions (Q31_9/Q31_10/Q31_11) examine private entrepreneurs’ policy influence that takes place through business associations. The levels of business’ policy influence (DV) are examined by analyzing that seen from the perspective of private entrepreneurs, how often business associations help their member enterprises influence China’s policy process.

Given the multiple-layered policy-making process in China’s bureaucracy, private entrepreneurs thus may engage in different layers of the policy process and take government officials at different levels as the lobbying targets. To facilitate my analysis, I define China’s policy-making as a three-dimensional process — the policy preparation dimension, the policy making/adjustment dimension, and the policy implementation dimension. Correspondingly, I conceptualize a three-dimensional business policy influence that takes place through business associations, as reflected by the last three sub-questions of Q31 — namely, persuading government amend relevant policy (Q31_9), persuading the government adopt business’ policy suggestions (Q31_10), and engaging in the formulation of relevant industrial policies/regulations (Q31_11). As responses toward the three sub-

questions (Q31_9/Q31_10/Q31_11) — frequencies private entrepreneurs influence China’s policy-making assisted by business associations — are original listed as nominal variables, I compute and transform them into a new scale variable.

Drawing upon the extant literature on business associations and business lobbying in China as well as the empirical observations from my fieldwork in China between October 2019 and August 2021, I develop six hypotheses (H1–H6), as presented below. These observational hypotheses point to the behavioral patterns of private entrepreneurs in policy advocacy that takes place through business associations across regions and industrial sectors, and offer a point of departure to derive a range of predictor variables (independent variables, IVs) that might be associated with business influence in China’s policy process (dependent variable, DV). These explanatory variables (IVs) are related to economic factor (H1), firm-specific factors (H2 & H3), the statist policy network factor (H4), and business association-specific factors (H5 & H6). To facilitate the further analysis, I classify the predictor factors (IVs) into three groups, as shown in Table 3.1 — namely, the group of statist factor (PEGR, BAGR, PEBE, and PartyMem), the group of firm-specific factors (PESize and PESect.), and the group of business association-specific factors (BALM, BAPro, and BACap).

Table 3.1 Descriptive Statistics

Variable Name	Description	N (Valid/Missing)	Mean	Median	Std. Deviation	Minimum	Maximum
BusPoInf (scale)	My dependent variable (DV) in this chapter, namely, private entrepreneurs’ policy influence that takes place through business associations	596/0	3.51	3.50	0.55	1.25	4.75
PEGR (scale)	State-business relations	596/0	0.56	0.50	0.25	0.00	1.00
BAGR	State-associational relations	596/0	3.81	3.89	0.49	1.67	4.78

(scale)							
PEBE (scale)	Business environment in which private enterprises operate	596/0	0.72	0.75	0.24	0.00	1.00
PartyMem (binary)	Whether or not private entrepreneurs are CCP-Party members	593/3	1.68	2.00	0.47	1.00	2.00
BALM (scale)	Methods/Strategies business associations devise and provide for their member enterprises in terms of business lobbying and state-business engagement	596/0	3.69	3.73	0.46	1.92	4.54
BAPro (scale)	Business associations' proactiveness ³⁹ in terms of facilitating state-business interactions or in advocating for the interests of their business members	596/0	3.87	4.00	0.50	1.57	4.71
BACap (scale)	Organizational capability of business associations: whether business associations regularly arrange activities for state-business interactions as well as business associations' professionalism in terms of their staffs and daily management in facilitating state-business engagement	596/0	3.92	4.00	0.56	1.67	5.00
PESize (binary)	Size of private enterprises	596/0	1.61	2.00	0.49	1.00	2.00
PESEct (binary)	Industrial sector(s) of which private enterprises are a part (here in this study, it particularly points to two sub-sectors in China's manufacturing industry, namely, traditional and high-tech industrial sectors	596/0	1.57	2.00	0.50	1.00	2.00

3.2.1 Business Policy Influence Across Regions, Over Firm Size and Industrial Sector

Much the current research in the field of comparative political economy studies have focused on the implications that demographic and socioeconomic factors have on political

³⁹ The independent variable “BAPro” (proactiveness of business associations) in this chapter concerns that seen from the perspective of private entrepreneurs (company respondents surveyed), whether business associations are actively engaging in issues related to state-business interactions, it particularly points to whether business associations are active in assisting their member enterprises to lobby the relevant Chinese government agencies or advocate/promote business policy interests in actual associational practices. The level of proactiveness of business associations (BAPro) in this chapter then is particularly observed and measured through quantitative analyses of responses from survey-takers on question 35 (Q35) in my questionnaire. The question reads: ‘Please rate the following services provided by business associations, based on your (company) interactions with them’ , allowing the five responses strongly disagree, basically disagree, somewhat agree, basically agree, and strongly agree. And Q35 is made up of 7 sub-questions that concern the primary services/activities provided/arranged by business associations in terms of business lobbying and state-business interactions. And for each sub-question, it allows the 5 responses abovementioned. To facilitate quantitative analyses of the level of associational proactiveness, I assign values to the 5 responses, with 1 as strongly disagree and 5 as strongly agree. Then, I transform each of the 7 sub-questions into 7 different variables by recoding the responses of ‘strongly disagree’ , ‘basically disagree’ , and ‘somewhat agree’ as 0 while for the responses of ‘basically agree’ and ‘strongly agree’ I recode them as 1. I then transform the 7 recoded variables into a new combined variable (NEWQ35_1) and compute it to get the descriptive statistic results, as shown in Table 3.7 (mean=3.87, minimum=1.57, maximum=4.71, range=3.14, n=596). Then, the statistic mean number is used to represent the level of proactiveness of business associations in this chapter.

development and governance technique in liberal democracies as well as in authoritarian regimes from a comparative perspective. As to China study, political economy scholarship has been more concerned with issues relevant to state-business interactions and the impacts that state-business engagement has for China's policy-making and institutional transformation. It presumes an internal connection and a positive correlation between the development of marketization and institutionalization, and the growing role of private business in China's economic and political arenas, as formulated below:

well-developed markets and enlightened government → cultivate healthy state-business relations and competitive business environment → the growth of private business and the growing willingness of economic elites in policy participation → actuate open-minded governments to widen the policy process with more participatory channels → the business community's policy engagement and influence increase.

This is the rationale proposed by current path-dependent theorists in explaining how private entrepreneurs progressively enter into China's policy arena, while state-centered and society-centric schools differ in the perceptions on the causal sequence between marketization and institutionalization.

Nevertheless, China's development does not always follow a gradualist pattern and linear path. Within the Chinese landscape, market-oriented economic growth and bureaucratic change feature apparently sharp tiers across space. The vast regional diversity and non-uniform rates of parochial political-economic development in China suggest that while private business and all other social organizations face a same authoritarian context, the local political environment and economic developmental pattern in which they operate differ widely. On the basis of the formula abovementioned, the scholarly works thus

assume a regional disparity in business lobbying patterns and influence in China's policy process. Based on these studies, I derive my first hypothesis for this chapter (H1).

H1: There exists regional variation in business' policy influence⁴⁰ that takes place through business associations in China. The more developed the regional economy and the stronger the market-supportive institutions, the more likely that private entrepreneurs could engage in policy process and gain higher policy influence in that region.

Moreover, existing research on state-business relations in China argues that some firm-specific characteristics matter in terms of business lobbying practice, among which firm size and industrial sector have received the most sustained attention and often been used by scholars to explain variations in business lobbying patterns and outcomes of policy advocacy. Studies have shown that firms that are of different sizes and industrial sectors vary in their lobbying capability and patterns, and thus differ widely in their influence in China's policy arena. Unger (1996: 811) proposes that large enterprises usually build organizational connections with government institutions that are in higher ranks and tend to "influence in a higher, larger sphere." Kennedy (2005) contends,

"size has decisively shaped companies' relative ability to influence public policy. ... The smaller the firm, the more circumscribed their involvement with government. Medium-sized firms typically meet mid-level ministry and senior municipal officials. ... Larger firms have more regular and senior access to government on a wide array of policy issues than smaller firms. ... in seeing that these policy debates turn in their favor ... in following their own preferences anyway."

Guthrie (1999) observes that firms in the electronics sector—one of the most intensely competitive industrial sectors in China—decreasingly draw on personal connections

⁴⁰ Here and in this dissertation, I use 'business' policy influence' interchangeably with 'Chinese private entrepreneurs' policy influence that takes place through business associations.'

(*guanxi*, 关系) in their contact with Chinese officialdom, while Kennedy (2005: 56) argues that “much the variation both in the ways government and business interact and in the outcome of their interaction (that is, which firms are most influential) are related to ... the sectors of which they are a part.” MacIntyre (1990: 248) asserts that the degree to which an industry to “command the sympathetic attention of policy makers” is related in part to its “strategic importance ... within the overall national economy.” These studies point to differences in business engagement and influence in China’s policy arena among different firm sizes and industrial sectors, based on which I derive H2 and H3.

H2: Firm size is positively related to business’ policy influence. The larger the size of the companies, the wider the range of their policy networks and political resources, and the higher the influence they may exert in the policy process.

H3: Industrial sector is a factor that significantly affects business’ policy influence. The more important the sector of which private enterprises are a part to China’s economic development, the more opportunities private enterprises have to engage in the middle-to-up stream policy-making process and shape the preference of senior policy-makers.

3.2.2 Does the Statist Network Building Matter in Authoritarian China?

Studying state-society/business relations in authoritarian regimes, the issue of societal actors’ connections to the state — either personal or institutional — is of special concern to scholars in existing studies. These scholarly works contend that the statist network is important and powerful currency for business actors and other social entities to get access to socioeconomic resources and gain political influence. Wolch (1990) argues that to achieve organizational goals and survive the authoritarian governance, associations in authoritarian contexts sacrifice some degree of autonomy and cooperate with the state.

O'Brien (1994: 101) presents that a societal association is "quite willing to sacrifice control of membership and opportunities to embarrass regime leaders to gain a measure of jurisdiction and organizational capacity." With regard to China, much previous scholarship argues that the business community and trade associations in China seek to build close linkages with and being embedded in the state system (see e.g., Nevitt 1996; Unger 1996; Foster 2001). Kennedy asserts that the connections with the Chinese officialdom "provide entrepreneurs access to scarce goods, credit, government and overseas markets, and protection from onerous regulations," whereas "using connections can be consistent not only with clientelism but with the pluralist or corporatist framework as well" (2005: 10, 55). By establishing a relationship of proximity with the Chinese state, businesspeople and associations enjoy the preferential treatment of government and get access to resources that originate in the state. Scholarly beliefs about the critical relevance of the policy network and institutional linkage with the Chinese state in the functional operation of business associations and in the self-defense of private entrepreneurs' interests offer a starting point to derive my fourth hypothesis (H4).

H4: Both state-associational relations and state-business relations are positively associate with business' policy influence. The closer the institutional linkages between private entrepreneurs or business associations and government agents, the higher the private entrepreneurs' policy influence.

3.2.3 Intermediary-specific Factors: How Do Business Associations Play A Right Card in Business Lobbying?

Much of the existing comparative politics research on the subject of state-associational relations assumes that in authoritarian contexts, there is less room for business associations to negotiate with the government due to their close ties with the state while

the willingness and capability of business associations in serving the interests of member enterprises are low. Then, this body of scholarly work contends that by embedding within the authoritarian state system, business associations are often dysfunctional in their representation function of business interest due to their alienation from the society and lack of organizational autonomy. Some scholars have documented how associational entities and social members are incorporated into and being a part of the authoritarian state system through various corporatist arrangements or consultative bodies (see e.g., Stepan 1978; Tien 1989; Collier and Collier 1991; Biddle and Milor 1998), while other scholars assert that the primary function of business associations and various associational groups in authoritarian regimes is to assist the state achieve diversified socioeconomic developmental goals (see e.g., Wolch 1990; Wade 1990; Evans 1995; Foster 2001). However, data from my online survey toward Chinese private entrepreneurs as well as from my interviews indicate a relatively higher frequency among entrepreneurs in terms of using business associations as the primary channels for policy engagement and advocacy, when comparing with that of other avenues, such as CPPCC/PC, think tanks, and direct contact/personal networks.⁴¹ In addition, Zhang and Lv (2019: 97) find that there is a growing tendency among private entrepreneurs who joined or prefer to join various types of business associations in China in the past few years, as supported by massive empirical evidence.

⁴¹ Based on final observations from 596 company respondents surveyed on question 22 (Q22), 222 (37.2 per cent) reported that they use business associations as main avenues for their regular contact with the government officials, obtaining policy information, or voicing their policy suggestions, followed by CPPCC or PC at national and local level (117, 19.6 per cent), government-based think tanks (112, 18.8 per cent), direct contact (94, 15.8 per cent), and personal network (44, 7.4 per cent), while 1.2% (7) survey-takers chose the answer 'do not know'.

The contrast between existing studies and the empirical findings on business associations in China thus presents a puzzle: if business associations have long been dysfunctional in representing and serving the interests of their business members, why the Chinese business community still increasingly uses business associations in their policy advocacy activities. This suggests that there must be some other factors within the Chinese business association community that may affect private entrepreneurs' motivation in work jointly with business associations in business lobbying and need to be further investigated. Yet, with a few exceptions, how exactly business members in an authoritarian context view the associational functions and use business associations as policy advocacy channels to influence China's policy process are not fully addressed.

The quantitative analysis on the basis of data from my online survey with 596 Chinese private entrepreneurs shows that there is a significant and positive statistical correlation between the predictor variable BALM (lobbying methods provided by business associations for business lobbying) and the dependent variable (DV, business policy influence that takes place through business associations) ($p=0.559^{**}$, $p<0.005$, $n=596$). Meanwhile, company respondents surveyed assigned a higher level of proactiveness to business associations in which they are members based on the actual associational practices and performance in business lobbying and state-business interaction (see Table 3.7). This suggests that business policy influence that takes place through business associations (DV) may be correlated with the lobbying methods provided by business associations as well as with the level of proactiveness of business associations. These details open a window into how business lobbying occurs within the landscape of Chinese business associations in

actual practice and help to derive my fifth and sixth hypotheses (H5 & H6).

H5: The lobbying methods devised and provided by business associations affect private entrepreneurs' lobbying capability as well as the level of influence that private entrepreneurs may exert in China's policy process. The more lobbying methods that business associations offer in state-business interactions, the more chance that private entrepreneurs may communicate with relevant policy-makers and thus the more likely that private entrepreneurs may exert and enhance their policy influence.

H6: Business' policy influence that takes place through business associations is positively associated with the level of business associations' proactiveness in state-business interactions. The higher the level of proactiveness, the more likely that private entrepreneurs may transmit their demands to relevant policy-makers and exert their influence in China's policy process.

3.3 Data Analysis and Results

I undertake several quantitative analyses to assess the explanatory power of the variables (IVs) and examine how they are associated with business policy influence (DV). Drawing on the final responses to the questionnaire from 596 Chinese private entrepreneurs, data is examined using bivariate correlation, cross-tabulations, independent-sample t-tests, and multivariate regression analyses. Through these quantitative analyses, I aim to examine whether, to which direction, and to what degree the explanatory variables (see Table 3.1) are (or not) associated with Chinese private entrepreneurs' policy influence that takes place through business associations (DV). In general, results from the bivariate correlation analyses show that 6 independent variables respectively reveal a statistically significant and positive correlation with the dependent variable — private entrepreneurs' policy influence that takes place through business associations (see Table 3.2). However, results of the multivariate linear regression analysis show that only two independent variables

(‘PEGR’ and ‘BALM’) significantly and positively predict the dependent variable (business policy influence via BAs).

Meanwhile, analyses of independent-sample t-tests (see Table 3.4) reveal that there is no statistical difference in the mean numbers of business policy influence between Eastern and Central China ($t_{(564)}=0.371, p= 0.711, p>0.05$) as well as between the top-tier city cluster and the new top-tier city cluster ($t_{(282,070)}=0.129, p= 0.898, p>0.05$). These results suggest that regional variation in terms of private entrepreneurs’ policy influence that takes place through business associations is decreasing. Or put it differently, business associations, seen from the perspective of Chinese private entrepreneurs, have been increasingly converging on their associational performance across regions with regard to their roles in facilitating business lobbying and policy engagement. In addition, independent-sample t-test fails to reveal any statistical difference in the mean numbers of business policy influence (via BAs) between traditional and (high)tech sectors of the manufacturing industry, whereas the t-test shows that there is a statistically reliable difference in the mean numbers of business policy influence (via BAs) between large-sized and medium-to-small-sized manufacturing enterprises (see Table 3.5, $t_{(594)} =2.063, p= 0.04, \alpha=0.05, md= 0.095$). I provide detailed discussion in the data analysis section regarding to these quantitative analyses, as tests to my six hypotheses.

Table 3.2 Correlations and Regression Statistics

IVs	Correlation		Regression	
	Pearson Correlations	Coefficients	Standardized Beta	Sig.
PEGR	0.404**	0.000	0.151	0.000
BAGR	0.455**	0.000	0.230	0.723

PEBE	0.394**	0.000	0.240	0.649
PartyMem	-0.051	0.219	-0.053	0.119
BALM	0.559**	0.000	0.421	0.000
BAPro	0.447**	0.000	0.023	0.721
BACap	0.375**	0.000	0.025	0.610
PESize	-0.84*	0.040	-0.066	0.056
PESEct	0.035	0.397	0.052	0.128
Note	N= 596, except for variable “PartyMem” *N=593. R=0.587, R ² =0.345, adjusted (n=593). **. Correlation is significant at the 0.01 level (2-tailed); *. Correlation is significant at the 0.05 level (2-tailed). R ² =0.335, DW=2.019. Multivariate Regression Coefficients are significant at the 0.005 level (2-tailed).			

Overall, findings from the quantitative analyses show a high level of state-business interaction frequency. Of the 596 company respondents in my survey, 55% (328) report that they often communicate with government officials during the course of the year, and this frequency increases a bit higher (60.7%) if I include responses that claim the “very often frequency” (34/596, 5.7 per cent) into calculation. Only 0.2% (1/596) has not interacted with the government and 0.2% (1/596) chooses ‘do not know’. With regard to the state-business interaction channels, one of the surprising findings is that the proportion of private entrepreneurs who frequently use business associations as the primary avenue in contacting with government agencies exceeds that of using the way of direct contact as well as using other intermediate organizations such as think tanks. Of 596 company respondents surveyed, 222 (37.2 per cent) reported that they use business associations as main avenues for their regular contact with the government in building trust with officials, obtaining policy information, or voicing their policy suggestions, followed by CPPCC or PC at national and local level (117, 19.6 per cent), government-based think tanks (112, 18.8 per cent), direct contact (94, 15.8 per cent), and personal network (44, 7.4 per cent), and 1.2% (7) claims ‘do not know’.

In contrast with previous studies that argue that big-business groups in China rely primarily on private networks or direct contact in dealing with Chinese officialdom rather than using business associations (see e.g., Odgaard 1992; Kennedy 2005), finding from my data analysis exemplifies a different scenario. It suggests that both large-sized and medium-to-small-sized private enterprises have increasingly acknowledged the role of business associations in state-business interactions. Of 231 company respondents from large-sized private firms, 27.7% reports that business associations are the primary channels of their company in contacting with the government, while the number for the way of direct contact is only 13%. The difference is even a bit huge in the group of medium-to-small-sized private enterprises in which of 365 company respondents, 43.3% has taken business associations as the primary channels in dealing with the Chinese officialdom, whereas the number for the way of direct contact is 17.5%.

These findings suggest that there is a growing tendency among Chinese private entrepreneurs who prefer to rely on the formalized and institutionalized mechanisms within the business association community to communicate with the Chinese officialdom and develop lobbying, whereas the use of informal channels and ways in terms of state-business interaction have been on the decrease. As an interviewee points out,

“as a business owner, I primarily concern about and concentrate on the development of my enterprise and making profits. Dealing with the government officials and the relevant affairs definitely distract my attention. It is time-consuming in most of the time. If business associations could fulfill their inherent responsibilities in these issues, I really would like to pay for and authorize them to handle it. As such, I could have more time and energy to do my business.”⁴²

⁴² Interview 21SD41, 26 April 2021.

As such, these observations challenge the conventional perceptions on business lobbying patterns in Chinese authoritarian context. But, how do private entrepreneurs engage with Chinese policy-makers and to what extent business actors influence China's policy process with the assistance of business associations? What are the key factors that affect the capabilities and outcomes of business policy advocacy that take place through business associations? Answers to these questions involve further behavioral examinations of business lobbying patterns that take place through business associations as well as structural explanations on the rationales behind.

3.3.1 A Puzzle: Different Localities, Similar Results

Existing studies on China's development have long been interested in the causal relations between institutionalization and marketization. Some argue that the diffusion of marketization and economic growth enable institutional transformation and development (e.g., Lipset 1959; Inglehart and Welzel 2005), while others hold that the establishment of inclusive and market-supporting institutions is a prerequisite for economic growth and development (see e.g., Skocpol 1992; Acemoglu and Robinson 2012). While divided sharply in their perspectives of the causal sequence of development, these scholars underscore an inherent correlation between institutional transformation and the patterns of economic development, suggesting the implications of economic factors to bureaucratic professionalism in China. They thereby assume a regional variation in terms of state-society/business interactive patterns, as regional disparities on economic development and bureaucratism foster different business environment while "variation in economic circumstances affects how business is politically organized and how great its level of

influence is” (Kennedy 2005: 9; see also Zhang 2007; Huang 2008; Unger and Chan 2008; Ang 2016). As such, in Chinese context, the lobbying practices and the level of policy influence of Chinese private entrepreneurs in developed regions are supposed to be different from those in late-developing areas, as assumed in my first hypothesis (H1). The formula prescribed by the existing frameworks abovementioned is summarized succinctly as follows:

*The more developed the economy ➡ the more professional and inclusive the
bureaucratism ➡ the more willingness of the government to leave space to
societal/business actors ➡ the more likely societal/business actors exert
influence in policy processes ➡ the higher the level of business influence in
China’s policy arena.*

However, interviews and discussions with private entrepreneurs, secretary-general of business associations, government officials and think tank experts in my fieldwork in China lead me to assume that business lobbying and state-business engagement patterns within the landscape of Chinese business association community are increasingly converging across regions. This empirical observation derived from my fieldwork provides evidence that counters against H1 which assumes that business policy influence that takes place through business associations (DV) changes across regions/cities in China. To further test this hypothesis (H1), I undertake a cross-regional comparison between Eastern and Central China as well as a cross-city-cluster comparison between the top-tier city cluster and the new top-tier city cluster with regard to business policy influence that takes place through business associations (my DV), based on data from my online survey to 596 private

entrepreneurs in China.

Considering the practical concern of fieldwork access and data acquisition from the online survey, it wouldn't have been feasible to compare all of the cities/municipalities from one region/city-cluster to another. As a result, comparisons across regions and city-clusters are based on data derived from my online survey in China that covers a number of samples of representative cities and municipalities within each region as well as within each city-cluster rather than all of the cities/municipalities in these regions/city-clusters. While this compromise is an unavoidable strategy that may involve arbitrary judgement over the representativeness of these cases, it nevertheless offers "invaluable points of reference in constructing comparisons" (Collier and Collier 2002: 15).

To ensure a close control over the comparisons, for each pair of case, the selected sample cities in one group exhibit major contrasts with their counterparts in other group over the level of economic development, as manifested by 8 key demographic and economic indicators (see Table 3.3). The 8 economic indicators, amongst a range of hard indicators, are often used as the key indicators by the major international agencies and development institutions such as the World Bank and the United Nations to gain a general insight into the level of economic development of a city/country/region. As shown in Table 3.3 below, samples in both Eastern and top-tier cluster are some of the most developed cities in China with higher GDP and fiscal capacity, while samples in both Central and new top-tier cluster are some of the cities that are less developed than those in Eastern China or in the top-tier city cluster in terms of economic development. As such, the selection of sample cities strives to ensure sufficient disparities over the level of economic development

between the two groups in each pair of cases to obtain more reliable conclusions.

Table 3.3 Level of Economic Development Across Regions and City-Clusters

	Mean			
	Regions		City-Clusters	
	(n=566)		(n=318)	
	Eastern (n=420)	Central (n=146)	Top-tier (n=147)	New Top-tier (n=171)
Population (10,000)	5841.3 (4578.8)	5408.8 (1489.7)	1674.9 (508.2)	1043.8 (313.3)
GDP* (100 million)	61000.1 (37815.0)	34202.4 (15181.7)	31020.4 (6861.1)	13083.1 (2600.1)
per capita GDP* (yuan)	116664.8 (38184.1)	60216.8 (16000.1)	170365.0 (22354.9)	102786.4 (64375.8)
Primary Industry (100 million)	2361.1 (2456.7)	2760.3 (1678.2)	123.6 (94.0)	248.4 (144.5)
Secondary Industry (100 million)	22851.9 (18373.1)	13832.9 (5902.1)	8241.0 (2509.6)	5160.0 (569.6)
Tertiary Industry (100 million)	35787.2 (18088.5)	17609.2 (7723.7)	22656.0 (6959.9)	7674.5 (2295.2)
Government Revenue (100 million)	7598.2 (3446.6)	2914.5 (526.6)	4613.2 (2392.4)	2983.6 (3365.5)
Government Expenditure (100 million)	10457.2 (4544.4)	6905.1 (1900.6)	5751.3 (2477.0)	3751.6 (4956.2)

Source: Data is collected from the 2020 Yearbook of each city or province and compiled by the author. Sampled cities and municipalities from my online survey in the group of Eastern China are Beijing, Shanghai, Tianjin, Nanjing, Wuxi, Jinan, Liaocheng, Guangzhou, Dongguan, and Shenzhen, while those in the group of Central China include Wuhan, Changsha, Taiyuan, and Jinzhong. Meanwhile, sampled cities in the group of top-tier cluster cover Beijing, Shanghai, Guangzhou, and Shenzhen, while those in the group of new top-tier cluster are Wuhan, Changsha, Nanjing, Tianjin, and Dongguan.

The disparities on the level of economic development between Eastern and Central China as well as between top-tier and new top-tier city clusters in selected cases (see Table 3.3), if following existing models central to our understanding of state-society/business relations in China aforementioned, should have affected business policy influence that takes place through business associations (the DV). In another words, if economic

circumstance has had an effect on how state-business interactions are currently practiced, then the difference in terms of the level of private entrepreneurs’ influence in China’s policy-making across regions/city-clusters should be evident.

However, results from the independent-sample t-tests (see Table 3.4) show that seen from the perspective of private entrepreneurs, company respondent surveyed in each pair of cases have reported a highly similar level of influence in China’s policy making under the assistance of business associations. T-test reveals no statistical difference in the mean numbers of business policy influence between Eastern and Central groups ($t_{(564)}=0.371$, $p=0.711$, $p>0.05$). So does that between the top-tier city cluster and new top-tier city cluster ($t_{(282.070)}=0.129$, $p=0.898$, $p>0.05$). It shows that the selected cases in each pair of datasets typically exhibit major contrasts over the level of economic development yet similar in the lobbying outcome (business policy influence that takes place through business associations). These results do not support H1 at all.

Table 3.4 Comparison on Business Policy Influence Across Regions and City-Clusters

	Mean			
	Regions		City-Clusters	
	Eastern (n=420)	Central (n=146)	Top-tier (n=147)	New Top-tier (n=171)
Business Policy Influence via Business Associations (DV)	3.50 (0.54)	3.52 (0.57)	3.47 (0.57)	3.46 (0.47)
Independent-sample t-test	$t_{(282.070)} = 0.129$ $p = 0.898$ $p > 0.05$		$t_{(282.070)} = 0.129$ $p = 0.898$ $p > 0.05$	

Notes: The standard deviation is in the parentheses. T-test is significant at the 0.05 level, 2-tailed.

This chapter’s selected samples fail to differentiate from their counterparts across the two regions as well as across the two city-clusters in terms of business policy influence

that takes place through business associations. This finding thereby is inconsistent with existing models of state-business relations in China and presents a puzzle central to our understanding of business lobbying practices and policy engagement in China. If regional disparity over economic circumstance isn't significantly associated the level of business policy influence that takes place through business associations, then navigation of factors that may affect business policy influence must extend beyond existing explanations and center instead on other explanatory factors of interests, as pointed out by the rest of the 5 hypotheses (H2 to H6) in this chapter.

3.3.2 Firm-specific Factors: Do Firm Size and Industrial Sector Matter in Business Lobbying?

The data was collected from company respondents (n=596) in private firms with different sizes that included large-sized firm (n=231) and small-to-medium-sized (n=365), as well as private firms in different sub-sectors of manufacturing industry that covered traditional sector (n=257) and high-tech sector (n=339). The descriptive statistics (see Table 3.1) show that the variable 'firm size' (PESize, M=1.61, SD=0.49) had a higher mean value than that of the variable 'firm sector' (PESEct, M=1.57, SD=0.50), indicating that there may be a difference in the mean values for business policy influence (dependent variable) between the two independent variables. To determine whether a significant difference in business policy influence (DV) exists, it necessitates a 2-independent-sample t-test.

An independent-sample T-test reveals a positive and statistical difference in the mean numbers between large-sized and medium-to-small-sized private enterprises in terms of business policy influence that takes place through business associations (my DV), whereas

a t-test fails to show any statistical difference in the mean numbers between traditional and (high)tech sectors of the manufacturing industry (see Table 3.5).⁴³ These T-test results suggest that my DV (Chinese private entrepreneurs’ policy influence that takes place through business associations) has been affected by firm size to some degree: the larger the size of their companies, the higher the influence that private entrepreneurs may exert in China’s policy process. This result then provides empirical evidence to support H2. Nevertheless, result from the T-test between two groups of industrial sectors also lead me to reject H3, which postulates that private enterprises in more advanced (such as high-tech related) industrial sectors are more likely to exert higher policy influence than those in traditional sectors (such as the labor-intensive manufacturing industry).

Table 3.5 Business Policy Influence by Firm Size and Industrial Sector

			N	Mean	SD	P-value
Without BA	Total Firm Size		596	3.382	0.529	N/A
		Large	231	3.385	0.447	t(569.625)=0.106 p>0.05
		Medium-to-small	365	3.381	0.575	
	Industry Sector	Traditional	257	3.380	0.567	t(594)=-0.112
		(High)tech	339	3.385	0.499	p>0.05
Via BA	Total Firm Size		596	3.506	0.551	N/A
		Large-sized	231	3.564	0.509	p=0.04, p<0.05
		Medium-to-small	365	3.469	0.574	
	Industry Sector	Traditional	257	3.484	0.573	t(594)=-0.848
		(High)tech	339	3.522	0.535	p>0.05

⁴³ I chose China’ s manufacturing industry and its two-subsectors in my survey and case studies mainly for its sectoral characteristics as well as its inherent strategic importance to China’ s economic development. On the one hand, manufacturing industry has laid the foundation of China’ s economic development and fast growth since its market reforms in 1980s and has long been the important economic sector in China’ s national economy. It is now among the most important strategic industries in China’ s innovative and digital economy. One the other hand, manufacturing industry encompasses a wide range of industrial sectors as its sub-sectors, ranging from traditional industrial categories to advanced ones, especially with the increasingly and deepening development of industrial integration. In this regard, while diverse subsectors in manufacturing industrial vary along with different economic lines, they have overlapped with one another in certain areas. As such, China’ s manufacturing industry reveals a cross-sectoral characteristics. This boundary-blurring as well as divergent feature enables findings from it to be more broadly generalizable to other industries. I made a detailed discussion on this in Chapter 1.

As such, the observation on the relations between the firm size factor (IV) and business policy influence (DV) support my second hypothesis (H2) while being in line with existing scholarship that concludes that as manifested by most cases in authoritarian contexts, the large-sized enterprises are often more influential over public policies than their medium-to-small-sized counterparts. Haggard, Maxfield, and Schneider (1992: 46) have identified the scenario in other countries similar to the China case where “large firms are likely to wield from their sheer weight in aggregate economic activities.” Field (1992) finds that the chaebol in Korea involve in a wide range of manufacturing activities and wield a substantial influence on government policy by the 1980s. Biddle and Milor (1992) observe that large firms in Turkish ready-wear clothing industry are able to manipulate the implementation of the country’s incentive and subsidy policy. And Cheng’s (1993) research has witnessed the big business influence over Taiwan’s financial sector. In contemporary China, large-sized companies still enjoy advantageous status over their medium-to-small-sized counterparts, either in engaging and influencing public policy or in tilting the direction of business associations toward their particular interests.

However, one of the interesting findings from my empirical analyses reveals that with the help of business associations, private entrepreneurs from both large-sized and medium-to-small-sized companies have reported that the level of their policy influence increases (see Table 3.5). It suggests that Chinese business associations strengthen the lobbying capacities of private firms of all sizes, although large-sized company members may wield more policy influence in the broad landscape of the business association community. This phenomenon may be understood as a result of business associations’ strategy. To avoid

being dominated by the large firms, it might be necessary for Chinese business associations to forge linkages with medium-to-small-sized business members. Moreover, empirical observations from my fieldwork in China also show that small enterprises focus more on policies or regulations related to specific business issues that may directly affect the interests of individual companies or individual industry sector, rather than concerning about macro-level policies/regulations that are relevant to the interests of the whole private sector. In addition, most of the time, private owners of small-sized firms are less active and sometimes even indifferent to public policy issues, being defined by Tsai (2007) as “avoidant” capitalists. Just as an interviewee states that “let’s the ‘giants’ do the job. It could be much better as a free-rider and follow the footsteps of large companies. I don’t think I am capable of anything to influence policy-makers. What I care about is my business and I only need to paddle my own canoe.”⁴⁴ These observations may partly explain the relatively less influential policy influence of medium-to-small-sized private enterprises than that of their large-sized counterparts, and provide additional support to prove H5.

3.3.3 Business Association-specific Factors: Lobbying Methods and Associational Proactiveness

3.3.3.1 Lobbying Methods: Do Business Associations Work Every Angle

The descriptive statistics (see Table 3.1) show that on average, the mean value of the variable ‘business associational lobbying methods’ (BALM) was 3.69 (SD=0.46, Minimum=1.92, Maximum=4.54), indicating that company respondents surveyed had reported a higher score on business associations’ lobbying methods. The survey reveals that 68.6% (409/596) company respondents agree that business associations often arrange

⁴⁴ Interview 20SX27, 08 November 2020.

various kinds of events and create opportunities for state-business interactions. In addition, 27.5% (164/596) sometimes agree, while only 3.9% (23/596) disagree this statement. In general, business associations in China have developed diverse kinds of methods for bridging the state and business as well as facilitating their interactions. Within the landscape of the Chinese business association community, there are varieties of methods/strategies by which private entrepreneurs could be able to employ in terms of their regular interactions with the government officials.

As displayed in Table 3.6, I classify the lobbying methods devised and offered by business associations into five categories based on formality and consistency. Formality refers that private entrepreneurs engage government agencies through formal institutional linkage rather than contact individual officials by personal connection. While this kind of state-business interaction might be implemented in the form of closed-door forums or off-the-record meetings, the official communication instead of informal individual ties between officials and businesspeople enable it a formal interaction. Given that business associations are officially registered formal entities in China and connect with the government institutionally, I thus conceive of various lobbying methods below that are explicitly enforced within the setting of business associations as formal strategies. Although it's very likely that informal individual engagement and lobbying involve in state-business interactions in the context of business associations, exploration of this is beyond the discussion of this research.

Consistency speaks to whether business associations use these lobbying methods as stable and regular patterns to arrange state-business interactions. While lobbying methods

may involve associational activities being organized on an ad hoc basis, they are defined as consistent as long as they are stable channels for state-business communication. For example, empirical evidence from both the survey (see Table 3.6) and interviews show that the bilateral policy-related workshops or forums between businessmen and government officials are one of the most frequently used methods by business associations in arranging state-business interactions. Although business associations usually do not set a specific schedule for this sort of activity, it is a pattern that is regularly used for state-business interactions and thus defined as a consistent form. As such, this classification of lobbying methods/strategies within the Chinese business association community according to formality and consistency facilitates the examination of ‘BALM’ (lobbying methods provided by business associations for business lobbying) — one of the underlying factors that may affects my DV (business policy influence that takes place through business associations) — as test to my fifth hypothesis (H5).

Table 3.6 Lobbying Methods⁴⁵ within Business Associations (%)

Lobbying Methods		All Sample	Industry Sector		Firm Size	
			Traditional	(High) tech	Large	Medium-to-Small
On-the-spot Strategy						
Formal & Inconsistent	Pays visit to companies with officials;	62.1	61.5	62.5	63.2	61.4
	Assisting government to solve enterprises' problems by 'working	59.6	61.9	57.8	58.4	60.3

⁴⁵ As to the lobbying methods/strategies, the analyses are based on responses from company survey-takers on Q37 in questionnaire. The question (37) reads: ‘*Please rate the following statements, based on your (company) interactions with business associations*’, allowing the responses never, barely, occasionally, often, very often. There are 14 sub-questions within Q37, which outline most methods/strategies business associations devised and provided to their member enterprises in terms of policy advocacy and state-business engagement. This question (Q37) also allows me to statistically assess the frequency of state-business interactions that take place through business associations. To facilitate independent-sample T-test analysis as well as other extensional analyses, I transform the 14 variables (sub-questions) in Q37 into 14 new variables, with an assigned value 1 for responses of ‘often’ and ‘very often’ and value 0 for responses of ‘never’, ‘barely’, and ‘occasionally’. As such, the figures in this table are calculated based on analysis of survey-takers’ responses toward ‘often’ and ‘very often’.

	on-the-spot’;					
	Airfone Strategy					
Formal & Consistent	Orally transmits entrepreneurs’ opinions to policy-makers;	58.9	59.9	58.1	62.8	56.4
	Gathers and submits entrepreneurs’ suggestions in written form;	61.6	61.5	61.7	64.5	59.7
	Go-between Strategy					
Formal & Consistent	Hosts policy-related workshops between officials and entrepreneurs;	61.6	61.9	61.4	60.2	62.5
	Hosts government-business banquets;	37.2	37.4	37.2	36.8	37.5
	Establishes internal WeChat groups between officials and entrepreneurs;	63.4	65.8	61.7	64.9	62.5
	The Third-party Strategy					
Formal & Inconsistent	Organizes events among scholars, officials, and entrepreneurs;	58.1	61.5	55.5	57.1	58.6
	Invites scholars/experts and entrepreneurial representatives in making/ amendment of industry standards;	56.2	55.3	56.9	60.6	53.4
	Promotes business-think tank research cooperation;	59.2	60.7	58.1	62.8	57.0
	Supports business policy idea by scholars’ academic works	60.4	58.8	61.7	63.6	58.4
	Spreads enterprises’ policy ideas through media;	63.3	63.8	62.8	64.5	62.5
	Policy Information Provision and General Services (non-lobbying relevant)					
Formal & Consistent	Hosts policy interpretation among entrepreneurs;	65.9	65.0	66.7	65.4	66.3
	General services such as vocational training, legal consultation, etc.	65.3	70.0	61.7	61.0	67.9
Mean		3.69 (0.46)	3.70 (0.46)	3.68 (0.46)	3.73 (0.40)	3.67 (0.49)
Independent-sample T-test		N/A	t(594)=0.646 p>0.05		t(558.592)=1.580 p>0.05	

Note: N=596. T-test is significant at the 0.05 level, 2-tailed.

Existing scholarship has observed that business associations “influence the process of decision-making through regular working meetings and occasional policy discussions with the government economic sectors” (Chen and Huang 2017: 12). While most conventional lobbying methods in Table 3.6 have still been frequently used in state-business interactions in China, various new strategies abound that may recalibrate business lobbying behaviors and state-business interaction patterns, leaving much space for scholars’ future research in

this field.⁴⁶ Amongst the newly emerging lobbying methods/strategies devised by business associations, WeChat (*weixin*, 微信) private groups between government officials and private entrepreneurs have increasingly becoming the most commonly used ones. Unlike other conventional forms of lobbying methods, this new type of lobbying strategy offers an alternative route for state-business interaction that is more stable, consistent, and convenient but less costly. Almost all interviewees—private entrepreneurs and government officials—told me that they have been invited to join into different kinds of WeChat groups initiated by relevant business associations. As a private owner who runs a Beijing-based company has commented,

“It’s very useful. We can communicate our concerns and problems with relevant officials who are also in this WeChat group in a timely manner. And there are staffs from business associations in this online group who are responsible for collecting information or idea of entrepreneurs and reporting to relevant government agencies and official in written forms. For instance, a business association in which my company participates often transmit the policy suggestions of enterprises to Ministry of Commerce.”⁴⁷

The quantitative analysis shows that the predictor variable ‘BALM’ (lobbying methods provided by business associations for business lobbying) is positively and significantly correlated with the dependent variable (business policy influence that takes

⁴⁶ In its ‘Implementation Opinion of National Development and Reform Commission (NDRC) on Establishing and Completing Mechanism to Facilitate Entrepreneurs’ Participation in the Making of Business-related Policy,’ NDRC lists various forms of methods by which the government and competent departments could employ to obtain policy suggestions of entrepreneurs—for example, forums, on-the-spot visit, investigation through survey, letters in written form, door-to-door service, individual-structured interviews, public hearings, and big data analysis, etc. This document also emphasizes the role of business associations (including FICs, trade unions, business or trade associations, consulting firms) in the stage of policy implementation. It requires that business associations, as the third-party entities, should actively and timely invite entrepreneurs to participate in associational activities or events to learn about business opinion and assessment on the implementation of these business-relevant policies.

https://www.ndrc.gov.cn/xxgk/zcfb/tz/201909/t20190917_1181921.html?code=&state=123

⁴⁷ Interview 20BJ16, 10 October 2020.

place through business associations) (see Table 3.2, $p=0.559^{**}$, $p<0.005$, $n=596$). As shown in Table 3.2, seven independent variables (PEAtt, PEGR, PEBE, BALM, BAPro, BAGR, and BACap) are statistically and positively correlated with the dependent variable (business policy influence via BAs), whereas the variable ‘BALM’, amongst other independent variables, shows a relatively larger positive significant association with the dependent variable. Moreover, a multivariate linear regression analysis reveals that the DV (business policy influence via BAs) is only significantly and positively associated with two of the seven variables — ‘BALM’ and ‘PEGR’ ($F_{(583)}=34.114$, $p\leq 0.000$, $R^2=0.335$, adjusted $R^2=0.335$, $DW=2.019$). Meanwhile, the variable ‘BALM’ shows a relative higher explanatory power (standardized $\beta=0.447$) than that of the variable ‘PEGR’ (standardized $\beta=0.161$).⁴⁸

These results provide support for H5, which assumes that ‘the lobbying methods devised and provided by business associations affect private entrepreneurs’ lobbying capability as well as the level of influence that private entrepreneurs may exert in China’s policy process’. It suggests that the capability of private entrepreneurs in business lobbying and policy advocacy that take place through business associations is affected heavily by the lobbying methods/strategies and the state-business interaction frequency that business associations offer. The more lobbying methods that business associations can offer for state-business interactions, the more likely that private entrepreneurs may advocate

⁴⁸ The p-values is 0.559^{**} (correlation is significant at the 0.01 level, 2-tailed). After running a multivariate linear regression, by which all explanatory variables have been incorporated into analysis, it shows that only two variables — BALM and PEGR — are statistically significant in their correlation with dependent variable-private entrepreneurs’ policy influence that takes place through business associations ($R=0.587^{**}$, $R^2=0.345$, Adjusted $R^2=0.335$, $DW=2.019$, $n=593$; $p\leq 0.005$).

business' policy ideas/demands to relevant government officials, and the more likely that private entrepreneurs may influence China's policy process.

In addition, conventional view in existing scholarship that perceives government-initiated business associations in authoritarian regimes such as those in China have long been disabled in organizational capacity and motivation in playing a role in state-business interactions and have thus been not active in creating innovative methods or coping strategies to help business members' policy advocacy. Nevertheless, the result of the independent-sample T-test shows that there is no statistical difference in the mean numbers of lobbying methods between entrepreneurial-led and government-initiated business associations ($t_{(546)}=0.018$, $p>0.05$, $n=548$). This finding thereby challenges the established perspectives on business associations in China, suggesting that government-initiated and entrepreneurial-led business associations have been increasingly converging in terms of lobbying methods. And this growing convergence may suggest that business associations in China are increasingly embracing their interest representation functions and serving toward the end of societal sphere, which might affect business lobbying patterns and recalibrate state-business relations in China.

3.3.3.2 Are Business Associations Proactive Actors in Business Lobbying?

Another explanatory factor is the level of proactiveness of business associations in terms of facilitating state-business engagement and business lobbying (BAPro). The descriptive statistics (see Table 3.1) show that the mean value of variable 'business associational proactiveness' (BAPro), on average, was 3.87 (SD=0.50), indicating that seen from the perspective of private entrepreneurs surveyed, the average proactiveness of

business associations score was higher. This shows a positive perception amongst company respondents towards business associations' proactiveness in terms of arranging state-business interaction activities.

According to H6, the level of proactiveness of business associations is positively associated with business policy influence via BAs (DV) — it may increase private entrepreneurs' chance to advocate their policy demands and increase their chance to exert policy influence. Data analysis shows that overall, most company respondents surveyed agree that business associations are proactive in arranging state-business interaction activities as well as in assisting business members' policy advocacy. Moreover, a bivariate correlation analysis shows that the variable 'BAPro' is positively correlated with the dependent variable (business policy influence via BAs) (see Table 3.2, $p=0.447$, $\alpha=0.005$, 2-tailed, $n=593$). However, result also shows that the explanatory power of BAPro as an independent variable is quite low ($p=0.463^{**}$, $p<0.001$, $R^2=0.215$, Adjusted $R^2=0.212$). Furthermore, a multivariate linear regression analysis fails to reveal that the variable 'BAPro' has added a statistical significance to the prediction of the dependent variable (business policy influence via BAs), as there is no statistical significance between the two variables. As such, results thus far do not support H4.

In addition, I also derive another two findings from the quantitative analyses on business associations' proactiveness (BAPro). One finding is related to the firm size and industrial sector. Results from the independent T-tests show that there is no statistical difference in the mean number of business associations' proactiveness (BAPro) between large-sized and medium-to-small-sized private companies, while cases for the group of

traditional and high-tech manufacturing sectors reveal an opposite result (see Table 3.5, $p=0.045$, $p<0.05$, $n=596$). It shows that firm size does not affect business associations' proactiveness in business lobbying, while industrial sector does. However, the mean numbers show that private entrepreneurs in the group of the traditional manufacturing industry give a higher score on business associations' proactiveness over their counterparts in the group of high-tech-sector. This finding is surprising, as we would expect quite the opposite.

One reason for this difference between two industrial sectors may be due to the greater percentage of entrepreneurial-led business associations represented in traditional manufacturing versus high-tech among those surveyed. Analyses of the survey data indicate that among company respondents surveyed in traditional manufacturing companies ($n=257$), 141 (54.9 per cent) report that their companies are members of entrepreneurial-led business associations, while 89 (34.6 per cent) report that their companies are members of government-initiated associations. As to survey-takers who are in the high-tech manufacturing industry ($n=339$), 161 (47.5 per cent) report that their companies are members of entrepreneurial-led associations while 157 (46.3 per cent) claims that their companies are their members of government-initiated associations. One reason for these results may be that high-tech manufacturing companies are more likely to strike a balance between the different types of business associations, whereas their counterparts in traditional manufacturing sector prefer to make the most optimal choice. As a co-founder and vice-chair of an entrepreneurial-led business association in Guangdong province told me in the interview,

“We are always working every angle to help our business members. For instance, we often organize some training programs or competitions, during which we sometime invite government officials or experts for policy interpretation. That is our strategy. On the one hand, private entrepreneurs would like to learn something that are helpful to their business development instead of just learning the policies. After all, most entrepreneurs have to drive a long way for these activities. On the other hand, we hope to show our capacities and the achievements we have done in this industrial sector to government leaders.”⁴⁹

Table 3.7 Business Association's Proactiveness in State-Business Engagement (%)

Services	All	Industry Sector		Firm Size	
	Sample	Traditional	(High) Tech	Large	Medium-to-small
Visits and reports enterprises' demands to government timely;	57.4	61.1	54.6	44.6	65.5
Contacts governments to obtain policy information;	63.1	66.5	60.5	51.5	70.4
Timely policy interpretation;	77.2	82.9	72.9	77.5	77.0
Pushes policy implementation proactively;	74.3	75.9	73.2	74.5	74.2
Often arranges events for state-business interactions;	68.6	68.1	69.0	72.7	66.0
Often recommends business representatives to participate in policy research or policy drafting;	70.0	71.2	69.0	77.9	64.9
Submits business' suggestions to governments periodically or timely.	69.5	70.0	69.0	70.6	68.8
Mean	3.87 (0.50)	3.92 (0.46)	3.84 (0.52)	3.86 (0.44)	3.88 (0.53)
Independent-sample T-test	N/A	0.045 p<0.05		t _(548.916) =0.402 p> 0.05	

Note: N=596. T-test is significant at the 0.05 level, 2-tailed.

Then, what leads to this sectoral variance in terms of business associations’ proactiveness and the seemingly divergent strategies about membership selection between traditional and high-tech companies? This may be understood by resorting to the different sectoral features between traditional and high-tech manufacturing industries and their roles

⁴⁹ Phone Interview 21BJ47, 13 July 2021.

in China's economy, based on which I define the former as 'sunset industry' and the latter as 'sunrise industry'. Most traditional manufacturing companies in China are labor-intensive industries and less competitive in the market. Their advantages in the beginning era of China's market reform have faded away along with the rapid development of digitalization and artificial intelligence in China. Traditional manufacturing enterprises and those who failed to make a transformation are now at risk of being marginalized by the government and being weeded out by the market. Most companies with limited resources thereby make every effort to survive of the current era of rapidly digitalization in China.

Nevertheless, it seems that high-tech manufacturing companies are experiencing a different situation in contemporary China. The Chinese government now aims to transform from a manufacturing giant into a world manufacturing power, as its 'Made in China 2025' national plan states. As such, it has placed strategic importance on the (high)tech manufacturing industry while accorded substantial support and preferential policies to them. Meanwhile, in the wake of the rapid technological advancement, the Chinese government officials and the state apparatus often lack necessary knowledge and capacities in the making of (high)tech relevant industry policies but rely heavily on specialists and entrepreneurs who have considerable expertise in (high)tech arena.

In this context, (high)tech manufacturing companies in present-day China have been accredited by the government with more resources and varieties of pathways, in comparison with those in the traditional manufacturing industry sectors. As a result, these high-tech manufacturing companies are able to have a huge stake in Chinese government policies and "much easier to command the sympathetic attention of policy makers"

(MacIntyre 1990) than their counterparts in traditional manufacturing sectors. According to a scholar at China Agricultural University,

*“The CCP-state, at most of the time, prefers to embrace science and technology, except the Cultural Revolution during the Mao era. For example, although the Chinese government under Xi’s leadership now is increasingly concentrating power while keeping tight control over the socioeconomic sphere, it leaves quite a bit of room and provides substantial resources in arenas relating to technological and scientific advancement where social actors such as private entrepreneurs and experts are able to innovatively carry out bottom-up experimentations and participate in China’s policy debates with multiple avenues.”*⁵⁰

As such, it makes sense that due to the limited resources by which traditional manufacturing companies could mobilize, they have to make the most optimal choice to survive the narrower and marginalized space, whereas their high-tech counterparts with relatively bountiful resources prefer to make a balanced strategy to maximize their business interests.

Another finding concerns a comparison between government-initiated and entrepreneurial-led business associations and changes in the Chinese landscape of government-initiated associations. While company respondents surveyed give a slightly lower score on government-initiated business associations in terms of associational proactiveness comparing with that of entrepreneurial-led ones, it does not necessarily imply that government-initiated associations are passive in business lobbying and state-business interaction in contemporary China. The independent-sample t-test fails to reveal a statistical difference in the mean number of business associations’ proactiveness between entrepreneurial-led and government-initiated business associations ($t_{(484.203)}=1.613$,

⁵⁰ Interview 22BJ49, 25 July 2022.

$p=0.107$, $\alpha = 0.05$, $n=548$). It indicates that seen from the perspective of Chinese private entrepreneurs, government-initiated business associations in China have increasingly becoming active in state-business interactions as well as in embracing their organizational functions of serving business members. This finding provides partial evidence that is on the contrary with my fourth hypothesis (H4) which implies the importance of the statistics over the societal linkages to business associations as well as to business policy influence in China. This change in the Chinese government-initiated business association community pose a challenge to conventional view in existing studies on business associations in authoritarian contexts, leaving space for further study to re-examine state-society/business relations in China.

One reason for this change in Chinese business association sector may be due to the Chinese government's recent top-down institutional reforms on business and social organizations. Beginning in 2015, the Chinese government has promulgated a series of policies and regulations that require business associations (particularly official and semi-official ones) to decouple from their competent ministries or government departments (*zhuguan bumen*, 主管部门/*guakao danwei*, 挂靠单位).⁵¹ The intended targets of this institutional reform include most business associations that are previously initiated and supervised by (*zhuban or zhuguan*, 主办、主管), or institutionally attached or subordinate

⁵¹ The General Office of the CPC Central Committee (中共中央办公厅) and General Office of the State Council (国务院办公厅) have released the proposed the "Overall Plan on the Reform of Decoupling Industrial Associations and Chambers of Commerce from Administrative Agencies (行业协会商会与行政机关脱钩总体方案)" on July 8, 2015. Then, after around 4-year experimental reform on a couple of industrial associations and chambers of commerce, the central government has officially implemented the "Opinions of Comprehensively Promoting the Reform of Decoupling Industry Associations and Chambers of Commerce from Administrative Agencies (国家发改委、民政部、中央组织部关于全面推开行业协会商会与行政机关脱钩改革的实施意见)" on June 14, 2019.

to (*lianxi or guaikao*, 联系、挂靠) administrative organs at all levels. It requires that all business associations decouple as much as possible (*yingtuo jintuo*, 应脱尽脱)’ in terms of institutions (*jigou fenli*, 机构分离), functions (*zhineng fenli*, 职能分离), assets and finance (*zichan caiwu fenli*, 资产财务分离), and personnel management (*renyuan guanli fenli*, 人员管理分离). By June 2019, 422 (among 795) national-level industry associations/chambers of commerce have finished this decoupling and the rest of the 373 associations have been on the to-do lists.

This institutional reform has affected a wide-ranging official or semi-official business associations who have built various closely institutional connections with the Chinese state in terms of resource allocation, financial and personnel arrangements, etc. While the decoupling enables these associations being alleviated from regulatory functions and administrative duties being imposed by the state, it brings a number of new challenges. And source of funding for associational operation is among the most critical challenge that business associations face as long as they are no longer directly and financially supported by the Chinese government. To survive the competitive institutional environment, government-initiated associations have increasingly strengthened their member-service function and becoming more active in serving the demands of their business members, as the latter is becoming one of the primary sources of funding in the operation of business associations. As commented by a director of a national-level business association,

“the association has the responsibility to host annual training sessions for new business members. This activity has usually been financially supported by relevant ministries, and we thus are not active in this associational function. However, we have to be self-financing in operation and face more competition after decoupling from the government. We now begin to

*proactively host these training sessions to attract new business members, maintain good relations with our members, as well as strengthen our presence as an association.”*⁵²

3.3.4 Does the Statist Network Still Matter in Authoritarian China?

The last explanatory factor is related to the state parameter that involves the investigation of two independent variables — namely, PRGR (state-business relations) and BAGR (state-associational relations) — and their associations with business policy influence that takes place through business associations (DV). The descriptive statistics (see Table 3.1) show that the mean value of variable ‘state-business relations’ (PEGR) was 0.56 (SD=0.25, Maximum=1.00) while the mean number of variable ‘state-associational relations’ (BAGR) was 3.81 (SD=0.49, Maximum=4.78). This shows that the mean value of state-business relations was moderate while on average, the business-associational relations score was higher, indicating that private entrepreneurs surveyed had reported a higher level of state-associational institutional linkage as well as a moderate level of state-business institutional connections in China. To determine whether a statistical significance between PEGR and business policy influence that takes place through business associations (DV) as well as between BAGR and my DV exist, as H4 assumes, it’s necessary to operate further quantitative analyses.

According to H4 (which reads ‘*the closer the institutional linkages between private entrepreneurs/business associations and government agents, the higher influence that private entrepreneurs may exert in China’s policy process*’), the institutional connections with the state in Chinese authoritarian context affect the capabilities of both business

⁵² Interview 21BJ46, 19 May 2021.

associations and private entrepreneurs in political engagement and policy advocacy. The results from bivariate correlation analysis show that the dependent variable (business policy influence via BAs) is positively associated with the two independent variables (PEGR and BAGR) (see Table 3.2). However, a multivariate linear regression analysis shows that PEGR (state-business relations) could positively and significantly predict the dependent variable (business policy influence via BAs), whereas BAGR (state-associational relations) does not. This result is thus not fully supporting H4.

One possible reason for the decreasing significance of the statist connections for business associations, with regard to its effect on business policy influence (DV), may be also due to the Chinese government top-down institutional reforms on associational groups. To put it differently, the decoupling from their respective ministries and government departments reduces business associations' heavy reliance on the Chinese state and increases their organizational autonomy, on the one hand; the loosening ties with the state, on the other hand, adds financial pressures on the operation of business associations and pushes associations to diversify the sources of funding for their long-term survival. In this context, business associations have increasingly becoming active in serving the interests of their business members to get access to and secure financial support from the latter. This enables business associations shift their focal network from state-centered to market-oriented. Changes within the Chinese business association community will consequently affect previously entrenched relations and interactive patterns between the state and association, between business and association, as well as between the state and business. As such, this rationale helps to explain why the variable 'BAGR' (state-associational

relations) is not statistically and significantly predict business policy influence via BAs (DV)', as well as why the variable 'BALM' (lobbying methods within business associations) is significantly and positively associated with the DV as abovementioned.

As to the result of the positive and significant associations between the variable PEGR (state-business relations) and the dependent variable (business policy influence via BAs), one possible explanation may be due to the strong capacity and adaptability of private entrepreneurs in accommodating the business environment in which they are embedded, as we repeatedly emphasize in previous chapters. The business environment in China has long been hostile for private entrepreneurs, due to which private entrepreneurs prefer to diversify the resources and channels to secure their interests. That may explain why private entrepreneurs seek to advocate their policy demands through business associations and develop other policy advocacy channels while still emphasizing their connections with the Chinese state. However, a further thorough and detailed investigation and an in-depth analysis of this phenomenon remains to be addressed in further studies.

In addition, there also identifies an interesting finding based on results from quantitative analyses of survey data: the variable 'party membership of private entrepreneurs' (PartyMem) fails to statistically predict business policy influence that takes place through business associations (DV). As shown by the descriptive statistics that amongst the company respondents surveyed (n=593), 191 (32 per cent) reported their CCP party membership while 402 (67.4 per cent) claimed that they were not CCP members. Results from the descriptive statistics (see Table 3.1) reveal that the mean value of variable 'party membership' (PartyMem) was higher (M=1.68, SD=0.47) which is close to the value

of Maximum (2.00). Nevertheless, results from correlation and regression analyses (See Table 3.2) fail to show a statistical significance between the variable ‘party membership’ (PartyMem) and business policy influence that takes place through business associations (DV) ($R^2=0.003$, adjusted $R^2=0.001$, $F_{(591)}=1.514$, $DW=2.101$). In addition, it shows a linear negative correlation in Pearson coefficient value ($P=-0.051$), implying that the level of business policy influence that takes place through business associations (DV) may tend to decrease alongside the increase in the number of party membership of private entrepreneurs. This suggests that party membership of private owners does not significantly affect business policy influence that takes place through business associations in China, or the party membership of private entrepreneurs may even be an unfavorable factor for private company to exert influence in China’s policy process with the assistance of business associations.

One possible reason for the negative relationship between party membership and business policy influence that takes place through business associations may due to that party membership might facilitate private entrepreneurs in building diversified lobbying networks and policy advocacy channels. As a result, private entrepreneurs who are CCP members may be likely to resort to other policy networks and advocacy channels rather than developing lobbying through business associations. In addition, private entrepreneurs surveyed without party membership may rely more on business associations in terms of policy advocacy and influence embedding than those who are party members, and thus also reported lower scores on party membership. In that situation, there fails to show a statistically significant relationship between the variable PartyMem and my DV (business

policy influence that takes place through business associations). However, the non-correlation between party membership of private owners and business influence that takes place through business associations does not necessarily implies that private entrepreneurs who are party members have more political resources or rely heavily on the institutional connections to the Chinese state in exerting policy influence. For instance, in their study of motivations behind private enterprises' establishment of Party organizations, Zhu, Miao, and Wang (2021) found that party membership of private owners does not significantly affect whether the company can get bank loan. Although the scenario that party membership of private owners may positively affect the political capital by which private enterprises could mobilize is likely to occur in some cases, whether the two have a sound correlated relationship remains to be addressed through a thorough and in-depth investigation in future studies.

3.4 Assessing Business Influence in China's Multi-layered Policy Process

In addition to findings as test to the six hypotheses aforementioned, results from quantitative analyses also outline the role of business associations in helping private entrepreneurs broadening the range of lobbying targets. Chinese private entrepreneurs engage government bureaucracies at all levels, ranging from national-level to government at the county-level and below. Of 596 company respondents surveyed, 259 (43.5 per cent) reported their frequent and regular contact with the government agencies at municipal-level, followed by government at the county-level and below (217, 36.4 per cent), government agencies at provincial-level (115, 19.3 per cent), and national-level government agencies

(5,0.8 per cent).⁵³ However, changes take place when business associations are introduced as intermediate channels for state-business interaction.⁵⁴ The survey suggests that of 596 company respondents, 321 (53.9 per cent) claimed they often engage municipal-level government officials, 198 (33.2 per cent) company survey-takers often communicate with officials at provincial-level, and 13 (2.2 per cent) engage government at national-level, whereas the proportion in terms of government at county-level and below decreased dramatically from 36.4% to 9.1%, and 10 (1.7 per cent) answered ‘don’t know’. This finding helps to understand the phenomenon that there is a growing tendency among Chinese private entrepreneurs who prefer to join various business associations, as observed by Zhang and Lv (2019) in their study.

The comparison indicates that participation in activities organized by business associations increases the chances of private entrepreneurs to contact more government bureaucracies at each level respectively as well as raises their chance to lobby higher levels of policy-makers, except at the county-level and below. One possible explanation for the declining trend at the county-level and below would be that business associations at that administrative level are underdeveloped or devolve into tools for someone’s (either influential companies or local officials) rent-seeking. In that circumstance, most private companies could develop their own ways to manage their relations with the government officials, which might be more convenient than resorting to business associations. For

⁵³ This result is derived from survey-takers’ responses to the question: ‘which level of government does your company often interact with?’ in which business association or any specific avenues were not particularly mentioned.

⁵⁴ Company respondents were asked an additional similar question: ‘which level of government does your company usually interact with through participation in various events organized by business associations?’

medium-to-large companies, especially those of the (high)tech manufacturing industry, government at the county-level and below usually proactively offer them preferential policies to boost the development of local economy. As to small-sized firms, some focus on their own business and are indifferent to political issues, while some have their own avenues to contact officials if they have to develop a lobby. As Unger (1996: 803) found, “in the smaller cities, county towns and rural townships there is a yet greater capacity for the influence of proprietors to be felt” when the “truly high-status” officials are absent.

Data from the survey strikingly shows a substantial increase in terms of the frequency of routine contact between private entrepreneurs and government agencies/officials at the provincial-level in the survey. Most importantly, seen from the perspective of company respondents surveyed across regions, city clusters, firm sizes, and industry sectors (see Table 3.8), that business associations have increased the chance of private firms in communicating with government officials at different levels. This finding suggests that business associations have progressively playing an intermediate role in helping their business members conduct policy advocacy and influence differential levels of Chinese policy-makers.

Table 3.8 Lobbying Targets: A Comparison on Business Lobbying with and without Business Associations (%)

	Government Level	By Industry Sector		By Region		By City Cluster		By Firm Size	
		n=596		n=566		n=333		n=596	
		(High-)tech	Traditional	Eastern	Central	Top-tier	New Top-tier	Large	Medium- to-Small
before BA	National	0.9	0.8	1.2	N/A	2.7	0.5	0.4	1.1
	Provincial	21.2	16.7	22.9	11.6	23.1	22.0	22.1	17.5
	Municipal	41.9	45.5	44.8	42.5	47.6	38.2	24.7	55.3
	County & below	36.0	37.0	31.2	45.9	26.5	39.2	52.8	26.0

via BA	National	2.9	1.2	1.7	10.3	1.4	2.7	4.3	0.8
	Provincial	41.6	22.2	34.3	54.1	27.9	39.2	52.4	21.1
	Municipal	49.9	59.1	54.5	31.5	58.5	50.5	35.5	65.5
	County & below	4.4	15.2	7.6	2.7	8.2	5.9	6.5	10.7

In addition, results from quantitative analyses of my survey data in this chapter show that private entrepreneurs differ in their business interests and policy concerns, and thus may develop advocacy in various policy issues of domain. To put it differently, to which level(s) of government officials private entrepreneurs may lobby and in which stage of China’s policy-making process they may engage sometimes depend on the motivations behind private entrepreneurs’ policy advocacy, although the capacities and resources they are able to mobilize are also central factors in this process. For example, private entrepreneurs may only take different local-level government agencies as lobbying targets and choose to engage in the down-stream of policy-implementation if they aim to obtain some locally preferential treatment under the established policy frameworks, even if they are capable of engaging with senior officials at higher level. Observation on Chinese private entrepreneurs’ differential concerns and demands in diversified policy arena helps to understand business community’s multi-directional participation in China’s policy-making process. And the different level of policy participation will consequently lead to different policy influence. As such, I assume that intead of playing influence in China’s policy-making at an uniform layer, the policy influence of private entrepreneurs is multi-layered.

To test this assumption, I collect 299 collective policy proposals (*tuanti ti'an* 团体提案, see Table 3.9) released by the All-China Federation of Industry and Commerce (ACFIC),⁵⁵ as well as 93 collective policy proposals made by the ACFIC to the CPPCC between 2009 and 2019 (details are presented below). The 299 proposals were raised in the names of different local FICs (Federation of Industry and Commerce) at all levels (provincial, municipal, or county-level) to the national level of ACFIC committee between 2015 and 2020, and spanned a broad spectrum over diverse topics, ranging from social issues, such as rural revitalization and pension, to business issues being relevant to the private sector and private economy. Among the 299 proposals, 225 were raised by the local FICs to the ACFIC between 2016 and 2020 while 74 were made in 2015. The ACFIC has placed the two sorts of dataset (one is 2015 and another is between 2016 and 2020) separately on its official website, and I complied them together as one combined dataset.

To facilitate comparison, the policy-related issues that private entrepreneurs concern in the survey data and business' policy concerns reflected in the 299 proposals of ACFIC were coded and grouped until central themes emerged (Glaser and Strauss 1967). To this end, I classify the wide-ranging policy issues or policy concerns of business community

⁵⁵ As stated in its official website, All-China Federation of Industry and Commerce (ACFIC) or All-China Chamber of Industry and Commerce (ACCIC, *zhonghua quanguo gongshangye lianhehui*, 中华全国工商业联合会), established in 1953, is a non-governmental chamber of commerce in China. It functions as a bridge that connects "the Party and the government with the people in non-public economic activities, an assistant to the government in managing and serving the non-public economy and an important part of the Chinese People's Political Consultative Conference [CPPCC]." And by the end of 2018, there were 3,416 industrial and commercial federations above the county level and 48,916 chamber of commerce affiliated to such federations at all levers across China. <http://www.chinachamber.org.cn/>

into six categories (see Table 3.9). However, I make no claims about the representativeness of these specific issue domains in terms of their importance to the interests of private business. Results, as shown in the table below, suggest that private entrepreneurs differ widely in their business interests and policy demands.

Table 3.9 Distribution of Policy Domains according to Business Concerns

		Frequency	Percentage	Cumulative %
Policy Domain Represented	Source			
General policies concern about	Survey	182	30.5	43.6
interests of the private economic sector	ACFIC	80	27.0	N/A
Policies involve interests of particular	Survey	106	17.8	61.4
industrial sector(s)	ACFIC	84	28.0	N/A
Policies directly relevant to interests of	Survey	190	31.9	93.3
specific individual enterprises or	ACFIC	11	4.0	N/A
business associations				
Business environment	Survey	78	13.1	13.1
	ACFIC	39	13.0	N/A
Influential international events	Survey	40	6.7	100.0
	ACFIC	N/A	N/A	N/A
Others (mainly on social issues)	Survey	N/A	N/A	N/A
	ACFIC	85	28.0	N/A

Note: As to the category of ‘others’, the ACFIC proposals mainly focus on the following public issues: environmental protection and management, revitalization of the rural areas, social issues (e.g., migrant workers and retirement, etc.), regional development, development and challenges of urban areas, and so on. For survey data, n=596; for ACFIC proposals, n=299.

The 299 policy proposals made by different levels of local FICs to the ACFIC, as shown in Table 3.9, should be taken as a particularly important source of data by which I assess private entrepreneurs’ policy influence that takes place through business associations in China (dependent variable). Nevertheless, the practical concern of fieldwork access and the limited information available in the ACFIC website as well as in

other online web portals make it impossible to get access to information about which or how many proposals, amongst the 299 policy proposals, have been submitted to the relevant Chinese government agencies such as the Chinese People's Political Consultative Conference (CPPCC).

In this situation, I then collect 93 collective policy proposals⁵⁶ made by the ACFIC to the CPPCC between 2009 and 2012, between 2014 and 2016, between 2018 and 2019, as well as in 2021 (see Table 3.10). Some of the 93 policy proposals were collected from published information on the official website of the CPPCC while others were collected from the web portals such as Baidu.com. These collective proposals were raised either in the sole name of the national-level ACFIC committees or proposed by the ACFIC but made jointly by the working groups between the ACFIC and other individuals (such as private entrepreneurs) or government agencies (such as Ministry of Industry and Information Technology). As collective proposals, almost all the 93 proposals concern the macro-level government policies or regulations related to business interests in particular industrial sector(s) or represent the interests of the private sector as a whole. These proposals either make general demands to improve the overall business environment (particularly the building of a new type of state-business relationship—namely, *qinqing zhengshang guanxi*, 亲清政商关系), or make endeavor to get the government's supportive policies/regulations in the domain of finance and taxation. In addition,

⁵⁶ While much more proposals made by the ACFIC to the CPPCC should be collected for the analytical purpose, I can only collect 93 policy proposals in actual practice due to the limited information available in the ACFIC and the CPPCC websites as well as in other web portals. As such, further fieldwork and data collection should be conducted in future studies.

amongst the 93 policy proposals, some ask for the government reforms that allow private capital/business to get access to previously state-manipulated sectors such as the fields of energy and finance while others request to engage in the making of policy issues relevant to China’s national strategies.

All 93 policy proposals made by the ACFIC to the CPPCC, as Table 3.10 shows, have been followed either by enactment of corresponding national policies or at least replied by relevant ministries or government departments at national level. As an example, following the ACFIC’s 2015 Proposal on Improvement of PPP model (Public-Private-Partnership) in the Field of Environmental Infrastructure, the Ministry of Finance, National Development and Reform Commission (NDRC), and the People’s Bank of China (PBC) have promulgated a guiding opinion on the promotion of cooperation between the government and social capital in the field of public service while NDRC subsequently issued a number of corresponding documents to make further detailed regulations on this policy.

Table 3.10 ACFIC Collective Proposals to the CPPCC between 2009 and 2021 (n=93)

Year	Session of the CPPCC	No. of Proposals	Corresponding Government Replies or Policies Enactment (Y or N)
2009	2 nd session of 11 th	2	Y
2010	3 rd session of 11 th	1	Y
2011	4 th session of 11 th	1	Y
2012	5 th session of 11 th	4	Y
2014	2 nd session of 12 th	2	Y
2015	3 rd session of 12 th	2	Y
2016	4 th session of 12 th	2	Y
2018	1 st session of 13 th	30	Y
2019	2 nd session of 13 th	1	Y

2021	4 th session of 13 th	48	Y
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Source: Data is collected from the official website of the CPPCC and the web portals such as Baidu.com.

Drawing on data from my online survey as well as from the ACFIC’s collective proposals to the CPPCC, this study indicates that Chinese private entrepreneurs have displayed a wide variety of policy concern and diversified lobbying motivation, some actively take part in the stage of policy implementation and aim at influencing specific government policies for the sake of the specific interests of particular industrial sector(s) or even a few companies, while others may try to participate in the making or revision of policies or regulations relevant to the interests of the private sector as a whole. In addition, the examination of the 93 proposals made by the ACFIC to the CPPCC suggests that by the assistance of a national-level association, private entrepreneurs are able to deliver their business preference to senior officials and shape government policies at the national level. Meanwhile, the somewhat similar scenarios have been played out over other three cases in Chapter 4, as exemplified by how the three different types of Chinese business associations in different regions help their member enterprises to engage in policy formulation and gain policy influence at local levels.

As such, I conclude that business influence in China’s policy-making process is not uniform. Rather than having a unidirectional influence, private entrepreneurs may impact China’s policy process in multi-directions in both national and local level. Nevertheless, while the influence of Chinese private entrepreneurs in China’s policy-making has been growing over the past decade, I should keep cautious to draw much assertive conclusions

on business community's policy influence and state-business relationship in contemporary China. Seemingly, the CCP-Party in the Xi era now is still attentive to the interests of the private sector and businesspeople, in particular, to those in industrial sectors that are strategically important to China's economy. Nevertheless, changes in the CCP-state's governance techniques alongside the increasing concentration of power under Xi Jinping's leadership pose challenges to Chinese private entrepreneurs while raise uncertainties to the development of the private sector in China. As such, how much space the Chinese state leaves for private entrepreneurs in terms of policy engagement, to which direction business associations develop in terms of their roles in state-business interactions, and how the state-business relations in China evolve still remain to be observed. However, the keys to answer these questions not only lie in observing how the CCP-state copes with the apparent contradiction between the top-down centralization and the bottom-up request for decentralization, but also in observing how the societal/business actors react to the changing political-social environment in China. All these uncertainties make the political development and state-business/society relations in contemporary China on a moving 'train'.

3.5 Business Lobbying within Associations: Findings and Discussions

China's evolving political economy has changed the resources, networks, and capacities by which different groups of policy players could mobilize within the broad landscape of the business association community. And these changes have consequently affected the behavioral patterns of business actors and the organizational orientation of

business associations, and thus recalibrated the tripartite institutional relations among the state, business community, and associational groups. Drawing upon data from my online survey conducted in August 2021 in China, I ran a range of quantitative analyses in this chapter, navigating the underlying factors that may affect private entrepreneurs' policy influence that takes place through business associations. These quantitative efforts allow me to identify a number of basic lobbying patterns of private entrepreneurs within the Chinese business association landscape, as presented below.

First, there is an increasing tendency that private enterprises perceive business associations as helpful policy advocacy channels and prefer to develop lobbying through these organizations. As the result shows that of the 596 company respondents, 46.8% (279) claims that business associations are often helpful in facilitating private entrepreneurs' policy advocacy among various avenues, followed by the way of direct contact (43.6%), by think tanks (44%), through media (45.1%), and by PC/CPPCC (44.1%). This contradicts some previous findings related to business lobbying channels and business associations' interest representation function in authoritarian regimes, arguing that business actors rely primarily on the direct contact or corporatist arrangements such as policy consultative bodies to develop lobbying and engage in politics (see e.g., Kennedy 2005), because associational groups are usually closely embedded in the state system and dysfunctional in representing business interest (see e.g., Stepan 1978; Tien 1989; Collier and Collier 1991; Biddle and Milor 1998; Foster 2001). Nevertheless, finding from my analyses suggests that Chinese private entrepreneurs now are viewing business associations as helpful intermediate organizations that have been increasingly active in facilitating business policy

advocacy activities. As a private owner I interviewed claims,

“I think a constructive relationship between enterprises and associations is coming into being. In general, business associations were well recognized by entrepreneurs. They are active and capable of transmitting enterprises’ demands to relevant government agencies. However, whether a company can succeed depends heavily on its own account. I will offer you an example. I have a friend who is the chair of an association and he also runs a company. He had plenty of political capital and societal resource and received a number of financial supports from the state. Nevertheless, his company still went bankruptcy.”⁵⁷

Second, while conventional lobbying methods devised by business associations are still prevalent in state-business engagement, there emerge some new sorts of lobbying strategies alongside the broader landscape of China’s evolving political economy. Meanwhile, financial pressure and intensified competition in the wake of the top-down institutional reforms on associational groups render business associations in China decreasingly rely on the statist resources and networks while increasingly develop market-oriented strategies in their operation. In this context, business associations in China may progressively embrace their interest representation function and tilt toward the end of the society side. As such, the increasingly diversified forms of lobbying strategies and the changing institutional relations between the state, business and associations may recalibrate the established interaction patterns and relations between the state and society/business, between the state and associations, as well as between business and associations.

Third, while private entrepreneurs are able to engage with the Chinese officialdom at all government levels through ways other than working jointly with business associations,

⁵⁷ Interview 20BJ16, 10 October 2020.

the chance and frequency of private entrepreneurs in terms of communicating with government official at different levels of government agencies increase assisted by business associations. As shown in Table 3.8 that seen from the perspective of private entrepreneurs, business associations have broadened the range of business lobbying targets and increased the likelihood of business members to participate in different layers of China's policy-making process.

Fourth, results from the quantitative analyses suggest that Chinese business associations have increasingly becoming a kind of active advocacy channels by which private entrepreneurs are able to employ to formally engage with China's policy-makers and deliver business policy demands with institutionalized mechanisms. The trend of increasingly statist network decoupling underway in the Chinese business association community has been accelerating the market-oriented development of business associations in China, leading to the growing business-associational coalitions and the enhanced associational performance in serving their business members' interests. The recognition by company respondents surveyed toward the proactiveness of business associations (BAPro), and the positively statistical correlations between the variable 'BAPro' and my DV (business policy influence that takes place through business associations) as well as between the variable 'BALM' (associational lobbying methods) and the DV, as the supports to prove H5 and H6 (business-association-specific factors), also provide sound evidence to indicate the changing business-associational relations. Meanwhile, the multivariate linear regression analysis that shows the variable 'BAGR' (state-associational relations) does not statistically predict the DV offers indirect but

additional evidence to prove H5 and H6, whereas this result makes H4 (that assumes the statist tie is important to both private entrepreneurs and business associations) being only partially supported. In addition, the decreasing reliance on the statist network and the increasing reliance on the business/society network underway within the broad landscape of the Chinese business association community render a convergence between government-initiated and entrepreneurial-led business associations in terms of their associational performance in state-business engagement. The decreasing difference among business associations across regions with regard to their associational performance in business lobbying and policy advocacy in turn helps to explain the similar results in private entrepreneurs' lobbying outcome across regions/city-clusters, as a test of H1 which is not supported at all by the finding.

In brief, observations from quantitative analyses in this chapter help to identify two underlying factors of interest that add statistical significance to the prediction of the outcome variable, and thus provide necessary statistical evidence to the internal validity of the proposed hypotheses. Although my conclusions thus far are tentative and drawn heavily on correlations between a range of independent variables and dependent variable, these findings may also provide some takeaways for scholars in their future study. Meanwhile, to enhance our confidence in these conclusions as well as enable the findings being generalizable more broadly, I also construct three case studies in Chapter 4, expounding how private entrepreneurs develop lobbying and influence policy through business associations in China across space and over time. As such, empirical observations and the “narrative evidence” (Gerring 2006: 185) based on my interview data facilitate a thick

contextual investigation of business lobbying mechanisms that take place through business associations. Case studies in Chapter 4 thus provide complementary examination of private entrepreneurs' lobbying and policy engagement in China beyond the single site of survey and enhance my research with added validity in generating more reliable conclusions.

Chapter 4

BUSINESS ASSOCIATIONS UNDER TWO REGIONAL COMPARISON— GROWING CONVERGENCE IN STATE-BUSINESS PRACTICES

4.1 Introduction

Based on results from quantitative analyses of the survey data, I draw a range of predictor factors that may affect business policy influence that takes place through business associations (DV) and reach a number of findings and tentative conclusions in chapter 3. These quantitative analyses enable me to identify the behavioral patterns and mechanisms of business lobbying that takes place through business associations in China while facilitate my assessment on private entrepreneurs' influence in China's policy-making. Meanwhile, in the navigation of the associations between the independent variables and dependent variable, I could be able to structurally locate the rationales behind the correlations between the two key explanatory factors (BALM and BAGR, see Table 3.1 in chapter 3) and the outcome variable (business policy influence via BAs).

In this chapter, I construct three case studies, drawing on findings from my fieldwork in China during October 2019 to August 2022. These case studies are also supported by additional archival data from broader historical evidence and scholarly research. By employing these comparative cases between Eastern and Central China as well as between China's top-tier and second-tier city clusters, I aim to examine private business lobbying mechanisms in China across regions. Meanwhile, a comparative discussion on entrepreneurial-led and government-initiated business associations and their evolving roles in business lobbying also run through the case studies. An in-depth investigation on these

pairs of cases thus is critical to trace the process of how private entrepreneurs engage with the Chinese state and develop lobbying through business associations as well as measure business' ability in framing the policy issues. Most importantly, these case studies help to further locate and explain the associations between the key explanatory factors of interest and the outcome variable and thus provide complementary evidence to support my findings and conclusions in chapter 3.

4.2 The Case of Beijing: Trans-Pacific Association (TPA)—A Semi-official Business Association

As a capital city as well as one of the 4 top-tier cities,⁵⁸ the political economy in Beijing is not of a piece. As a result, it is very likely that more than one patterns exists involve in state-business interactions in this locale. While it is important to figure out the diversified patterns to deepen our understanding of state-business relations in China, I mainly focus on the associational practices in business lobbying in case of Beijing as well as in cases of other two cities. In general, Beijing has almost all types of business associations at all levels, ranging from government-organized and semi-official associations to societal-initiated ones, and these associations span national-level over various local-level. Meanwhile, Beijing is filled with “a multitude of high-level officials” that exists as the “truly high-status groups”, business associations in Beijing (especially the official or semi-official ones) thus are assumed to be incapable of providing “room for liaison between officials and proprietors” but only being the “‘top-down’ instruments” of

⁵⁸ The other three are Shanghai, Guangzhou, Shenzhen.

the government (Unger 1996: 803). However, my interviews in Beijing toward business associations and private enterprises provide contrasting examples against this assumption. Empirical evidence will be provided below through an example of a semi-official cross-sectoral business association in Beijing. The cases differ in their targeted policy issue domains in that one reveals association's role in promoting the interests of its constituencies in domestic preferential policies, and another focuses on the arena of international trade and economic cooperation.

Trans-Pacific Association (TPA, not the real name) was established in 2006 soon after China's accession to the World Trade Organization (WTO) in 2001, when the Chinese government under the Hu Jintao administration (2003-2012) actively embraced the 'opening and market reform' policy and encouraged international exchange and cooperation. As President Hu stated that "Only by adhering to reform and opening up, can we make progress and address the thorny problems occurring in the process of our development" (Yuan Yuan 2016). On the pace with the waves of globalization, the Chinese government implemented a number of supportive policies to boost international trade and economic cooperation. For instance, while the 'going out' strategy (*qingjinlai, zouchuqu*, 引进来走出去战略) was formally initiated by Jiang Zemin administration (1993-2003) in the 1990s, it was since 2003 when Hu administration has put this strategy into practice and accelerated it by implementing plethora of stimulating policies. Meanwhile, later in 2013 and 2014, China initiated the Belt and Road Initiative (BRI) as an umbrella mechanism that aims to establish cross-regional partnerships with Southeast Asian, European, and African countries, mainly through infrastructure investment and trade connectivity.

The favorable domestic institutional policy environment has greatly stimulated the thriving of China’s economy and pushed a more liberal policy environment in China. As Huang’s (2008: 48-49) findings indicate, in the 2000s, China “embarked on an increasingly aggressive privatization program vis-à-vis SOEs. led to rising private-to-state sector ratios of their respective investment shares.” China’s international trade and investment at that time had been explosively developed, and the inward and outward flow of FDI in China was booming during 2001 to 2015. The amount of China’s FDI inflow reached 290.93 billion USD (see Figure 4.1) in 2013, while the “outbound direct investment registered 102.9 billion USD, the closest equivalent ever to its FDI peer” (Yuan Yuan 2016).

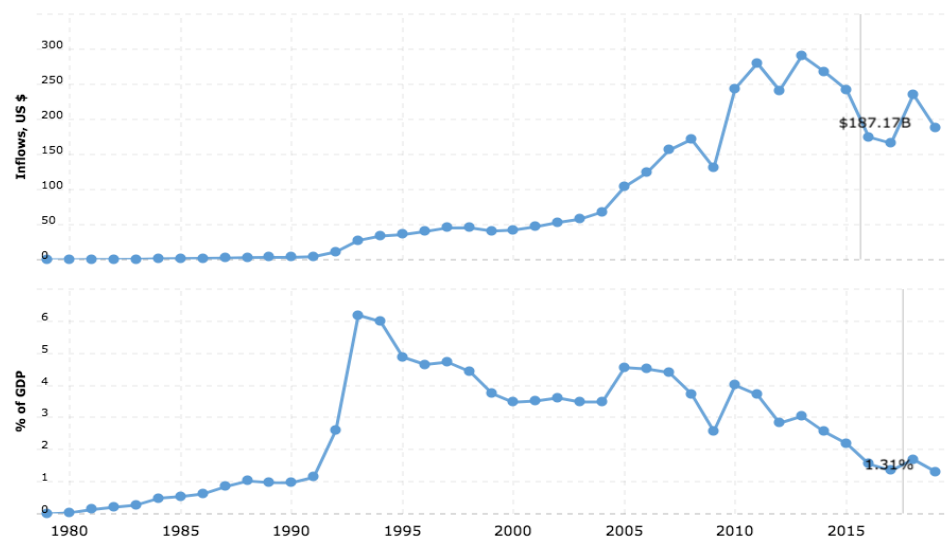


Figure 4.1 China Foreign Direct Investment 1979-2021

Source: World Bank. <https://www.macrotrends.net/countries/CHN/china/foreign-direct-investment>

Trans-Pacific Association (TPA) was created at that time to meet the demands from both sides of the state and the business community. Although it was initiated by and affiliated with the Ministry of Foreign Affairs as a semi-official association, TPA has long

been a self-funded and self-regulated cross-sectoral organization with much discretionary power and few regulatory functions. Most of its member enterprises are from the private sector and not required by a mandatory membership. The association proactively seeks ways to promote the collective interest of its members, and its leaders are competent and rich in political and societal resources. Although the heads of this association are appointed by the government through official procedures, they are not remunerated by the government. In addition, most staffs of TPA who are responsible for the daily operation of association are contract employees who get paid by the association rather than the government. Most importantly, while as an official business association, TPA aims to serve the interests of its member enterprises since the beginning of its creation. Its main function focused on prompting the economic cooperation between Chinese enterprises and those in South Pacific, and later expanded to a broad area worldwide.

TPA usually brings government officials and private enterprises together through various forms of associational activities. Tian Liwei (not the real name), the secretary-general of TPA, told me that

*“we make every effort to help our member enterprises. If we cannot address their problems, we will organize seminars and invite government officials or relevant experts to participate in these activities. As such, our business member could air their concerns to officials directly and on the spot.”*⁵⁹

And “it was through these events of state-business interactions,” he further stated, “we have established our reputation among member enterprises as well as bureaucrats.”⁶⁰ For instance, TPA has successfully transmitted private enterprises’ policy concerns to national-

⁵⁹ Interview 20BJ24, 03 November 2020.

⁶⁰ Ibid.

level government authorities and took a stand for private solar enterprises against the discriminatory treatment in China's electricity market.

In China, the national government plays a leading role in electricity industry investment and planning. The National Development and Reform Commission (NDRC) and National Energy Administration (NEA) are in charge of the Five-Year Plan of China's electricity industry, based on which all governments at the provincial level put this plan into effects by licensing the projects that pass through the feasibility assessment. The Chinese government dominates and applies a benchmark tariff standard to the electricity pricing and prescribes an on-grid price and a retail price respectively. While most electricity utilities in China are coal-fired power,⁶¹ the government has intentionally developed renewable energy power since 2006. However, it was until March 2011 that the government launched a specialized preferential policy in its '12th Five-Year Plan (2011-2015)'⁶² to officially stimulate the development of renewable energy in China. Subsequently in July 2013, the State Council released the 'Opinions on Promoting the Healthy Development of the PV Industry'⁶³ — the first national policy on solar PV — and a number of supporting policies to accelerate the development of solar PV power generation systematically.

Supported by these policies, the electricity power generation companies that rely on

⁶¹ As of 2017, the installed electricity capacity in China was 17.8 gigawatts, of which almost 60% was driven by coal-fired power.

⁶² Online source: the Central People's Government of China website (中央政府门户网站), *Full text: The Twelfth Five-Year Plan for National Economic and Social Development of the Peoples' Republic of China (2011-2015)* <中华人民共和国国民经济和社会发展第十二个五年规划纲要(全文)>. http://www.gov.cn/2011lh/content_1825838.htm, retrieved on 1 December 2021.

⁶³ Online source: the Central People's Government of China website (中央政府门户网站), 'Opinions on Promoting the Healthy Development of the PV Industry' (NDRC Energy [2013] No. 24) <国务院源于促进光伏产业健康发展的若干意见> (国发[2013] 24 号). http://www.gov.cn/zwggk/2013-07/15/content_2447814.htm, retrieved on 1 December 2021.

renewable resources, such as solar power, were entitled to a benchmark ‘feed-in tariff’. For example, the Chinese government has applied a reference price under the feed-in tariff to solar PV power companies since 2011. In terms of the part that exceeded the locally applicable feed-in tariff for coal-fired power, the solar PV company would be subsidized by the National Renewable Energy Development Fund. By this preferential and subsidy policy, the solar-PV-generated electricity price was around 1.15 RMB/kWh (NEA), which was almost triple that of coal-fired power. This made solar power a very profitable industry and thus attracted business attention in China.

Although private enterprises have long been allowed to participate in China’s solar PV industrial sector since 2002, they mainly engaged in export business and focused on international market. On the one hand, the Western world, especially the European countries, began to emphasize the notion of ‘sustainable development’ and put it into practice by increasingly developing renewable energy sources in the beginning of the 21st century. The solar PV industry consequently were flourishing in Europe at that time. Taking Germany for example, it enacted a ‘Renewable Energy Sources Act’ (Erneuerbare Energien Gesets, EEG) in 2000, based on which it clearly defined the ‘Feed-in Tariff’ and made it applicable to electricity power generation from renewable sources. European policies on renewable energy and solar PV thus have provided a huge profitable market for China’s solar PV manufacturing companies.

On the other hand, China’s domestic electricity market has long been dominated by China’s five big SOEs — Huaneng (华能), Datang (大唐), Huadian (华电), Guodian (国电), and China Power Investment Corporation (中国电力投资集团). In that circumstance,

to fight for equal status in competition with SOEs and win over more share in electricity market, private solar companies resorted to TPA to transmit their demands collectively since the end of 2011. TPA then arranged a number of seminars in which it invited some government officials to participate and communicate with private enterprises. For instance, TPA has hosted a seminar themed on ‘renewable sources and China’s economic development’. That seminar aimed to help member entrepreneurs who run private solar companies voicing their policy demands to relevant officials about equal quota distribution in the electricity market. The secretary-general of TPA, Tian recounted,

*“In this seminar, we have even invited a senior official who was ranked in the status of vice-minister and a counselor of the State Council. Government officials would remark on a number of foreign and economic policies during the seminar. And later in the dinner time, private entrepreneurs of solar companies with specific policy demands have been arranged to sit together with the senior official and the counselor. As such, entrepreneurs could further air their detailed policy concerns directly to senior officials, who were able to bring these business policy suggestions to the discussion table of the State Council.”*⁶⁴

The State Grid Corporation of China (*guojia dianwang*, 国家电网) has first officially opened its market to the private sector in 27 May 2014.⁶⁵ According to China Power Industry Annual Development Report (CEC 2016), as of 2015, the proportion of private companies in electricity generating enterprises was 25.74 per cent (comparing with 58.44% of SOEs). While then the thermal and wind power generation electricity market in China was still dominated by SOEs (66.03% and 77.53%), most solar power utilities (44.27%:41.49%) were run by private enterprises in 2015 (César Alejandro

⁶⁴ Interview 20BJ24, 03 November 2020.

⁶⁵ Online source: hainan.ifeng.com. 28 May 2014.

http://hainan.ifeng.com/news/shangxun/detail_2014_05/28/2341369_0.shtml, retrieved on 1 December 2021.

Hernández Alva and Li, Xiang 2018: 24). Although it is unlikely to figure out the extent of TPA's contribution in this process, it is clear that TPA as an official association has actively arranged state-business interactions and assisted its member enterprises in transmitting their collective demands to relevant policy-makers.

In addition to help Chinese private entrepreneurs pursuing the justice in domestic electricity market, TPA has also promoted the business community's participation in China's international economic cooperation and enabled them to have a say in China's foreign economic policy. As I discussed aforementioned, China expanded its investment worldwide after joining WTO. While it has temporarily declined (see Chart 1) when the 2008-2009 global financial crisis outbreak, it recovered soon and reached its peak in 2013. In that circumstance, member enterprises of the TPA also have a strong interest in developing overseas market. Upon the request of its member enterprises, TPA has arranged hundreds of forums, symposiums, or banquets during 2010 and 2015 to meet the 'going out' demands of relevant private entrepreneurs.

TPA has established good relations with Embassies of various countries in China, through which it served enterprises in need as a matchmaker. Tian said that TPA has arranged meetings and coordinated appointments between member enterprises and the heads of some states. For example, under the help of TPA, a Chinese entrepreneur who was owner of a large private company met with a departmental director of Ministry of Commerce of China and the Ambassador of Russia in Beijing in 2000s.⁶⁶ By this

⁶⁶ To protect the privacy of the interviewee, I do not list much detailed information of the case, such as name of

relationship building, that Chinese private enterprise has successfully gotten access to invest in a Russian Oil & Natural Gas Corporation as the main controlling shareholder, an area that usually have been dominated by Chinese SOEs. In the following paragraphs, the narrative of another case particularly illuminated the role of TPA in facilitating private entrepreneurs' participation in China's international economic cooperation and strengthening their influence in China's foreign policy.

TPA has once helped a Chinese entrepreneur, Hu (not a real name), who run a private company that produced construction and mining equipment. Hu once was a mine owner in Guangxi Province (广西省), as the secretary-general recounted, and he bought a couple of mine in Indonesia through a commercial agency of Hong Kong after the closure of his domestic mine. Occasionally, Hu got to know TPA when participating in an annual symposium organized by TPA in 2010. Impressed by TPA's associational functions, Hu soon made a request on TPA, seeking help to bring about investment in Indonesia. At the same time, several other member enterprises have also presented their similar demand and interest in investment in Indonesian mining and coal to TPA. The association then contacted the Embassy of Indonesia in Beijing and passed on this business interest to Imron Cotan, then Ambassador, and other senior diplomats.

By the assistance of the Embassy of Indonesia, TPA then arranged and sent a business delegation to Indonesia for a field trip in 2011. Accompanied by the Ambassador, Hu went to some counties (Kabupaten) of Indonesia and bought a mine. At

the department and the exact meeting time, etc.

that time, to develop its economy, then Indonesian government had strong interests in establishing cooperative partnership with China in multiple areas, and thus provided greater support to promote Chinese firms' investment in Indonesia. As Tian recounted, TPA facilitated a meeting between this entrepreneurial delegation and Department of Energy and Mineral Resources of Indonesian, during which some senior officials have asked TPA to bring more Chinese investment in Indonesia and Tian recommended them to contact Chinese Embassy in Manila. Meanwhile, Tian also helped to orally transmit this request to some officials of Chinese Ministry of Foreign Affairs when he later met with them in Beijing.

Immediately thereafter, then minister of Department of Energy and Mineral Resources of Indonesian proposed the bilateral energy collaboration to Zhang Qiyue (章启月), then Chinese Ambassador to Indonesia. Coincidentally, the then Chinese Premier Wen Jiabao (温家宝) paid a visit to Indonesia at the end of April 2011, accompanied by a couple of Chinese senior officials, such as then Minister of Commerce, then Minister of Foreign Affairs, and then head of NDRC, etc. Ambassador Zhang then officially passed on the request of Indonesian minister to Premier Wen at that time. While in Indonesia, Wen met with then Prime Minister Mahathir and other senior officials and signed a succession of bilateral agreements to promote the bilateral cooperation,⁶⁷ including those on energy collaboration. As such, these bilateral agreements and protocols between

⁶⁷ Online source: *Joint Statement Between the Government of the People's Republic of China and the Government of Republic of Indonesia on Further Deepening Strategic Partnership* 《中国印尼关于进一步加强战略伙伴关系的联合公报》. ASEAN-China Centre (中国-东盟中心), 30 April 2011. http://www.asean-china-center.org/2011-04/30/c_13856598.htm

Chinese and Indonesian government have prepared official endorsement for Chinese private enterprises' overseas investment.

The cases above suggest that TPA has played a pivotal role in setting up platforms and coordinating activities to facilitate interactions between its member enterprises and government officials. This association has transmitted the business community's demands to relevant policy-makers strategically and strived for private enterprises against the unfair domestic policies. It has also successfully integrated Chinese private enterprises into the chain of China's international economic cooperation and brought them into play in China's foreign economic policy, an arena that usually is "relatively immune to tinkering and undue influence by any single individual, particularly if that individual falls outside the formal government apparatus" (Mertha 2009: 1007). The role that TPA played in facilitating private entrepreneurs' influence in China's domestic policy domains and international trade suggests a likelihood that business associations in China are increasingly growing up into an intermediate sphere where Chinese private entrepreneurs might be expected to develop their institutionalized lobbying and leverage China's policy-making process.

There appear to be several reasons for TPA's success in meeting its member enterprises' demands and in facilitating their influence in China's policy-making. Firstly, TPA has grown up in a relatively permissive institutional environment where marketization being cultivated and developed. It was a government-initiated semi-official organization, assisting the government's 'go globally strategy'. It thus has a wealth of

political resource to count on. Secondly, while its government-initiated organizational attribute, TPA has long been self-funded and self-regulated in operation. The association does not necessarily shoulder the regulatory burden and administrative work passed on by the department to which it affiliates. The hands-off management by the government thereby allows TPA more flexibility and discretion in associational practices. Meanwhile, this also means that TPA relies heavily on its member enterprises who are the primary sponsors to financially support associational operation. As such, it promotes the third reason that TPA has strong sense of member services. It thus has long been dedicated to bringing member enterprises and government officials together and seek advantages for business' collective interests. Fourth, the secretary-general and other heads of the association are competent and proactive, although their appointment has to be formally approved by the government.

As such, the empirical observations TPA and its roles in business lobbying then provide additional evidence to support my findings in chapter 3. Results from quantitative analyses⁶⁸ and case study on TPA together suggest that while the institutional connections with the government is still important source by which business associations could employ to get access to China's political arena and assist the policy advocacy of their member enterprises, nevertheless it is not necessarily the only

⁶⁸ Based on the quantitative analyses in Chapter 3, I conclude that while the statist institutional connection is still one of the important factors relevant to business policy influence in China, its importance over associational performance in business lobbying is increasingly decreasing. Instead, the associational proactiveness toward serving the members' interests and the methods/strategies by which business associations could devise and offer in business lobbying and policy participation have increasingly becoming important in determining the abilities of business associations in facilitating their members' policy advocacy as well as in affecting the lobbying outcomes.

determinant that affects the overall associational performance in mediating state-business interactions. Other factors, especially the associational proactiveness and the ability to diversify the coping strategies in terms of assisting business members' policy engagement, are also critically associated with the lobbying outcomes — namely, business policy influence.

4.3 The Case of Shanxi: The Central Economic Association (TCEA)⁶⁹

Located in the central region of China, Shanxi Province (山西省) has long been a major resource centre for China's coal production. The provincial "economic development had depended heavily on central government investment" and heavy industry has long been the dominant sector in its economic structure (David S. G. Goodman 2000: 167). Shanxi has long lagged behind its cousins in coastal areas in terms of both marketization and governance. As Goodman (2000: 167) observes, the "less spectacular economic profile, and other aspects of its economy" in Shanxi have "more in common with many of China's provinces—particularly those inland—than the better-performing coastal provinces (Guangdong, Zhejiang and Jiangsu) and large municipalities (Beijing and Shanghai)."

Politics and economy in Shanxi have long been intertwined, while marketization developed slowly with weak institutions. Local governments have long been ill-prepared in dealing with marketization. To this end, local government often intervenes economic activities and decides the distribution of resources, while the business community, especially the private sector, has long been in a disadvantageous position. The dominant

⁶⁹ Upon the request of interviewees, all names (both the association and the interviewees) in case studies are not real, but coded ones.

government and its excessive involvement in economic activities are supposed to shape a ‘state corporatist’ state-society relations in Shanxi, under which societal actors, such as business associations and private entrepreneurs, are expected to have little room in policy-making. Unexpectedly, however, the case of Shanxi unveils the similar scenario and result as those in Beijing case where the business association has proactively facilitated state-business engagement and served its member enterprises’ interests. As Ang (2016) concludes, “Realities, however, are messy and do not always conform to an ‘ideal’ zigzag pattern.” I next present the puzzle below through the case of the Central Economic Association (TCEA) in Shanxi and interpret the similar results in the context of different cities and regions.

SOEs in Shanxi Province have long been in a preferential position and sheltered by local government. Private enterprises, while made great contribution on provincial economic development,⁷⁰ were marginalized by the government. As Yang Jianping (not the real name)—the chair of The Central Economic Cooperation Association (TCECA)—comments,

“Private economy and entrepreneurs in Shanxi have faced tremendous challenges. The private sector in China has grown up in the context where immature marketization develops without necessary supported institutions. This paradox might lead to the government’s discriminatory practices and unjust policies toward private enterprises. For example, as to the top-level institutional structure, the State-owned Assets Supervision and Administration Commission (SASAC 国资委, 国务院国有资产监督管理委员会) has been set up by the State Council as an agency to manage SOEs

⁷⁰ As the Shanxi Yearbook 2021 shows that the number of private companies in Shanxi increased from 28 (in 1990) to 279 (in 1999) and there are 3,538 private firms till 2020, while the number of SOEs decreased from 2776 (in 1990) to 60 (in 2020). Meanwhile, the number of average employees that private enterprises hired in 2020 is 495.6 thousand, while the number for SOEs is 75 thousand; the tax and extra charges for which private enterprises paid in 2020 is 569.317 million (RMB), while that of SOEs is 73.393 million (RMB). All these statistics are taken from Shanxi Yearbook (2000 to 2021), compiled by Shanxi Statistical Bureau. <http://tj.shanxi.gov.cn/tjsj/tjnj/>

since the market reforms in 1980s, whereas it did not establish a matched institution serving private enterprises in China. Although local governments set up the service centers or bureau that are in charge of medium-to-small-sized enterprises (中小企业服务中心或服务局) within their Bureau of Economic and Information Technology(经济和信息化局/厅/委员会), the heads of the latter have usually been appointed as the leaders and work on a part-time basis. As such, private enterprises and SOEs have been unequally treated structurally in terms of top-level organizational arrangement.”⁷¹

In that circumstance, most private enterprises in Shanxi, especially medium and small companies, aspire to find avenues which could help them solve problems and transmitting their demands to policy-makers, when they grow rapidly since the end of 1990s. At the same time, the Chinese government in 2000s, as abovementioned, embraced international economic cooperation at full tilt and encouraged inward and outward FDI flows. Private entrepreneurs in Shanxi also would like to catch up the ‘train’ and participate in this process. Meanwhile, while lagging behind the coast areas in terms of economic development, Shanxi and other provinces of Central China have also attempted to replicate the success of their pilot cousins to achieve economic take-off.

In the context of economic take-off in Central China, TCECA was established in 2005 as a semi-official cross-sectoral organization, being attached to Department of Commerce of Shanxi Province (*guakao*, 挂靠山西省商务厅). Its members include both SOEs and private enterprises. On the one hand, TCECA was initiated by the provincial government and followed instructions of the relevant administrative departments, such as Department of Commerce and Department of Civil Affairs of Shanxi Province (*minzhengting*, 民政厅). Upon the request of the chair of TCECA, the government has authorized the association

⁷¹ Interview 20SX28, 08 November 2020.

formal personnel allocations (*bianzhi*, 编制) with staffing of 8.⁷² While TCECA is officially attached to Department of Commerce of Shanxi Province, it actually is not subordinated to that government agent but weaves de facto organizational power and regulatory rights in its operation. On the other hand, though being identified as a semi-official association and initiated by the government in a top-down manner, TCECA has depended heavily on financial support from its member enterprises. Its sources of fund come primarily from the membership fees, corporate endowments, and earnings from authorized associational services. As such, the heads and staffs of TCECA enjoy considerable self-governance and take active part in the running of the association, which result in its greater degree of discretion in serving its business members.

TCECA has successfully solved the financing problems of its member enterprises through devising some alternative modes of financing arrangement. The discriminatory loan policies in China and widespread prejudice have made it difficult for private entrepreneurs to obtain credit from China's national banking system. Chinese private entrepreneurs have long shared "the structural condition of restricted access to formal bank credit," Tsai (2002: 257) argues, and "by the end of the first two decades of reform the overwhelming majority of China's private entrepreneurs still relied ... on self-financing." Yang, the chair of TCECA, also states in the interview that "financing has long been the biggest challenge that private enterprises in China face. The Chinese financial system has dominated by the state-owned banks who always concern about the reputation of private

⁷² As the chair of the association, Yang Jianping (not the real name), told me in the interview that this authorized official personnel has to be approved by both the provincial government of Shanxi and the State Commission Office of Public Sectors Reform (SCOPSR 中央机构编制委员会办公室, 国编办).

owners. They lack necessary experience and sophisticated skill to handle this problem, and thus are often reluctant to lend to private firms.”⁷³

Member enterprise of TCECA have mentioned the capital constraints and resorted to the association to address this dilemma. TCECA has transmitted this business demand to relevant government agencies and commercial banks. While some individual private companies do obtained credit from the bank with the assistance of TCECA, it happened on an ad hoc basis. To deal with such a collective business demand, it's necessary to construct some novel institutionalized financing mechanisms. Two institutional financing arrangements then came into being by the effort of TCECA: one is the establishment of a bank through self-help fundraising by private entrepreneurs; another is the setup of a new special sub-committee within the association that is in charge of the financing and capital issues of business members.

However, financial arrangement in neither direction is easy, especially the initiation of the private bank when the government sets a higher access threshold for private capital to get the financial license in China. As Yang recounted, there were around a total of 200 billion (RMB) private capital in Shanxi in early era of 2000s without being put to good use, whereas most private enterprises were badly in need of funds to run business, particularly the medium and small firms. Yang, the then deputy chair and secretary of TCECA, has proposed a formal report to China Banking Regulatory Commission (CBRC) Shanxi Office at the end of 2005, in which he suggested to set up a bank, absorbing the excessive private capital and taking private fundraising as the principal parts. However, Yang's proposal has

⁷³ Interview 20SX28, 08 November 2020.

been put aside by CBRC Shanxi Office.

An opportunity subsequently arose around the end of 2006. At that time, the operation of some provincial state-owned commercial banks in Shanxi were on risk due to the structural deficiency. CBRC Shanxi Office then has conducted an investigation toward relevant agencies in 2006, and TCECA was among those consulting bodies from which the CBRC seek for advices. Taking this as a chance, the association submitted a written report, in which TCECA presented Yang's 2005 proposal again as a suggestion of reforming the state-owned commercial banks in Shanxi. CBRC Shanxi Office integrated Yang's proposal and other suggestions and then submitted an implementation plan to the provincial government. Yang's proposal stood out from the crowd and then went onto the 2006 annual priority list of the Party Committee and government of Shanxi Province. As such, TCECA strategically and successfully transmitted its member enterprises' financial difficulties and policy suggestions to provincial government agencies.

However, it wasn't until 2009 that a new joint-stock commercial bank, supported by both the provincial and national government, was established in Shanxi Province. Although the provincial government and several other government agencies owned the majority stake, the bank absorbed plethora of private capital. While private entrepreneurs did not predominate over this bank as the main shareholder and operated it independently with sheer autonomy,⁷⁴ the establishment of the bank has integrated previously scattered private

⁷⁴ It was until 29 September 2013 when CBRC announced that qualified private capital was encouraged to set up nongovernmental banks at their own risks in the area of Shanghai Free Trade Zone. Thereafter on 6 January 2014, CBRC proclaimed its decision on its official website that it would issue the limited licenses to 3 to 5 private-owned banks on a trial basis. As of 25 July 2014, CBRC has approved the application of three pairs of private companies who were willing to set up three private-running banks. Until June 2020, there are 19 private-owned nongovernmental banks in China.

capital and used to assist private enterprises to develop business in the form of mutual funds. Most importantly, private entrepreneurs could communicate their concerns with government officials through the institutional tie of the bank.

Since its creation in 2005, TCECA took great efforts to help its business members. The chair of the association, with high social prestige and political resource, has proactively negotiated with government agencies at different level and devised coping strategies to deal with the business community's demands. In addition to the bank, Yang has also planned to set up a special agency within the association to address the financing issues of its members. Yang plans to invite some senior officials of China Securities Regulatory Commission Shanxi Office (CSRC, 中国证券监督管理委员会山西局) to lead the committee and look for capital for TCECA's member enterprises. The success of TCECA and its established reputation as a semi-official association can be credited mainly to two factors as below: first of all, although it was initiated and organized through a top-down manner, TCECA has long been self-funded and self-regulated over most associational affairs. Meanwhile, local government has not imposed much administrative duties on it and the association does not subordinate to any government departments. As Yang, the chair, claims proudly in the interview,

“as to business associations in China, being authorized the official posts by the government is absolutely necessary, if they wish to play a due role. Our association is not transferred from or led by any other government agencies as their branch. Instead, it was initiated as an independent semi-official organization, where our staffs were authorized with formal personnel positions by the government. I stood firmly on this point at the creation of TCECA, because I have always been very clear how important it is.”⁷⁵

<https://baike.baidu.com/item/%E6%B0%91%E8%90%A5%E9%93%B6%E8%A1%8C/4687702>

⁷⁵ Interview 20SX28, 08 November 2020.

As such, this association has sufficient space in associational decision-making and could focus on the member-service function. Yang's comment has also been supported correspondingly by Huang Guangdong (not real name), head of a county-level FIC of Shanxi Province. Both agree that holding the substantial power is crucial to carry out associational work better.

Meanwhile, Huang further states that "business associations have to act proactively. Only in this way could they make differences and play out influences."⁷⁶ It then involves the second factor that may contribute to the success of TCECA: its proactiveness in associational practices as well as its enriching political capital. TCECA has strong incentives to help its business members, as it needs financial support from member enterprises for associational operation. Meanwhile, the association has established good relations with local government, as the latter also needs TCECA's assistance to attract investments and achieve its developmental goals in economic growth. In that situation, TCECA often actively organize varieties of activities or events to facilitate state-business interactions, which usually get the support of local government.

4.4 A Case of Guangdong: Entrepreneurial-led Business Association

Guangdong is a coastal province in China. Located in Pearl River Delta with a population of over 98 million (as of 2020), Guangdong "has long suffered from a shortage of farmland for agricultural production" (Ma and Lin 1993: 590) but relied heavily on the manufacturing industry in terms of provincial economic growth. Guangdong has launched

⁷⁶ Interview 20SX25, 07 November 2020.

its marketization and industrialization as early as the end of 1980s. It reported that the Party Committee of Guangdong Province has submitted a report to the State council — ‘Expanding the Foreign Trade and Accelerating Economic Development by Taking Advantage of the Favourable Conditions in Guangdong’ (<中共广东省委关于发挥广东优越条件, 扩大对外贸易, 加快经济发展的报告>) on June 6, 1979.⁷⁷ The State Council had soon later approved and transmitted this document for implementation on July 15. Since then, Chinese central government has applied the policy of “a combination between vertical and horizontal management, and making the latter a priority” (*tiaokuai jiehe, yikuai weizhu*, 条块结合, 以块为主) as a guideline in Guangdong’s economic development.

As the pioneer in China’s economic reform, Guangdong has taken on a local government-led development pattern which combines the dynamic of both government and the private sector to develop its economy. While being a part of the top-down bureaucratic system, Guangdong has long been situated in an institutional environment where the central government adopted a hands-off approach in the provincial economic development. As some Chinese scholars rightly point out, different from other provinces that reform SOEs according to the national reform package, the central leadership had empowered Guangdong with considerable decision-making authority in terms of economic structural adjustment and development (He 1999). And local governments at all levels in Guangdong have applied this relaxation of policy to their corresponding subordinate government agencies in terms of varieties of economic activities.

⁷⁷ (2021, February 2). Feng Xixi, Guangdong Shouldered the historical Mission as a Pathfinder by Making the First Move in Market Reform and Opening Up (广东启动改革开放 “先走一步” 肩负起为全国探路的历史重任). Sohu. https://www.sohu.com/a/448242299_115354

Meanwhile, private enterprises in Guangdong have begun to emerge and develop by taking advantage of “a large surplus of labor force ... released from traditional agricultural production” (Ma and Lin 1993: 590) as well as a massive financial and technological support from Hong Kong and other foreign capital. As their counterparts in Zhejiang Province and elsewhere in China, private entrepreneurs in Guangdong have developed businesses in the early reform era through devising varieties of self-help coping strategies, rooted in their social networks and local communities. These “bottom-up dynamics of entrepreneurship” (Nee 2010) and “innovative informal institutional arrangements” (Tsai 2006) created by Chinese private entrepreneurs have prepared a solid industrial base for Guangdong in its economic take-off and further development.

The growing economic pressure from both the state and the private sector in China “enable the process of natural selection to work – policy makers have to accommodate themselves to the economic reality on the ground rather than to forcibly impose their own visions” (Huang 2008: 135). While admittedly that the entire situation to which private entrepreneurs in Guangdong face did not vary much with those in other provinces in early 1990s, the central government’s historical improvisation and experimentation toward Guangdong has prepared necessary grounds for enhanced institutional environment and governance for marketization. The growing autonomy of local government in economic activities coupled with the dynamic of the private sector have given rise to a high-level of economic performance in Guangdong. Moreover, according to the report of ACFIC,⁷⁸

⁷⁸ (2021, November 3). He Fan, ACFIC Publishes the ‘2021 Business Environment in China: A Conclusion Derived from Private Enterprises’ Assessment’. *The Xinhua News* (新华网). http://www.xinhuanet.com/finance/2021-11/03/c_1128026160.htm

Guangdong ranked second among the top 10 provinces in terms of business environment score in 2021. All interviewees from my fieldwork in China agreed that the business environment in Southern China is better than any other regions, and particularly headed by Guangdong Province.

Among the municipalities, Blessed City is located in the central-south of Guangdong that has long been a manufacturing center and transportation hub in Great Bay Area (粤港澳大湾区). It has long been known as the capital of manufacturing as a ‘world factory’ where medium and small private businesses predominated. As the mainstay industry of Blessed City, manufacturing there has long been export-oriented and dominated by labor-intensive industries and processing trade. The advantageous geographical location and the so-called ‘demographic dividend’ have long been viewed as important factors that contributed to the economic growth in Blessed City. However, the cost and labour advantage of this kind of traditional low-end manufacturing faded away after 2010 in the wake of the rise of electronic commerce (e-commerce) in China. Since then, the provincial government and local governments at all levels in Guangdong took actions to accelerate the industrial transformation and upgrading. Most private enterprises in Blessed City then caught up this ‘train’ and went businesses into high-tech manufacturing and cross-border e-commerce. Now manufacturing in Blessed City is well-developed and quite diversified, ranging from traditional low-tech industries to emerging (high) tech-based ones, with the latter as its pillar industry. As of 2020, there were 57,700 firms that registered as emerging industries in Blessed City, among which 6,385 were high-tech enterprises.

The proliferation of private enterprises in industrial sectors of high-tech

manufacturing and e-commerce has been accompanied by a number of challenges and problems as well. For instance, some necessary market-supportive formal institutions have not been set up by local governments to meet the needs of emerging industries and industries in transformation. Meanwhile, local government agencies in Blessed City were incapable of developing corresponding policies and regulations due to their inexperience. Moreover, although the market-oriented developmental pattern throughout Guangdong Province made the institutional environment in Blessed City better than other localities of China, private entrepreneurs still face many “so-called market failure problem”, such as “cut-throat competition, pirating, producing fake or low-quality commodities” (Zhang 2007: 214). In that circumstance, private entrepreneurs in Blessed City desired to gain much policy support from the government, as well as overcome problems brought by themselves. The well-established business associations or trade organizations thus were badly in need to fulfill the demands of the business community in Blessed City. However, it appears that as of 2015, there was not such an organization working for the collective interests of private enterprises in the e-commerce and the manufacturing industry sector in Blessed City. While the China Council for the Promotion of International Trade (CCPIT)⁷⁹ has set up a city committee in Blessed City earlier in the 1980s, that committee fell short of necessary professional knowledge and capability in meeting the demands of local emerging industries.

Some private entrepreneurs in Blessed City have sensed this situation. To improve the

⁷⁹ China Council for the Promotion of International Trade (CCPIT, 中国国际贸易促进委员会) is also known as China Chamber of International Commerce (CCIC 中国国际商会).

competitiveness of local private enterprises and strive for financial and other policies support from government, the Commerce and Development Association (DCDA) was founded in Blessed City by nine private entrepreneurs in 2016. DCDA is a purely entrepreneurial-led non-governmental association that was initiated, funded, and governed by several private entrepreneurs, all of whom were owners of medium-sized companies in Blessed City. It has made a clear claim to serve the collective interests of its member enterprises and help them to run business. It grew out of a very loosely organized business group that was established in 2007 without officially registered in the government. As the secretary-general as well as one of the founders of DCDA, Li Zhao (not real name), told me that during the formation of the association, they even did not know that every social organization in China is required to officially register through the Civil Affairs Bureau (民政部门) for the legal status. In the beginning of the creation of DCDA, most of its business members were private owners in traditional manufacturing industries or manufacturing-related e-commerce sector, focusing on domestic or cross-border business. And a vast majority were private owners of medium or small firms whose total annual sales were between 50 million to 100 million (RMB). It made it clear that the purpose of the association was to form a closely collaborative community and to assist member enterprises in addressing their problems, meeting their demands, and seeking for their advantages through.

This association developed very quickly thereafter. The number of its member enterprises increased from 300 to 900 within nine years since its creation in 2007, ranging from traditional low-tech manufacturing to industries rely heavily on high-tech and e-

commerce. As of 2016, they had a total of 100,000 employees and a total annual production value of 40 billion (RMB). The fast development of DCDA and the economic importance of its member enterprises have attracted the attention of local government in Blessed City. At that time, the provincial government was attempting to boost its regional economic competitiveness through reforming the industrial structure and promoting development of e-commerce in Guangdong. Local governments in Blessed City and in other localities of Guangdong then has been assigned a couple of relevant tasks to facilitate provincial government in achieving its varieties of socioeconomic and developmental goals. In 2016, the Bureau of Commerce of Blessed City has carried out a preparatory fieldwork to collect necessary data and information for its provincial government in the making of relevant industry policies and regulations on e-commerce. In this investigation, DCDA and other 8 official associations have been selected the on-the-spot subjects by local government. Soon later, the government has granted DCDA an official license and recognized its legal status.

As the secretary-general Li Zhao recounted,

“Before they came to us, the government initially planned to give the license to another government-organized association in Blessed City. However, the government decided to give it to us. It indicates that the government recognized the capacity of our association in integrating business and societal resources, as well as the influence we have played in the business community. Meanwhile, the then government of Blessed City was short of necessary professional knowledge in the field of e-commerce, especially the cross-border trade, and had no ready-made experience to follow in terms of guiding and regulating the market and enterprises in this emerging industry. They thereby relied heavily on our association to get on with new situations. Admittedly, government at all levels in Guangdong have long been open-minded and down-to-earth, comparing with those in most other regions of China. They have fostered a tolerant business environment for market actors. I think these were the main reasons why we could win over

*other official associations and got the license.”*⁸⁰

The widely recognition by both the government and the business community has further boosted the status of DCDA and enhanced its visibility as an entrepreneurial-led association. This high-profile association thereafter is competent in absorbing more member enterprises, as well as getting easier access to critical government resources. As Li recounted, the provincial committee of CCPIT (广东省贸促会) got in touch with DCDA for cooperation when it noticed the associational performance in e-commerce industry as well as its influence in the business community. This provincial committee of CCPIT has allocated some business resources and opportunities to DCDA and its member enterprises. For instance, thanks to the recommendation of the provincial committee, DCDA has established an institutionalized collaborative relation with an official chamber of commerce in Guangdong. This government-led chamber has distributed some resources to DCDA through collaboration, such as co-hosting national-level exhibitions and participating in other national events or government-organized international field trips, etc. These associational activities, such as arranging private entrepreneurs to participate in the business delegation in the official visits of relevant government departments, have brought benefits to the member enterprises of DCDA, during which businesspeople got chances to engage with relevant policy-makers or develop necessary lobbying.

As Li recounted, the municipal government of Blessed City often carries out preparatory investigations before it makes new policies or revises the existing policies. In or around 2018, it financially supported and authorized some business associations in

⁸⁰ Phone Interview 21GD47, 13 July 2021.

Blessed City to conduct a survey, aiming to assess the current status of local enterprises as well as find out the difficulties they faced. Among those selected associations, DCDA is the only entrepreneurial-led organization. Taking full advantage of this chance, DCDA then voiced its business members' concerns and suggestions to relevant municipal government agencies in its written proposal, in which it pointed out that labor shortage and the correspondingly increased costs have been one of the top difficulties faced by private entrepreneurs in Blessed City. Moreover, DCDA took further efforts to unify other business associations and attempted to press the municipal government to make preferential policies and bring in needed labors. The municipal authorities also realized the possible harmful impacts on local economy that may be generated by labor shortage after the investigation. They finally put these associational policy suggestions in their report to relevant provincial government agencies in the form of internal reference and persuaded higher level government actors to take further steps.

DCDA took efforts to serve the interests of its business members in the past few years. It has built its reputation among private enterprises as a state-business intermediate field, as well as formed a complementary relationship with the government. As Li said,

“our association now remains the primary avenue in state-business interactions in Blessed City. We are competent and influential in the business community, and we are especially good at dealing with issues in the field of cross-border e-commerce. The government has long been counted on the association to rally businesspeople to boost local economy while entrepreneurs have also depended on us to contact government official and seek for preferential policies or other advantages.”⁸¹

While working toward the advantages and rights of its business members as an

⁸¹ Phone Interview 21GD47, 13 July 2021.

entrepreneurial-led association, DCDA learns about the necessity and importance of establishing good relations with the government in China. As Li comments that “although the government may pass on some developmental goals to our association, the institutional linkage with the government has brought benefits to our association as well to the group advantages of our business members. The government often takes the initiative to distribute critical resources or preferential policies to our member enterprises.”⁸² As such, the established official networks has given DCDA advantageous status, based on which the association is capable of facilitating member enterprises in lobbying policy-makers at various levels of government through diversified associational activities.

To bring government officials and private entrepreneurs together and increase their interactions, DCDA routinely arranges associational activities and events. Among various forms of state-business interactions devised by DCDA, the following three are routinely adopted as the most popular ones: 1) hosting policy-related seminars or meetings between government officials and entrepreneurs; 2) setting up WeChat groups for state-business communication; 3) holding policy-relevant press briefings. By inviting relevant government authorities to participate in these associational events, DCDA has effectively bridged and routinized its member enterprises and relevant government agencies. Private entrepreneurs then could communicate their policy demands or suggestions to government officials directly in this process.

For example, through a seminar organized by DCDA in 2017, private entrepreneurs who engage in cross-border e-commerce and international trade have successfully

⁸² Ibid.

transmitted their demand on opening offshore accounts in one Southeast country to relevant officials and persuaded them to deal with this problem in a top-down manner. Owing to commodity trading with foreigners, especially the large sum of transactions, there has long been a heavy demand for currency exchange among private entrepreneurs in Blessed City. However, they have long depended heavily on black market exchange or other illegal avenues. Due to the strict domestic exchange control policies as well as those that may be imposed on by the host countries, most private entrepreneurs in Blessed City did not have offshore accounts.

Occasionally, they learnt from DCDA that some senior officials of CCPIT (中国贸促会) were invited to an approaching seminar arranged by the association. Private entrepreneurs in need of help then drew up a proposal in which they presented their difficulties and requests for relaxing the limits on opening offshore accounts. DCDA made additional remarks on the proposal to support these entrepreneurs as well. After the oral communication with officials of CCPIT in the seminar, DCDA subsequently formally submitted the proposal signed by 56 private entrepreneurs to the CCPIT office in Blessed City. This proposal then was referred to the provincial committee of CCPIT in Blessed City. Soon later, The CCPIT office in Blessed City received an official written comment from the upper levels of committee, in which it replied that CCPIT has noticed the situation and attempted to mediate a settlement through working with other government agencies in Beijing. As of now, DCDA has built a relationship with China International Economic and Trade Arbitration Commission (CIETAC, 中国国际经济贸易仲裁委员会) — a subordinated body of CCPIT — to which the association can resort in dealing with issues

of its member enterprises such as offshore accounts and other disputes in international trade.

The following three explanations may give some hints on the success of DCDA in facilitating business' policy advocacy. Firstly, DCDA enjoys plenty of space in associational practices. As a purely bottom-up entrepreneurial-led organization, DCDA was initiated and has long been governed by private entrepreneurs. The heads of the association are private owners of several medium-sized companies, and its staff are all hired through social recruitment with contracts. Moreover, the association has long been self-funding. These organizational features have put pressures on DCDA to meet their business members' demands, whereas they also left it much autonomous spaces in running the association. In addition, owing to their non-governmental status, DCDA does not have to shoulder heavy administrative duties and other regulatory works passed on by the government.

Secondly, while most business members of DCDA are not large-sized enterprises, they are economically important to local government. A vast majority are manufacturing enterprises, among which approximately two thirds are based on high-tech production, such as electronic equipment and components, as well as engaging in cross-border e-commerce trade. As abovementioned, manufacturing and high-tech manufacturing have long been the mainstay industry in Blessed City. In this regard, the municipal government of Blessed City relies heavily on private enterprises in the manufacturing industry in achieving its socioeconomic developmental goals. Considering the reputation of DCDA in the business community as well as its capability in mobilizing societal resources, local governments usually grant the association much facility and necessary support in its

operation, as well as do not intervene too much in its internal affairs.

Thirdly, while DCDA is one of the most influential societal association in Blessed City, it does not pose any challenges for local authorities. Instead, it has long provided a helping hand to local government in mobilizing business resources and contributing to local economic development. DCDA takes the interests of member enterprises and the industries they represent as the first priority, whereas it also knows well how important it is to embed the association in Chinese political culture. Most importantly, though DCDA sometimes devises associational strategies against existing practices to defend the interests of its member enterprises, private entrepreneurs in China do not clamor for issues that are politically sensitive. Their business concerns and policy advocacy usually involve promotion of the general interests of the private sector or collective interests of specific industries, or request the removal of barriers that hinder the development of specific sectors or enterprises, or seek for solutions to problems of individual firms such as tax reduction and getting access to bank loans, etc.

4.5 Discussion

Examples in these cases indicate, Beijing, Shanxi, and Guangdong differ widely in their localities, population size, economic development, fiscal capacity, and other socioeconomic features. While business associations in the three localities that cross Eastern and Central China are situated in highly contrasting context of socioeconomic background, they share several similar features. First, these business associations enjoy considerable space for self-governance. All three are self-funding organizations. In

addition, except the entrepreneurial-led association in Blessed City, the heads and staff in other two semi-official business associations have been formally granted the personnel allocations (*bianzhi*, 编制). While they are appointed by the government, they usually are not remunerated as other state officials. The government has also taken a hands-off approach on the three associations in terms of their organizational functions and daily operation. The loosening ties with the government enable these associations have a say on most associational affairs and member-specific issues.

Second, these associations have long been proactive in serving the interests of their constituencies as well as innovative in devising various forms of lobbying strategies to increase state-business interactions and transmit their member enterprises' policy demands. Individually speaking, the heads of these associations are prestigious among their business members, competent with great working abilities, and enriched with resourceful political capital. Through substantively facilitating state-business engagement, transmitting the business community's institutionalized demands and collective concerns to policy-makers, these associations have built up reputations among their member enterprises. Given their capability in unifying the business community as well as the importance of their member enterprises in economic growth, local governments in the three localities take these associations seriously and count on them in dealing with private entrepreneurs.

Taken together, case studies across different regions and city clusters abovementioned show while business associations in the three localities have been situated in different context of economic development, business environment, and governance patterns, they are capable of defending the interests of their member enterprises and pushing business

influence forward in China's policy process. Moreover, the three cases also involve a comparison between government-initiated (or semi-official) and entrepreneurial-led business associations. The two types of associations have nevertheless embodied a similar performance as state-business intermediaries: they are all proactive and competent in transmitting member enterprises' policy demands, facilitating the business community's policy engagement, as well as defending their interests. These findings then provide additional evidence to support H1, suggesting a decreasing regional difference in terms of the organizational capability and practice of business associations in facilitating business lobbying and state-business interactions.

As such, by situating the three business associations in the context of contrasting socioeconomic features and governance patterns and making a comparison on their quite similar associational practices in business lobbying and policy advocacy, this chapter concludes that the willingness and capacity of business associations are two of the primary factors that may impact private entrepreneurs' policy influence. The willingness refers to the working attitude of business associations and their heads in running the organizations. For example, it points to if they are proactive in various associational affairs, especially in terms of serving their business members and representing their interests, etc. The capacity concerns the ability of business associations in mobilizing resource of both the state and the society.

Nevertheless, it is analytically inappropriate to assess business associations in authoritarian context of China through the lens of civil-societal framework. On the one hand, the institutional linkage with the state is necessary for associations in contemporary

China, as they need government support and political resource in implementing various activities. On the other hand, sound evidence from the existing studies shows that Chinese private entrepreneurs don't demand democracy as their counterparts in Western liberal democracies do. While a state-centric theoretical perspective and its elaborated versions (e.g., Foster 2001, 2002) have differentiated the 'dual roles' embedded in Chinese business associations, they captured only the statist scenario of the picture. As such, taking the state-society interaction approach as an overarching analytical approach, case studies above have exemplified both the statist and societal scenario that take place through business associations. It thus illustrates that business associations in China are increasingly growing into an intermediate field with varieties of associational strategies where business could voice their institutionalized demands, develop their lobbies, and influence China's policy-making process.

4.6 Conclusion

Results from quantitative analyses of survey data in Chapter 3 show that the associational performance and practice in facilitating state-business interactions and promoting business lobbying have been increasingly recognized by private entrepreneurs. Based on data from my interviews as well as from other secondary sources, I derive a number of empirical observations from case studies in this chapter. These findings provide additional evidence to complement findings in chapter 3. All cases of Beijing, Shanxi, and Guangdong have witnessed a growing degree of willingness of semi-official business associations in meeting the demands of their constituencies, as well as an increasing

organizational ability of entrepreneurial-led associations in defending the interests of their member enterprises by getting access to more resources and support from the government. While Chinese business associations across regions and city ranks in these examples have differed widely in key socioeconomic variables and governance patterns, these organizations show a growing convergence in terms of their performance in state-business interactions in China. Moreover, as both the survey and interview data indicate, private entrepreneurs have increasingly been willing to develop the lobby through the channel of business associations, comparing with other lobbying routes. This finding signifies the growing recognition of private entrepreneurs with regard to business associations' roles in business lobbying and policy engagement. This is in line with past research. Indeed, as Steinberg and Shih (2012: 1411) argue that an organization is supposed to be able to or "have some sort of access to relevant decision makers" when it is selected as a lobbying intermediary to influence policy.

Findings from both the survey and interviews indicate that while local governments in China differ in their economic development paths as well as strategies in coping with societal actors, business associations in different localities are able to proactively and effectively promote the interests of their member enterprises as state-business intermediaries, as long as they enjoy much the "weight of decision-making vis-à-vis the associations' activities" (Unger 1996: 796). Being conditioned in authoritarian context of China, we nevertheless shall not expect that business associations or any other societal organizations could enjoy full autonomy and complete independence, as well as weave a sheer representativeness in defending the interests of their societal members. Chinese

business associations have to sacrifice certain degree of autonomy to survive as well as to serve their member enterprises. However, “boundary-blurring linkage between the state and society emerge within different kinds of political regimes” (Foster 2001: 103), and state-society interactions within the intermediate field of business association have long been shaped and reshaped by the evolving tripartite institutional relations among the state, association, and business.

Expectedly, with the deepening of the top-down institutional reforms on business associations in China, a majority of (semi-)official associations will be ultimately decoupled from relevant government agencies and competent departments to which they have been previously attached. Thus, business associations in China are expected to rely less on the government but more on the side of society in their source of funding and other institutional arrangement. In addition, the further development of marketization and the unprecedently rapid digitalization in China have given rise to many newly emerging industrial sectors and advanced technologies, which may pose new challenges to the Chinese government and the CCP-leadership. In this context, the Chinese state has less experience and knowledge and has to rely heavily on the side of society. These changes then may loosen the previous institutional linkages between government and business associations, expand their operational space, and enhance associational autonomy relatively. Taken together, this may ultimately yield favorable conditions that increasingly push business associations to tilt in a direction towards serving the interests of their business members. And the strong and encompassing business associations may drive state-society relations in China developing toward the spectrum of societal corporatism.

As such, case studies in this chapter provide additional empirical evidence to further support results and findings derived from quantitative analyses abovementioned in Chapter 3. In this regard, it concludes that findings from the quantitative analyses in Chapter 3 generate the current snapshot of business lobbying that takes place through business associations, while case studies in this chapter present multiple dimensions of the three-party interactions and feedbacks among the state, business, and associations across space and over time. Moreover, my recording of how private entrepreneur and business associations jointly carry out advocacy activities to influence China's policy process in the three cases helps to locate evidence of business policy influence, where relevant, among the domains of concern in each case. As such, I reach an overarching conclusion on business associations and their roles in contemporary China: business associations have been increasingly becoming the institutionalized mechanisms where political and social/business elites in China are able to build networks and interconnect with each other. In this respect, it indicates that business associations provide the Chinese business community an alternative channel to formally engage with policy-makers and influence China's policy-making.

While this conclusion confirms the role of Chinese business associations in facilitating private entrepreneurs' participation and advocacy in China's policy-making, it also aware that the outcome of business lobbying (namely, business policy influence) differs widely because of the varying degree of organizational capacity and performance among business associations. Findings from both the survey and case studies illustrate that the capability of business associations in providing diversified methods/strategies for their business

members have been central, among other key factors, to increase the chance that private entrepreneurs engage with Chinese policy-makers. The more interactions between private entrepreneurs and the policy-makers, the more likely business actors could exert influence on China's policy processes. While this assumption remains to be addressed and supported with additional empirical data and evidence, the emergence of various new lobbying methods alongside the development of advanced technology and rapid digitalization have proved to expedite the organizational capacities of Chinese business associations in terms of business lobbying and state-business interactions. Taking WeChat (*weixin*, 微信), a newly emerging online social medium in China, as an example, it is now the most common method by which business associations use to arrange the routinized state-business interactions in China. As the deputy chair of the business association in Guangdong comments,

*“The WeChat group is quite efficient and convenient for businesspeople in their exchange of information and doing business. Most importantly, it greatly facilitates the interactions between relevant officials and our member enterprises, less costly and time-saving. There are around 500 members in our WeChat group, and they, including both entrepreneurs and officials, have to follow a set of normative rules.”*⁸³

As such, the increasing decoupling between business associations and their affiliated government agencies generates the declining associational reliance on the Chinese state, which may enable business associations to tilt in a direction towards a market-oriented operational model. And the market-oriented development will lead to a growing reliance of the Chinese business community on its business patrons, pushing associations work

⁸³ Phone Interview 21GD47, 13 July 2021.

proactively and innovatively with more coping strategies in the assist of their business members. To this end, changes in the tripartite institutional relations among the state, business, and associations may add new dynamics to state-society/business relationship in China and provide takeaways for studies on China's political development.

The enhanced organizational capability and proactiveness of business associations may increase the overall level of business influence in China's policy process. However, private entrepreneurs' policy influence that takes place through business associations are not wielded at uniform rates but differentiated in breadth and depth. The range, direction and degree of lobbying is evolving around how actors from the state, business, and association interface with one another and depend heavily on how they handle their interests, motivations, and capacities. As such, I conclude that the influence that Chinese private entrepreneurs impose in China's policy arena is multi-layered. In its authoritarian context, the fragmented politics and multilayered institutional environment mean that policy-making in China is not one piece, and thus provide possibility for the business community's participation. Analyses of both the survey and interview data imply that private entrepreneurs may take active part in any of the multi-staged policy-making processes, ranging from engagement of shaping policies for the broader economy in the upper stream to participation in the agenda-setting of specific industry issues in the lower stream.

While findings across regions and city clusters suggest a surprisingly broader involvement in every stage of China's policy-making by private entrepreneurs, they also identify an uneven policy participation in the business community across firm sizes and

industry sectors. It reveals that larger private enterprises are more likely and more willing to engage in the upper-level stage of policy-making, such as participating in the formation of regulations and laws for broader economic issues or national strategies. Moreover, technology-intensive or advanced industrial sectors now in China are in a strong position and could get easier access to preferential policies than their low-tech or labour-intensive counterparts. Accordingly, business associations that represent these emerging industrial sectors have taken on new importance. For example, an entrepreneur told me in interview that the Chinese government now relies heavily on business associations that work on ‘artificial intelligence (AI)’ and thus grants them more space in associational practices.⁸⁴ As such, it appears that the Chinese government not only inclines to tilt toward the advantages of (high)tech private firms in terms of distribution of resources, but also confers more weight of self-governance on business associations that involve with this type of industries as members.

The business community’s uneven policy participation and especially the threshold in the upstream stage of policy-making imply that the influence that private entrepreneurs may wield in China’s policy arena will not be unified. Nevertheless, it doesn’t necessarily mean that there is a sharp boundary to differentiate the policy stages where each dimension of business influence may come into being. As the empirical evidence and statistical data present that through the intermediary of business associations, private entrepreneurs may wield their policy influence in three dimensions: First, a low-level of policy influence through participation in the downstream stage of policy implementation and concerning

⁸⁴ Interview 20GZ11, 08 January 2020.

the interests of individual enterprises or specific industrial sector(s). It usually involves the specific business issues, such as setting up industrial standards, getting access to preferential policies, obtaining government subsidies, or winning the bidding of government-funded projects, etc. Second, a medium-level of policy influence that attempts to enhance the interests of private economic sector as a whole. Entrepreneurs may achieve this influence by engaging either in the preparatory stage of policy-making or in mid of policy-making process. Third, the ideational influence. This may concern a high-level of policy influence in terms of shaping the national strategic planning or refers to the low-to-medium level of influence, such as taking business ideas into consideration as working reference. In this regard, business policy influence does not necessarily need to be displayed in the form of particular policies and may take other forms. As a scholar comments in the interview,

“You tell me what exactly do you think of firm’s policy influence? Does it have to take the form that a particular or specific government policy is made under given entrepreneurial preference or interests? Ma Huateng (马化腾), the CEO of China’s most influential internet company – Tencent (腾讯), has proposed the concept of ‘Internet Plus Action Plan (互联网+)’ in public and received serious attention by Premier Li Keqiang. That is the greatest effect of policy influence. For most large and successful private companies, what they mainly pursue is a benign and friendly economic environment, rather than a concrete supportive economic policy.”⁸⁵

In this regard, while Chinese business associations have enhanced the policy influence of private enterprises of all sizes, one shall expect to see that small-to-medium private firms tend to engage in the lower stage of policy-making and concerning more about the narrow

⁸⁵ Interview 19BJ06, 20 November 2019.

interests of individual firms or specific sector(s). And big enterprises are usually more influential and may carry certain degree of ideational weight in the business community's policy influence. Their policy proposals or suggestions may substantially influence the views of policy-makers, being integrated into policy agenda, or shape the policy implementation. This group of private entrepreneurs, as Schubert and Heberer (2017: 102) argue, is "politically well-connected through a multitude of overlapping social and political networks, ... engage in systematic and high-level lobbying, and push for policy change that primarily serve their own businesses and industries but may eventually help other entrepreneurs as well." However, nothing is ever fixed. In the current situation, to avoid the further hindrance that monopoly private enterprises may generate on China's industrial structure and economy as well as to overhaul the market, the government is now cracking down on the monopolized market activities of large companies (such as the newly initiated national agenda of 'common prosperity') while provide supportive and preferential policies toward medium-to-small-sized businesses that are relatively vulnerable in competitions.

Chapter 5

AN EMERGING WINDOW ON STATE-BUSINESS RELATIONS IN CHINA: THE POWER OF IDEAS AND THE EVOLVING ROLES OF THINK TANKS

5.1 Introduction

Over the past few decades, the world has witnessed the emergence and rapid development of Chinese think tanks. According to the “2020 Global Go To Think Tank Index Report” by the University of Pennsylvania (McGann 2021), there are 1,413 think tanks in China. While two researchers of Nanjing University reported that there was a total of 2,400 think tanks in China in 2012 (Li 2017, 21), other Chinese scholars claim that there are over 2,500 think tanks in China (Wang and Fan 2013). Meanwhile, in its latest published book “Chinese Think Tank Directory No. 4” (中国智库名录) in 2020, CASS listed 1,537 think tanks. As many scholars’ contribution to this field of study elucidates, the think tank community has been playing an increasing advisory role in China’s policy-making process. However, there has seen a new trend underway in Chinese think tanks—they have increasingly become a newly emerging intermediate space and meeting grounds for state-business interface in China, as a result of the socioeconomic changes alongside marketization in China. This new development within the Chinese think tank community has diversified the sources of patrons of various research organizations and recalibrated their research agenda and network orientation. The changes and dynamics in the Chinese think tank sector thus necessitate alternative leverage to examine the relations between the state and the intellectual field and between the state and business.

This chapter organizes as follows. It begins with an introduction of a method being

employed to classify various think tanks in China. Then, I outline the research lacuna, research questions, analytical approach, and research limitations of this study. Next, I chronologically provide a historical overview on the evolution of Chinese think tanks since 1949, profiling how they engage in China's decision-making process as policy advisory bodies as well as how China's evolving socioeconomic landscape reshape the role of think tanks. In this part, I take a special effort to identify an important new trend underway in the Chinese think tank landscape—namely, the growing business-intellectual coalitions beginning in the Xi Jinping era—and the changing roles of think tanks in China's policy-making. Then, I assess the sources of influence of the think tank sector in China's policy-making system and identify the main pathways employed by the Chinese think tank community to engage in China's policy process, seeking to aid the understanding of the ongoing new trend underway within the Chinese think tank landscape as well as assess the corresponding business policy influence that takes place through the think tank sector.

Subsequently, building upon empirical data from my fieldwork in China and other sources of materials, I construct three cases to investigate the changing roles of the Chinese think tank community and examine the corresponding business' policy influence that takes place through the research field. I closely look into four Chinese think tanks—Institute of Industrial Economics of Chinese Academy of Social Sciences (IIE, CASS), China National Committee for Pacific Economic Cooperation (CNCPEC), the Charhar Institute (TCI), and Chongyang Institute for Financial Studies at Renmin University of China (RDCY at RUC), tracing how government officials, public intellectuals, and private entrepreneurs interact within the Chinese think tank landscape. An examination of the three cases can help to

exemplify the new trend underway in the Chinese think tank community with empirical evidence, explicating the motivations behind the growing business-intellectual policy advocacy coalition in present-day China as well as helping to assess business' policy influence that takes place in this way. Finally, this chapter ends with concluding remarks, providing some takeaways to further understand dynamics in China's policy-making system and the implications to China's political development.

5.2 Chinese Think Tanks: A Method of Classification

While some taxonomies toward think tanks have been developed among scholars, existing studies have not arrived at consensus in categorizing various think tanks in China yet. Some classify different kinds of think tanks in China on the basis of their organizational functions (Weaver 1989; McGann and Weaver 2002; Abelson 2002), while others categorize these research units according to their orientation (Rich 2004). Meanwhile, some experts suggest distinguishing different sorts of think tanks in China with “a very loose sense” (Shai and Breslin 2000). Others propose a parsimonious concept of “knowledge regime” to define the Chinese think tank community (Stone 2007; Nachiappan 2013; Menegazzi 2018; Koellner and Abb 2015; Zhu 2020). For example, Nachiappan (2013) presents the terms of “political tempered knowledge regime” while Zhu (2020: 312) argues that “Chinese think tanks are typically cultivated in the politically embedded knowledge regime.” In addition, given that there also lacks an agreed-upon standard to classify various think tanks in China, Chinese scholars develop various other taxonomies (see e.g., Figure 5.1), adding another complexity to existing debate on this definitional

conundrum.⁸⁶

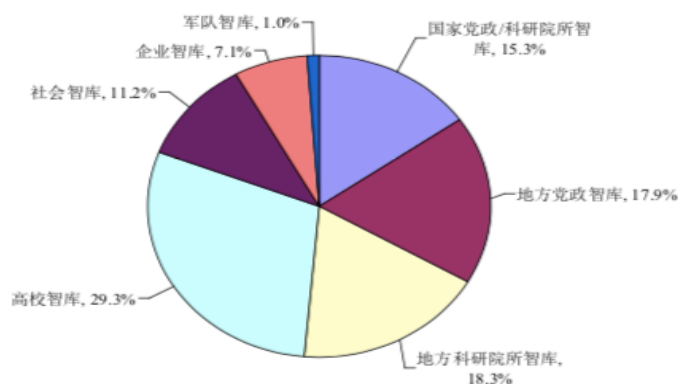


Figure 5.1 Different Types of Think Tanks in China (% , n=509)

Source: “2018 Chinese Think Tanks Report” released by Center for Think Tank Studies (CTTS) at Shanghai Academy of Social Sciences (SASS) in 2019, p26. The dark blue (1.0%) stands for military think tank; the midnight blue (15.3%) stands for Party-state affiliated think tank and research-institutes-centric think tank; the magenta (17.9%) points to Party-state affiliated think tank at local levels; the orange (18.3%) stands for research-institute-centric think tank at local levels; the turquoise (29.3%) refers to university-affiliated think tank; the purple (11.2%) is social think tank; and the pink (7.1%) stands for think tank owned and operated by enterprises.

Although it is convenient to classify Chinese think tanks based on their organizational functions and orientations, it is often difficult to do so in practice. Existing studies interpret the functions and orientations of Chinese think tanks based mostly on whether they are radically autonomous from the CCP-state, a normative discourse set by Western scholars to distinguish social organizations from the government apparatus in the context of Western

⁸⁶ In its book of *Comprehensive Evaluation AMI Research Report on Chinese Think Tank 2017* (ed. Jin Linbo), scholars at CASS divide nongovernmental research organizations into a wide variety of sub-groups—such as enterprise-socially sponsored think tanks (*qiye zhiku*, 企业智库, such as Ali Research Institute), university-affiliated think tanks (*gaoxiao zhiku*, 高校智库, such as Institute of Asian Studies), and social think tanks (*shehui zhiku*, 社会智库, such as the Unirule Institute of Economics), etc. Based on this report, enterprise-socially sponsored think tanks (企业智库) include think tanks run by the State-owned enterprises (SOEs, 国企智库), by private enterprises (民企智库), as well as by media (媒体智库); and social think tanks (社会智库) include think tanks registered as social organizations at both national and local levels (注册为国家级和地方级社会组织的智库), registered as legal body of enterprises (注册为企业法人的智库), and registered as forum-centric think tanks (智库平台). Nevertheless, the construction of ‘New Type of Think Tanks with Chinese Characteristics’ had not been launched yet when Zhu and Xue did their work on categorization of Chinese think tanks in 2007, although there emerged various other methods of classifying Chinese think tanks at that time.

liberal democracies. By this taxonomy, Chinese think tanks are viewed as non-government actors who are expected to generate intellectual independence from the Chinese state and develop toward the direction of joining the civil society. However, the scenario within the Chinese think tank landscape is much more complicated than it in its Western peers. The boundaries between the state and intellectual field as well as between society and intellectual field usually are not sharply divided. Rather, Chinese think tanks often dance along in between in China's authoritarian context, making it hard to clearly distinguish their functions and orientations. According to a think tank expert at CASS, "in Chinese context, the only difference among various think tanks in terms of categorization lies in whether they are inside or outside of the Party-state (*tizhinei/tizhiwai*, 体制内/体制外)."⁸⁷ In addition, although the term of knowledge regime provides a parsimonious way to define the Chinese think tank community, it would be too broad in general to understand the complicated relationships within the space of the Chinese think tank sector.

While making classification of think tanks in China is not my central focus, it is necessary to do so to avoid being "trapped in the largely tacit struggle" (Medvetz 2012, 213) over the definitional boundary of Chinese think tanks. As such, I adopt Zhu and Xue's (2007) taxonomy that categorizes Chinese think tanks according to the "formal legal organizational identities," as being publicly claimed by these research organizations. I thus classify Chinese think tanks into two groups on the basis of this method of categorization: one is the official/semi-official group while another is the private/social group. According to the Chinese laws, "the institutional types of China's units (*danwei*) consist of

⁸⁷ Interview, 22BJ50, 26 June 2022.

government agency, public institutions, enterprises (*qiye*), social groups (*shehui tuanti*) and Civilian Nonprofit Institution (CNPI, *minban fei qiye danwei*)” (Zhu and Xue 2007, 454). Taking the legal stipulation on Chinese institutions as a point of departure, Zhu and Xue (2007) classify Chinese think tanks into semi-official think tanks (public institutions) and civilian think tanks (research institutes centred on or established by nonprofit private legal persons, enterprises, and universities).

Zhu and Xue’s (2007) taxonomy in terms of officially legal identity provides a convenient way to organize think tanks in China, as most other taxonomies in existing studies are somewhat associated with the classification standards under Western liberal discourse that emphasizes the intellectual autonomy and independence of think tanks. Nevertheless, Zhu and Xue’s (2007) taxonomy remains two main problems. One concerns the range of think tanks inside the system of the Chinese bureaucracy. Zhu and Xue (2007) narrow the definition of Chinese think tanks by excluding official “research organizations that are within the structure of a government agency or registered as government agencies” in their classification. Chinese laws stipulates official research organizations as government agencies (*guojia jiguan*, 国家机关) while defining semi-official research agencies as public institutions (*shiye danwei*, 事业单位). As a matter of fact, there is no sharp boundaries between government agencies and public institutions in China. Both the two sorts follow a strictly defined hierarchical organizational structure and bureaucratic administrative management system, as well as rely heavily on financial appropriation from the government in operation. The slightly differences between the two sorts lies in the general job title by which people who work within are defined, as well as the varying

degree of financial appropriation they enjoy. People working in government agencies are officially defined as public servants, while those working in public institutions are managed according to the personnel system of public institutions (*shiye danwei bianzhi*, 事业单位编制). For example, as to its formal legal organizational identity, the semi-official think tank—China Institute of International Studies (CIIS)—is officially defined as a public institution. While it enjoys a relative freedom in research agenda and in accepting outside sources of funding, CIIS is actually headed and supervised by the Ministry of Foreign Affairs (MFA) in terms of administrative and personnel management and financial system.

In this respect, both official and semi-official research institutes adopt a governmental model that operate under hierarchical bureaucratic rules as well as build closely institutional connections with the Party-state. According to the Chinese laws, semi-official research institutes are legally stipulated as public institutions that operate as appendages of ministries and government departments at different levels. Even Zhu and Xue themselves acknowledge that semi-official think tanks “are not completely independent of the government but are run in a more autonomous manner than official policy research institutes” (2007, 454). As such, I decide to include both official and semi-official think tanks into this study and organize them in one group. Under this classification, official/semi-official think tank group include “research organizations that are within the structure of a government agency or registered as government agencies,” as well as research units that are

“founded by the government (as supervisor unit: yewu zhuguan danwei or guakao danwei). They are headed by government-nominated personnel and accept start-up capital from their supervisor government agencies. They

also receive a steady flow of administratively appropriated funds as fee for regular research tasks assigned by their supervisor. Their policy outputs are thus somewhat shaped by government directives” (Zhu and Xue 2007, 454).

By integrating official research organizations into the think tank sphere, this taxonomy helps to look into the changing roles of the Chinese think tank community as well as to assess business policy influence that takes place through Chinese think tanks in a wider range.

The second problem involved in Zhu and Xue’s (2007) classification concerns the concepts of civilian and non-profit within the Chinese think tank landscape. According to Zhu and Xue, ‘civilian’ think tanks (*minjian zhiku*, 民间智库) refer to research organizations that “centred on civilian nonprofit legal persons, enterprises and university-run research institutes” (2007, 454). Nevertheless, the term of ‘civilian’ itself is a debatable issue in the context of China’s authoritarian traits. While a number of Chinese research units publicly claim their independence, it is hardly to see such research institutions exist in China. Almost all Chinese think tanks have been nested within the Chinese bureaucratic system and built institutional linkages with their competent departments to certain extent. Moreover, although all think tanks, including official/semi-official ones, are required to run non-profitably according to the Chinese laws, they can always find a way to cope with government policies (*shangyou duice, xia you zhengce*, 上有政策下有对策) in China. In that situation, it is usually difficult to know to what extent the profit-oriented research activities account in the overall operation of a Chinese think tank. I thus leave this issue aside in the classification.

In addition, given that most think tanks outside of the Chinese government (*tizhiwai zhiku*, 体制外智库) share basic characteristics—having less government affiliations or loosely connect with their supervisor units (*guakao danwei*, 挂靠单位), having diversified sources of sponsorship, and having relatively freedom in carrying out research and nonacademic-oriented commercialized activities, I categorize and conceptualize them as the private/social think tank group. This group in a broad sense includes research organizations that are registered as university-affiliated research units, research centers/institutes owned or operated by individual legal persons/enterprises/social entities. This reorganization of nongovernment research organizations not only catch up the new development underway in the Chinese think tank community, but also avoid being trapped in the discursive debates on whether or not Chinese think tanks are joining the Western discourse of civil society.

Here, I nevertheless have to mention one point. While this chapter classifies various Chinese research organizations into official/semi-official and private/social think tanks based on their formal organizational identities, it does not suggest a sharp boundary between the state and society in authoritarian context of China. As Goldman and Gu (2004, 12) point out that “the conception of intellectual autonomy or academic freedom does not presume a confrontational relationship between intellectuals and the state and between intellectuals and society.” This study thus leaves the stark conceptual dichotomy between autonomy/independence and control by the state aside in the ensuing discussion. Instead, I argue that in authoritarian contexts, organizational autonomy of social entities should be conceptualized as a relative term which is shaped/reshaped by the mutual interactions

between the state and society. And instead of maintaining the autonomy and independent from the authoritarian state as those do in liberal democracies, Chinese think tanks have embedded their organizational autonomy in the Chinese state system and strategically stretch its operational boundary within. In this respect, this chapter perceives different statist network building practices of think tanks as their coping strategies to survive the Chinese authoritarian environment. In this regard, I treat the diverse range of statist policy networks and pathways by which think tanks build and deploy in political participation and policy advocacy as organizational divergence, rather than a failure in organizational autonomy. As such, by focusing on the changing institutional relations and networks among the tripartite groups of policy actors from the Chinese state, business community, and trade associations in the context of China's evolving political economy, this study examines how and to what extent think tanks, by using their embedded pathways and networks, assist private entrepreneurs to influence China's policy process.

5.3 Research Gap, Research Questions and Analytical Approach

Existing literature, as abovementioned in *Chapter 2*, has taken a broader investigation on Chinese think tanks and their roles in China's policy arena. These studies generally follow two lines of research. One body of literature focuses on the advisory role of the research community in China's different policy issues of domain. For example, Shambaugh (2002) and Abb (2015) have examined the role of think tanks in China's foreign policy arena, while McGann (2012) and Hayward (2018) have been interested in assessing the roles Chinese "public policy research institutes—otherwise known as think tanks—play in

providing research and analysis on domestic and international issues in China and global institutions” (McGann 2012, 2).

Another line of research pays attention to the nature of the Chinese think tank community, attempting to examine changes and development in China’s public sphere through observation on to what extent Chinese research organizations tilt the development toward the direction of civil society. This line of research often focused on the state-intellectual relations, aiming to shed light on the development of China’s civil society through the examination on the intellectual autonomy of Chinese think tanks. However, scholars usually diverge on the nature of Chinese think tanks. Some argue that the Chinese research community is heavily bureaucracy-oriented (*guanbenwei*, 官本位) and functions as “politically embedded” (Zhu 2020) or “politically tempered” (Nachiappan 2013) knowledge regime, due to which the intellectual autonomy of think tanks have been negatively eroded (see also Ogden 2004). While other scholars contend that “the influence of think tanks may be equally relevant in contexts marked by authoritarian traits,” they simultaneously point out their “limits for democratic practices” (Menegazzi 2021, 373). Contrastingly, others propose that the opening-up of policy and market forces have diversified the sources of funding of the think tank landscape. This has increasingly given rise to the emergence of non-governmental research organizations in China and “allowed them to become financially autonomous and intellectual free” (McGann 2012, 12). Goldman and Gu (2004) propose that the increasing involvement in “many politically non-sensitive areas” have structurally transformed the intellectual field and expanded the range of public sphere in China, while McGann (2012) argues that marketization and the

changing economy “contributed to the expansion of democratic concepts ... helped to build and change civil society in China, making civil society institutions more of a critical dialogue partner with the state.” As such, due to its dichotomous ontology and overemphasis of intellectual independence, this body of scholarship has not only missed the dynamics of Chinese think tanks, but also oversimplified the complicated state-society relations within the Chinese knowledge-policy nexus sphere.

Existing studies have provided insightful examination on how Chinese think tanks take advantage of their knowledge of expertise, administrative linkage and scholars’ personal networks to engage in and exert influence in China’s policy process as advisory bodies, with the focus on the two-party interactions between think tank experts and policy-makers. Yet, with few exceptions, much the current scholarship has largely missed a new trend underway in present-day Chinese think tank landscape: in the wake of the increasing business-intellectual interactions and coalition through various research projects, there has seen a newly emerging role of think tanks in China’s policy arena—serving as an intermediate policy advocacy channel to the business community. To be specific, China’s 3 decades-long market reform has shaped and been reshaping the context in which the Chinese think tank community operates. Alongside China’s evolving socioeconomic environment, there is emerging diversified sources of ‘patrons’ with whom the think tank community would construct coalitions. The increasing engagement with other ‘patrons’, such as the business community and media, is broadening the social networks of Chinese think tanks while loosening their institutional ties with the Chinese state. The changes within the Chinese think tank landscape is leading this sector to become “increasingly

internationalized, increasingly professionalized, and is producing higher quality and diversified research and policy recommendations for a wider range of customers” (Menegazzi 2014). As a result, in addition to their traditional role—namely, serving for the Chinese policy-makers as advisory bodies—think tanks today are also progressively playing a role as what might be defined as intermediate advocacy organizations for business lobbying and policy participation. This new trend underway in the Chinese think tank community involves the three-party interactions among the tripartite groups of policy players—namely, government officials, think tank experts, and private entrepreneurs. The business-intellectual coalition adds a layer of complexity on the relations between the state and business as well as between the state and the intellectual field, thus necessitating a further investigation of how these changes affect the Chinese think tank landscape and business lobbying in China.

This chapter joins the debate on the changing roles of Chinese think tanks, in the aim of tackling research conundrum bringing by this new trend in the Chinese think tank community and filling the research lacuna in this field of study. The objective of this chapter is to investigate how and to what extent private entrepreneurs exert influence in China’s policy process by the business-intellectual coalition, centering around three research questions: How do private entrepreneurs conduct policy advocacy and influence China’s policy-making through the think tank community? To what extent could private entrepreneurs influence China’s policy process through establishing advocacy coalitions with Chinese think tanks? Will the mutual interactions and reciprocal feedbacks among the tripartite groups of policy actors from the state, the business community, and associational

groups give rise to changes in China's policy-making system?

To answer these questions, this chapter adopts a tripartite-embeddedness state-society interaction approach on the premise of the existing "co-evolutionary framework" (Ang 2016), as abovementioned in *Chapter One*, to guide the investigation of how the business-intellectual coalition carry out policy advocacy and to what extent private entrepreneurs exert influence in China's policy process. However, a few points have to be stated in advance. First, the co-evolutionary framework suggests that the tripartite-embeddedness state-society interaction approach is analytically open-ended, taking into account the possibility of changes in terms of business lobbying that takes place within the Chinese think tank community. Nevertheless, changes do not necessarily deny continuities entirely. The scenario of business lobbying that takes place through Chinese think tanks remains highly complicated. While the research agenda of Chinese think tanks has been shifting when intellectuals are playing increasingly advocate roles by joining the business community, the authoritarian attribute and single party governance of the Chinese political system render the statist connections one of the critical determinants for the development of Chinese think tanks. As Zhu (2011, 686) observes that Chinese think tanks will continue to play "a dual role between the state and society, speaking for the government and for ordinary citizens simultaneously."

Second, central to this approach is a general understanding that business lobbying that takes place through Chinese think tanks is embedded in a tripartite-institutional network that beyond actors from two parties, and thus involves an examination of a three-party interaction among different policy players. However, as to each group of actors, they

usually prioritize, amongst the tripartite-pairs of policy networks, one as their focal institutional network. Nevertheless, the term of focal network is a relative concept, aiming to distinguish main source of support on which each group of policy actors relies in their interactions with Chinese policy-makers and exert influence in China's policy process. Take Chinese Academy of Social Sciences (CASS), a semi-official think tank in China, as an example. Although it simultaneously builds up networks with both the government agencies and various societal entities, such as enterprises and media, the organizational management and operation model of CASS (as detailed in case study) indicate that its focal network is state-orientated. And this network preference also critically affects the lobbying strategy by which CASS could employ as well as the lobbying targets to whom it could reach in policy advocacy.

Third, to construct a full picture of the three-party interactions among the tripartite groups of forces in the policy process as well as to understand business policy influence that takes place through Chinese think tanks, it is necessary to disclose the sources of power that enable the think tank community to exert influence in policy process as well as to become an intermediary between the state and business. To this end, this chapter employs Medvetz's (2012) paradigm of 'four fields of power.' Think tanks, as Medvetz (2012, 7) argues, have been located "at the crossroads of the academic, political, economic, and media spheres," and the privileged centrality of think tanks within the four "field of power" gives them the capacity to engage and influence the policy process. While Medvetz (2012) uses the paradigm of 'four fields of power' to examine the role of think tanks in American policy-making system, growing evidence derived from existing studies as well as from my

empirical data indicates that this paradigm is also applicable to explain the sources of policy influence of Chinese think tanks. Medvetz's (2012) "four fields of power" mode helps to record how the focal network of Chinese think tanks changes alongside China's evolving socioeconomic landscape, as well as to identify the pathways by which Chinese think tanks, in joining the business community, employ to influence China's policy process. As such, by delineating the sources of power of Chinese think tanks in the context of China's evolving political economy, this chapter better captures the evolutionary scenarios within the Chinese think tank landscape.

Guided by the tripartite-embeddedness state-society interaction approach, this chapter develops an analytical template that involves an investigation from two dimensions. First, it conducts a behavioral examination of business lobbying patterns that take place through Chinese think tanks. Through the identification of the lobbying strategies and lobbying targets of Chinese think tanks, this behavioral exploration helps to profile the main pathways by which Chinese think tanks devise in transmitting private entrepreneurs' policy ideas as well as the scope of business lobbying. The second investigation concerns the structural analysis of the rationale behind private entrepreneurs' growing policy advocacy coalition with Chinese think tanks. It focuses on how the policy networks and roles within the Chinese think tank community change in the wake of China's evolving political and socioeconomic landscape. Through the two-dimensional investigation, my analytical template thus deepens the understanding of how changes within the Chinese think tank spectrum recalibrate state-society/business relations and influence policy-making process in China.

5.4 The Evolving Landscape of Chinese Think Tanks in A Historical Perspective

To understand the think tank community and their changing landscape in present-day China's policy arena, it is necessary to set analyses against the context of China's evolving political economy and progressively pluralist decision-making process. As such, this chapter conditions the evolution of the Chinese think tank community under the broad historical landscape of China's evolving policy-making system and socioeconomic development since the Maoist China and divides the development of think tanks into three stages. The first stage refers to the rise of a small number of research institutes in Maoist China (1949-1976), which can be defined as the first generation think tanks in China. Then, Deng Xiaoping launches the market-oriented economic reform in China since 1977, which ushers a new era of the Chinese think tank community. I then organize the evolution of Chinese think tanks in post-Mao era into three different stages (1977-2000; 2001-2011; 2012-now). Although the development of Chinese think tanks between Deng and Hu-Wen administration (1977-2011) are divided into two stages, this period was a time when the collective leadership was taking place and consolidated in China's decision-making system, which provided institutional space through which the Chinese think tank sector emerged and exert influence in China's policy process as policy advisors. I thus define the time periods between Deng and Hu-Wen administration (1977-2011) as the reform era in China, whereas I discuss the development of Chinese think tanks during this reform era in two separate stages. Then, the development of think tanks under the Xi Jinping administration (2012-now) makes up the current stage.

In a general review, research institutions in Maoist China cannot be defined as think

tanks in a real sense, given that almost all had been created by the Chinese bureaucratic system as simply instruments of the top leaders' decision-making process and thus having little analytical importance in terms of observing changes in state-society/business relations. The emergence of the following generation of Chinese think tanks and their increasing policy participation since the Deng era is a result of the Chinese central leadership's response to the market-oriented economic reform in China. However, it was not until the Hu/Wen administration when the third generation think tanks began to serve as important policy advisors and gain their steadier influence in China's policy process. Then, the call for the construction of 'New Types of Think Tanks with Chinese Characteristics' under Xi's leadership since 2012 suggests a turning point in the development of Chinese think tanks. Under Xi's governance, the Chinese state's increasingly control over the intellectual field has developed simultaneously with the trend of think tanks' market-oriented development, yielding a seemingly contradictory but critical component that may add both challenges and dynamics to China's policy-making system. It is under such an apparent paradox that think tank experts and Chinese entrepreneurs have become progressively active in building policy advocacy coalitions and jointly exerting influence in China's policy arena. This new trend underway in the Chinese think tank community in present-day China indicates that while "the pluralist market for policy ideas is still relatively underdeveloped," it does not necessarily stop "forms of policy advocacy do take place" (Scott 2012, 4-5, cited in Menegazzi 2018, 89).

5.4.1 The Chinese Think Tank Landscape in Maoist China (1949-1976): The Lost Decades

Following Tanner's (2002: 559-560) observation, the "first generation" of Chinese

think tanks “date back to the 1950s, 1960s, and even to Yan’an times.” Nevertheless, there were only a few government-initiated research organizations and the Chinese top leadership often held capricious or even hostile attitude toward intellectuals during Mao’s era. The first research institute on international affairs—known as Institute of International Relations (now renamed as China Institute of International Studies 中国国际问题研究院)—was established in 1956 and administered within the bureaucratic system of the Ministry of Foreign Affairs. It was set up when “Chairman Mao was shocked at the events in Budapest and Warsaw, which his own advisors had failed to predict,” and he soon later ordered to “co-ordinating the drafting process of the ‘Nine Letters’ that inaugurated the polemics” between China and Soviet Union (Shambaugh 2002, 577). Although a succession of research units was subsequently initiated and established by some Chinese government ministries between 1956 and 1965, think tanks in China were essentially nothing but merely simple appendages of some government agencies. The numbers and political influence of Chinese think tanks at that time was quite limited. What made things worse was Mao’s launch of the Cultural Revolution, which set off a ten-year-long ideological-oriented movements in China between 1966 and 1976 that further repressed the intellectual dynamics of the Chinese think tank community.

In brief, the CCP-state in the Maoist China had long downplayed or even repressed the growth of intellectuals and the development of research organizations. As a large number of scholars (e.g., Tanner 2002; Shambaugh 2002; McGann 2012; Zhu 2020) argue that almost all think tanks in the Maoist China were created in an ad hoc basis and embedded within the Chinese bureaucratic system. Their influence in China’s policy-

making system are thus neglectable.

5.4.2 Think Tank Community in Transitional China (1977-2000): Between Norms and Values

The post-Mao generation of Chinese think tanks emerged at the end of 1970s and began to gain steadier prominence in China's policy arena since the beginning of 1980s, when collective leadership and consensus-building decision-making model have been taken place and formulated within the Chinese top authorities alongside China's opening-up policy and market-oriented economic reforms. As manifested by McGann (2012), the number of Chinese think tanks had increased rapidly between 1977 and 2000 (see Figure 5.2 below). As a response to the market-oriented economic development, the Chinese government's demand for high-quality research and policy advices from think tank experts has been on a rise. The CCP-state and the government apparatus at the end of the 1970s have been poorly equipped with necessary knowledge and capacities to make policies and cope with issues in varieties of areas. Since then, the Chinese government has increasingly becoming "more open and receptive to different ideas" (Medeiros and Bates 2004) and intentionally seek for policy advice from scholars and research organizations. As Li (2009) contends that

"although some think tanks were closed as a result of the Tiananmen incident, the think tank system survived and even became more institutionalized over the ensuing two decades. This has largely been attributed to the fact that China's growing integration with the world economy required more scholars with professional expertise, especially in the area of international economics and finance. Without a doubt, Jiang Zemin, Zhu Rongji, and their generation of technocratic leaders paid more attention to the role of think tanks than did their predecessors."

However, it was not until the 1980s that the Chinese think tanks "constituted on of the

most regular and influential conduits of policy-related information” in China’s policy-making system. During the periods of Deng and Jiang’s administrations, a host of influential national-level research organizations were founded, such as CASS in 1977, China Institutes of Contemporary International Relations (CICIR, 中国现代国际关系研究院) in 1980 and the DRC in 1981, etc. At the same time, a number of local-level research units were also created. In addition, a small number of “prominent private economic think tanks were established in the late 1980s and early 1990s” (Wuthnow and Chen 2021: 377), with research focus on China’s economic policies and issues, such as China Development Institute (CDI, Shenzhen, China) that was founded by a number of leading economists, social activists, and entrepreneurs in 1989 and the China Centre for Economic Research (CCER) that was established by the economist Justin Lin (林毅夫) in 1994.

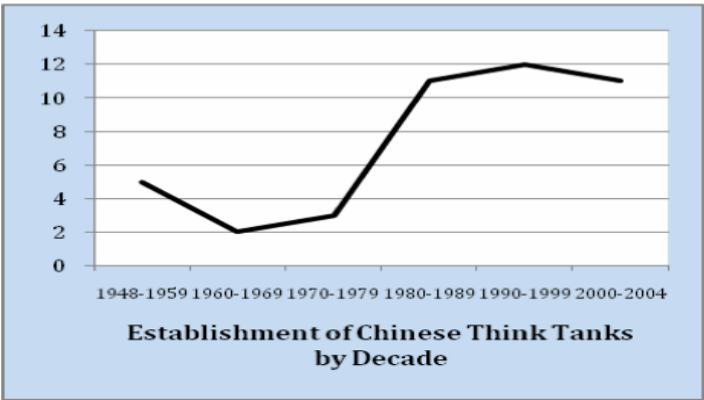


Figure 5.2 Establishment of Chinese Think Tanks by Decade
Source: McGann (2012).

It was between the 1980s and 1990s when a body of official/semi-official think tanks and a small numbers of social/private research centers emerged and grew. Nevertheless, the development of Chinese think tanks has by no means followed a gradual trajectory but experienced certain ups and downs. At the beginning of the 1980s, Chinese top leaders

prioritized a pragmatic policy-making approach in coping with newly emerging challenges in the wake of China's economic reform, and thus had becoming tolerant toward intellectuals and think tanks. As Tanner (2002, 561) explains that the then Premier Zhao Ziyang and his followers "need a place where bold, risky policy innovations could 'incubate' until the political mood and balance of power were favourable for pushing them forward". The CCP central leadership then intentionally seek for policy advice from think tank experts and held an ambiguous attitude toward the emergence of various social/private research centers. As Naughton (2002, 626) observes that "there is a broad policy community that encompasses Beijing economists both within and outside government." In that circumstance, the think tank community began to revive while a host of prominent scholars were co-opted as policy advisors in China's policy-making process to facilitate China's economic reform and marketization.

However, the development of Chinese think tanks was soon interrupted by the Tiananmen incident in June 1989, a striking episode that produced "what Fewsmith has characterized as a two-year stunned silence" within Chinese intellectual community (Tanner 2002, 562) and deeply influence the evolution of the Chinese think tank community. In the Tiananmen aftermath, Chinese intellectual field had been overwhelmingly suppressed when "the most influential independent think tanks were liquidated. ...A handful of activist economists were imprisoned" (Naughton 2002, 625-627). It was until Deng Xiaoping made his famous 'Southern Tour Speeches' (*Nanxun Jianghua*, 南巡讲话) in 1992 that the Chinese Party-state abandoned "the orthodox Marxist-Leninist ideology and Mao Zedong thinking" while re-embracing the "reformist line" in China (Goldman

and Gu 2004, 13). Since then, the Chinese central leadership has explicitly de-emphasized the ideological control over intellectuals and think tanks began to revive during the 1990s,

These changes have opened certain spaces for the Chinese think tank community, “especially on-campus research institutes and purely private organizations” (Zhu 2011, 671). However, the de-emphasis on ideology does not entirely dismiss the CCP’s inherent vigilance of and political desire to monopolize the Chinese research field, given the authoritarian traits and single-party governance of the Chinese state. Meanwhile, the CCP’s intense reflection and harsh suppression on Chinese intellectuals’ pursuit of democracy and freedom during and after the Tiananmen event have helped to stoke insecurity or even fear among Chinese scholars, leading to the think tank community to re-define research agendas toward less politically sensitive researches.

In addition, while collective leadership has been a defining model of China’s decision-making system during the Deng era, there has seen a remarkable personalization of the policy-making process among some top Party-leaders during the 1980s and 1990s period. The then vice Premier of the State Council Zhu Rongji who was in charge of China’s economic and trade issues since 1991 and his decision-making style could be taken as an example. In his observation, Naughton (2002: 626, 630) argues while Zhu “solicited proposals from several different sources,” he “maintains ultimate decision-making in his own hands.” As a result, a personalization within the top leadership during the 1990s have constituted one of the most defining features of China’s decision-making system. As such, Tanner (2002: 572) points out that “economic think tank scholars have been used to float or signal economic policy proposals far less under Zhu Rongji’s premiership than the case

during Zhao Ziyang.”

In brief, the second-generation Chinese think tanks that re-emerged between 1977 and 2000 have developed a number of characteristics. Firstly, despite the increase in numbers and types between 1980s and 1990s, Chinese think tanks have exerted limited influence in China’s policy-making process. China’s policy-making has become progressively open to societal actors such as think tank experts and businessmen, whereas the decision-making power has been largely confined within political elites and government agencies between 1980s and 1990s. As such, it suggests that the institutional space with which most research institutions have been accredited in China’s policy-making process was still limited in width and depth during that period. In that circumstance, while the second-generation Chinese think tanks were able to communicate policy ideas and transmit policy recommendations to relevant decision-makers through a number of channels, their policy-related research agendas have been mostly shaped and framed upon the government’s demand.

Secondly, most of the Chinese think tanks during the 1980s and 1990s, as Shambaugh (2002, 576) observes, are not “policy-relevant, nor do they all aspire to be so. Many of those ... are more concerned with pure scholarship”. While a number of university-affiliated and scholarly research institutes were allowed by the Chinese government to develop their own research agenda to some extent, most focused on “basic research than to policy advocacy” (Naughton 2002, 629). In addition, the Chinese government has becoming progressively tolerant of socially-operated think tanks, these non-governmental research units have nevertheless been a minority in terms of numbers as well as in terms

of level of policy influence.

Thirdly, the revolutionary legacy and the ideological vigilance toward intellectuals of the CCP-Party have still been lingering amongst the Chinese top leaders and decision-making nucleus who remained skeptical to think tank experts and their influence in China's political arena during the 1980s and 1990s period. As such, most of think tanks at that time were founded on an ad hoc basis and were required to be nested in and administrated by Chinese government apparatus.

5.4.3 The Growing Advisory Role of Chinese Think Tanks in China's Embrace of Globalization (2001-2011)

China's accession to WTO in 2001 signifies the third period of time when think tanks grew up and developed. However, it was until 2003 when Hu Jintao and Wen Jiabao took office that the Chinese think tank community has becoming increasingly relevant in China's economic and foreign policy-making process. The Hu/Wen administration (2003-2011) has accelerated the transformation "from strongman, power-centric politics to a more collective and, to a certain extent, inclusive, leadership" (Menegazzi 2018: 7). While there is no such a paramount leader within the top authority who wielded absolute decision-making authority since Jiang Zemin took office, it wasn't until Hu/Wen administration that the CCP entirely embraced collective leadership mechanism and consensus-building decision-making rule in making policies. At the same time, the Hu/Wen administration has increasingly engaged in wide-ranging global affairs, which have given rise to various newly emerging issues in areas beyond the capacities of the state actors. In particular, Chinese decision-makers have been in dire need of knowledge of expertise in spheres relevant to foreign policy issues and international economic affairs. The urgency to handle

these challenging issues alongside China's growing participation in international society has thereby rendered the CCP-leaders seeking for multi-layered sources of support in policy-making process.

During Hu/Wen administration, Chinese political leaders and decision-makers have attached great importance to “the knowledge expertise of different segments of intellectuals” (Menegazzi 2021, 376). In 2004, the CCP Central Committee issued the ‘Opinions on Further Thriving of Philosophy and Social Sciences,’ in which it explicitly called for that think tank community should serve as advisory bodies of the Party-state. In addition, as early as 2002 when Hu Jintao was appointed as general secretary of the CCP, he called for an event—known as ‘the collective study’ sessions within the Political Bureau of the Central Committee of the CCP (*zhonggong zhongyang zhengzhiju jiti xuexi*, 中共中央政治局集体学习)—with its first session being held on December 26, 2002. A large number of prestigious Chinese senior researchers and experts were invited to deliver lectures at these annual study sessions on a wide variety of topics, such as the economist Zhang Yuyan (in 2004) and the EU specialist Zhou Hong (in 2009). These special study sessions, as Jakobson and Knox (2010, 35) argue, “are not solely meant to provide analysis to Politburo members; they also serve as a platform for the leadership to promote new policies.” While the central government usually dominated the selection of the topics and research teams for these study sessions, this kind of policy consultation has provided think tank experts opportunity to get access to Chinese top-level policy-making process and influence the top authorities and decision-making nucleus. In addition, there emerged rising demands for policy expertise and analysis among different local-level governments, which also

promoted the creation and development of think tanks in terms of numbers and types.

In brief, China's evolving socioeconomic landscape alongside its growing global engagement have contributed to a relatively more inclusive and pluralist policy-making process during Hu/Wen administration. Chinese party leaders have been in need of scholars' knowledge of expertise and policy advices in a broad issue of domain in the wake of China's increasing global engagement and ascending role in international affairs since 2001. In that circumstance, while China's decision-making system is still embedded in the hierarchical "stove-piping" bureaucratic structure (Shambaugh 2002; Glaser and Billingsley 2012), the central authorities have been increasingly embracing the collective leadership and providing institutional room for societal actors in policy-making process.

In short, the Chinese think tanks have developed the following features between 2001 and 2011. First, compared with their predecessors during Deng and Jiang periods, the third generation think tanks have transformed from peripheral actors to secondary actors in China's policy-making system as policy advisors. For instance, many think tank specialists have been designated in various advisory bodies or co-opted as government officials.⁸⁸ In particular, the Chinese think tank community has serving as an important 'Track II' diplomacy and source of policy advice in China's foreign affairs and international economic issues. They thus are embedded in a relatively tolerant political environment when Chinese policy-makers have become increasingly attentive to knowledge of expertise

⁸⁸ For example, Jiang Xiaojuan (江小涓), a senior economist, was appointed as deputy director of the Policy Research Office of the State Council in 2004. In addition, a large number of senior foreign policy experts and senior specialists with research expertise on international subjects were accredited to Chinese Embassies during Hu/Wen administration. For instance, Pan Zhongqi, a younger professor at Fudan University, was appointed as the first secretary to the EU mission at the Chinese ambassador in Brussels in 2008. And Xiong Wei, a professor at China Foreign Affairs University, was appointed as first secretary at the Chinese embassy in Berlin in 2010.

in policy-making process. In that context, Chinese think tanks have experienced an increase and growth in terms of numbers, types, and level of policy influence.

In Hu/Wen's China, the increasingly political tolerance and attentive to policy advice from think tank experts and the formulation of collective leadership require government departments to follow certain rules and procedures in responding to policy proposals from think tanks. This, when combined with the shifting political discourse on the intellectual field, has facilitated think tank community to develop series of institutionalized policy participatory mechanisms, albeit in somewhat loose sense. As such, think tanks' regularly deliberate with policy-makers and their ongoing policy inputs have broadened the political space and reorganized the make-up of policy players in China. As Glaser and Medeiros (2007, 291) conclude that "whereas past Chinese debates were principally internal deliberations among a narrow elite, current debates increasingly possess a more public dimension, with multiple inputs from actors not commonly involved in these traditionally insular processes."

Second, in addition to playing an advisory role in China's policy-making system, the third generation think tanks have begun to develop diversified research agendas and developed advocate research programs in some policy issues of domain. The socioeconomic development in China and the country's increasing embrace of global society during the 2001-2012 period have changed the internal and external contexts in which Chinese think tanks survived. The constant interactions with the outside world have not only broadened the range of studies of Chinese think tank experts, but also provided scholars more venues to articulate their academic ideas and policy proposals. At the same

time, the relatively tolerant political climate on ideological field during Hu/Wen administration has allowed intellectuals to engage in public debates and advocate their policy opinions. For instance, senior policy analysts were often invited by some influential mass media, such as the Xinhua News and China Central Television (CCTV), to make comments on specific policies. Moreover, the influential and leading think tanks and senior specialists with higher prestige may sometimes express their dissatisfaction on government policies that are less politically sensitive. For example, Zhu and Xue (2007) observe that the Development Research Centre (DRC) of the State Council had highlighted many problems in China's health policy reform in its 2005 report; and Jakobson and Knox (2010) find that scholars had openly articulated their dissatisfaction with Hu Jintao's concession to Japan in 2008. As such, while the legacy of Chinese 'bureaucracy-oriented' (*guanbenwei*, 官本位) tradition has still been lingering over the think tank community, the Chinese government has offered institutional space for think tanks to conduct independent research and advocate policy ideas to some extent, instead of simply serving as what Ogden (2004) calls "pens of the party-state" (*biganzi*, 笔杆子) as that of most think tanks did between the 1980s and 1990s.

However, it is worth to mention that the fundamental authoritarian traits under one-Party governance make it impossible or even risky for public intellectuals to deliver harsh criticism against the political leaders' decisions and the government's policies in China. As such, the third generation Chinese think tanks have been accredited relative independence in terms of research interests and research agendas. This kind of research independence nevertheless should be understood in this sense: scholars have been allowed to publicly

advocate their policy opinions and make comments somewhat differently from the official discourse on some politically-insensitive policies. Meanwhile, while it does not entirely exclude the possibility that individual experts or research institutes may advocate for certain interest groups, Chinese think tanks' advocate activities during the Hu/Wen period are not necessarily much associated with specific patron-client relations or policy advocate coalition between research institutes and some social groups/organizations such as entrepreneurs and non-governmental organizations (NGOs).

Third, although the emergence of social/private think tanks can be dated back to the late 1980s and early 1990s, this type of think tanks has been on the rise in numbers and begun to involve in policy debates amid the Hu/Wen administration. For example, in his investigation of the main policy participants in Chinese energy security debate, Downs (2004) observes that some scholars at universities such as Hu Angang of Qinghua University and the Chinese Academy of Sciences have offered policy advice and exerted policy influence on China's energy matters. Moreover, Kaplan (2005) recognizes the emergence of a handful of university-based think tanks and independent research institutions in China. While social/private research organizations are still limited in numbers and level of policy influence, their emergence and growing policy engagement have expanded the intellectual sphere in authoritarian context of China. As McGann (2012, 13) observes that "a few key independent think tanks have begun to gain traction and legitimacy with both the Chinese government and outside institutions through secondary influence exerted through scholarly ties, conferences, and utilization of mass media." However, social/private think tanks during Hu/Wen administration "existed on the margins

of the larger think tank landscape. ... built around ‘a single, strong-minded individual,’ ... lacked significant financial resources and policy influence” (Wuthnow and Chen 2021, 377).

5.4.4 Chinese Think Tank Community in Xi Era (2012-now): Is A New Trend for A New Better?

There has been emerging what might be called the ‘fourth generation’ Chinese think tanks during the Xi Jinping era. Since Xi Jinping called for the construction of ‘new types of think tanks with Chinese characteristics’ (建设中国特色新型智库) in April 15, 2013 — known as the ‘April 15 directive’, the Chinese government has fostered a succession of top-down initiatives and policies toward think tank-building. Ushered in the era of Xi’s governance, the Chinese government launches a host of reforms to enhance the status and influence of the state-sponsored and government-affiliated think tanks while leaves rooms for private/social research organizations to engage in China’s policy debate. In that context, there has seeing a burgeoning of Chinese think tanks in numbers as well as a growing influence in China’s policy arena. However, the endorsement by the Chinese government does not entirely suggest that Chinese think tanks have exclusively become the tools by which the state uses to control over China’s ideological field. Meanwhile, while private/social think tanks are allowed to engage in China’s public policy debate, they still have remained marginal actors in the broader landscape of China’s policy-making system. In this regard, there isn’t apparent signs denoting that the Chinese think tank community in present-day China is generating research independence from the state or progressively embracing the civil society, as its Western peers do. Meanwhile, it also does not necessarily indicate that Chinese think tanks are entirely moving close to the center of political power

as its predecessors did in Maoist China.

The ground within the Chinese think tank landscape is much more complicated. Alongside the changing political and socioeconomic landscape in current China, two important and interconnected new phenomena that revolve around the Chinese think tank landscape are taking place. Firstly, China's decades-long marketization and deepening global engagement have reshaped the socioeconomic landscape in which Chinese think tanks being nested. As a response to the rising demands for securing diversified sources of funding, Chinese think tanks have become active in working cooperatively with the business community and "calibrating their counsel to fit the agendas of respective patrons" (Zhu 2011). Secondly, businessmen have realized the importance of think tanks in China's policy-making system, attempting to use the resources and channels within the think tank community in developing business lobbying and exerting influence in China's policy process. As such, in addition to building relationships with various official/semi-official think tanks, Chinese private enterprises, especially large ones, have become active in running their own research agencies to cope with business issues and policy-related concerns. Results from quantitative analyses of survey data derived from my fieldwork in China in August 2021 shows that of the 596 company respondents,⁸⁹ 556 (93.3%) report that their companies work or have worked with Chinese think tanks while the remaining 40 (6.7%) do not answer this question. Among the 556 company respondents that reported working with think tanks, 228 (38.5%) report that their companies have worked with

⁸⁹ This finding is based on responses of survey-takers on the question 39 (Q39) in my questionnaire, which reads: '*which type of research institutions or think tanks does your company usually work with?*'

official or government-associated research institutes while 328 (55%) report their cooperation with private/social think tanks.

In the wake of the growing business-intellectual coalitions, Chinese think tanks are transforming into a new type of intermediaries for state-business interaction. Alongside this new trend underway in the Chinese think tank sector, think tanks have becoming active in serving for business community as policy advocacy channels. In this respect, we are beginning to observe the “so-called advocacy tanks combine policy advice with ‘aggressive salesmanship’ to influence the policy debate” (Menegazzi 2018, 88) in China. The growing coalition between the intellectuals and businessmen is shaping and reshaping the funding landscape and policy networks of the Chinese think tank community, decreasing its reliance on the Chinese state while increasing its connections with their societal patrons. Meanwhile, although Chinese think tanks are still functioning an advisory role in China’s policy-making system, advocating for business interests is increasingly gaining weighty in their research agenda. This tendency might consequently break the current state-business balance and thus affect the distribution of policy-making power in China. As Tanner observes,

“It is now far easier for analysts to get published, or even build entirely autonomous scholarly lives outside their government think tanks. Even for institutions that remain subordinate to traditional bureaucracies, these socioeconomic changes have greatly lengthened the organizational ‘leash’ that controls the scholars that work in them. The loosening institutional bonds are also compelling foreign analysts to rethink their assumptions about the degree to which think tank scholars ‘represent’ the views of their institutions” (2002, 562).

In China’s authoritarian context, it seems an apparent paradox when Chinese think tanks are simultaneously serving both the state and society. As such, it is necessary to

condition the understanding of this new trend underway in Chinese think tanks in the broad landscape of China's evolving socioeconomic development and the Party-state's changing governance techniques during the Xi era. As discussed before, China's political development and socioeconomic reforms do not always follow a gradualist trajectory but experience reversals periodically. Chinese leadership under Hu/Wen administration has progressively committed to collective leadership and becoming open in policy-making arena, with considerable decentralization and less personalization. Nevertheless, significant changes have been occurring since Xi Jinping took office in late 2012. It seems that the Xi's leadership is retreating from collective leadership and decentralized policy-making style while tightening its control over intellectual field and the society.

The Xi administration implements seemingly paradoxical governance techniques that combine the "decidedly market-oriented reform programs and strong anti-corruption measures, along with a tightening of ideological controls and domestic repression" (Heilman 2018). For example, the Chinese government strengthens its control over the private sector by the promulgation of an array of new regulations such as the establishment of Party branches within enterprises of all ownerships in China, whereas it makes a wide array of supportive policies and national grand programs to support bottom-up innovative initiatives and high-tech-related pilot projects conducted mainly by the private sector. In current circumstance, the top leadership is centralizing "decision-making by a small circle of top leaders and his trusted advisory staff" over a vast majority of policy arena (Heilman 2018, 210), on the one hand; it has also learned the importance of bottom-up dynamics to China's economic growth and the Party-state's resilient governance, on the other hand. In

this context, Xi and his followers do not entirely restrain local experimental initiatives and societal innovation. However, the increasingly centralized decision-making system coupled with the rigid and personality-based policy-making process leave less space for local government officials and societal actors in policy implementation.

The seemingly contradictory scenario in terms of the top-down concentration of power and the bottom-up request of de-centralization have also been reflected in the Chinese think tank landscape. To be specific, while the CCP-Party pays a growing attention to the consultative role of research field in China's policy-making, the authoritarian traits have nevertheless rendered the expanded intellectual policy engagement a highly sensitive issue in the eyes of Chinese leaders. In that situation, the Xi administration has taken efforts from the very beginning to enhance the "political embeddedness" (Zhu 2020) of the Chinese think tank sector. In 2013, Xi has called for the construction of 'a new type of think tank with Chinese characteristics,' indicating that the CCP-state re-conceptualizes the term of think tank under the Chinese discourse and strategically enhance its control over the intellectual field. Since then, the Chinese national government and local governments have all made a wide array of directives and guidelines to promote the think tank building. In January 2015, the General Office of the CPC Central Committee and the State Council jointly issued the 'Opinion on Construction of A Group of Influential and Internationally Prestigious High-end Think Tanks' (*jianshe yipi juyou guoji yingxiangli shijie zhiming de gaoduan zhiku*, 建设一批具有国际影响力、世界知名的高端智库) by 2020. Soon later, the Chinese central government has launched the 'National High-Level Think Tank Pilot Project' (*guojia gaoduan zhiku shidian gongcheng*, 国家高端智库试点工程) in

December 2015.⁹⁰ In addition, a document⁹¹ jointly issued by nine ministries in 2017 further defined “think tanks as tools suitable for the task of strengthening the leadership of the party by adhering to the guidance of Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory and Xi Jinping’s ‘new ideas and strategies for governing the country’,” which clearly indicated that “loyalty to the Party is considered as the number one characteristic that think tanks must possess” (Menegazzi 2021, 380).

However, the growing ideological control from the Party does not entirely dismiss the inherent dynamics of the Chinese think tank landscape, and these dynamics are derived from both the state and society. To put it differently, in the wake of the co-evolutionary development and mutual transformative process between the Chinese state and society, the respective intentional strategies toward think tank community from the two sides might result in unintended outcomes. As to the top-down source of dynamics from the Chinese state, in the current unsettled time, the Xi administration today is facing various newly emerging challenges that add another layer of new complexities to China’s domestic socioeconomic development. Meanwhile, the Chinese central government under Xi’s

⁹⁰ (2016, December 1). “Review on the Construction of National High-Level Think Tanks (立足高端服务决策引领发展：国家高端智库建设试点工作一周年回顾与研究).” *People’s online* (人民网). <http://theory.people.com.cn/n1/2016/1201/c40531-28917210.html>. It is reported that 25 Chinese research organizations were selected as the experiment sites in the first group of think tanks On December 1, 2015. They were mainly from four types of research unit: first, 10 comprehensive research organizations affiliated to the Central government, the State Council, and the Central Military Commission; second, 12 university-based research centers and research institutes that are defined as public institutions such as CASS; third, 1 research institute centered on state-owned enterprise; and last, 2 societal think tanks. On March 2, 2020, the Chinese central government announced the second group of high-level think tanks in which another 5 research institutes were selected as experiment sites. As of April 2022, there are a total of 29 high-level think tanks in China.

⁹¹ (2017, May 5). “Opinions on the healthy development of social think tanks” (*guanyu shehui zhiku jiankan fazhan de ruogan yijian*, 关于社会智库健康发展的若干意见). Sohu (搜狐网). https://www.sohu.com/a/138349908_118900

leadership from the very beginning rejected Deng's low-profile "hide and bide" in international arena but in favor of a "profound adjustment in the international balance of power," leading China "to elevate nationalist political goals in foreign policy ahead of economic pragmatism and Western cooperation."⁹² As He (2002, 34) observes that the Chinese leadership has recognized "the enormous benefits that would accrue from encouraging the nation's best scholars to study critical domestic and foreign policy issues and advice officials on possible course of action." As such, Xi's impulse to concentrate political power and control over the ideological field is mixed with his motivations and strategies aiming at promoting China's socioeconomic developmental agenda and global interests.

In that circumstance, the Chinese government is in rising demands of policy consultative services of think tank experts with regard to achieving a wide variety of developmental goals. In addition, the CCP-state "sees the need to increasingly heed public opinion in its decision-making and uses input from think tanks as a way of maintaining legitimacy through a more collective leadership strategy" (McGann 2012, 16). As such, the Chinese state's intentional utilization of think tank sector to accomplish its diverse developmental agendas, both at home and abroad, leaves rooms for the elements of intellectual field to involve in China's policy-making process and gain a growing policy leverage. In this respect, the top-level design of think tank community in Xi's era thus is providing a structure of both opportunities and constraints, facilitating Chinese think tanks

⁹² (2022, July 6). Richard McGregor and Neil Thomas. The Next Wolf Warriors: China Readies New Generation of Tough Diplomats. *Nikkei Asia*. <https://asia.nikkei.com/Spotlight/The-Big-Story/The-next-wolf-warriors-China-readies-new-generation-of-tough-diplomats>

to get access to state-sponsored resources and involve in China's policy-making process.

For example, while the 2015 "Opinions" attempted to "strengthen the existing think tank sector based on several major traditional think tanks ... and some selected state-owned and state-controlled enterprises" (Li and Song 2022, 168-169), it also officially stipulates that think tanks in China are "the principal and independent subjects that are allowed to accept external donations in addition to purchasing government services."⁹³ Furthermore, the new registration policies issued in May 2017 specifies that "private entities could register with provincial civil affairs departments and be professionally supervised by provincial social science associations" (Wuthnow and Chen 2021, 382). As a result, private-founded think tanks, instead of being forcefully registered as private enterprises, are now legally accredited with preferential tax status as non-profit social entities. These top-down directives and policies toward think tank sector provide institutional rooms for semi-official research organizations to play the advocate roles and other social functions as well as facilitate the growth of private/social think tanks in the Xi era.

With regard to the bottom-up source of dynamics, the Chinese think tank landscape is changing in present-day China in terms of operation modes, organizational functions, and sources of funding. Alongside the growing commercialization and market-oriented economy in China, the think tank community begins to seek alternative sources of funding and innovative operation models to enhance their long-term stability in Chinese

⁹³ (2015, January 20). The General Office of the Central Committee of the CPC and the General Office of the State Council Jointly Issue the "Opinions on Strengthening the Construction of New Type of Think Tanks with Chinese Characteristics (Opinions, *guanyu jiaqiang zhongguo tese xinxing zhiku jianshe de yijian*, 关于加强中国特色新型智库建设的意见. *The Xinhua News* (新华社). http://www.gov.cn/xinwen/2015-01/20/content_2807126.htm

authoritarian context. Now, Chinese think tanks are increasingly serving multiple markets rather than only functioning policy advisory role to the Chinese government. They are capable of providing consulting services to and willing to establish advocate coalitions with diversified body of non-state actors, such as SOEs, private corporations and other social and international entities. In such a context, Chinese think tanks (excluding official research organizations) are able to get access to sources of funding outside the Party-state. The diversification of sponsorship within the Chinese think tank landscape has allowed research organizations to construct networks with different ‘patrons’ in a broader latitude. Thus, “it might be restrictive to consider the CCP as the only actor to have a say within the ideational process of a certain policy issue” (Menegazzi 2018, 87). As Yang Guang, Director of the Institute of West Asian and African Studies (IWASS) at CASS, states in his talk with Menegazzi in 2013 that to survive the growing market-oriented socioeconomic environment in China, IWASS simultaneously serves three markets—namely, the government, the business circle, and the academic environment—and “the first two markets are very important, because those are exactly the way, the channels, through which we influence the policymaking of the business circle and the related ministries” (Menegazzi 2018, 87).

In addition, while private/social think tanks began to emerge during the Hu/Wen administration, they “are still lingering in the infant stage and lack the experience and established network ties of older government-affiliated think tanks” at that period (McGann 2012, 13). Beginning in the Xi era, private/social think tanks have been increasingly

gaining their recent burst.⁹⁴ According to Tang's (2019) report on Chinese civilian think tanks, there has been emerging a large number of new think tanks that were enrolled by enterprises or social entities since 2013. Ushered in this tendency, many private enterprises have set up and relied on their own research centers (like Ali and Tencent Research Institute) to carry out research projects or develop policy advocacy. During the Xi's era, the newly emerging non-government patrons and the market-oriented development within the think tank community make think tanks "blurred the line between official and semi-official think tanks and consulting firms" (Menegazzi 2014). The growing interactions with societal entities are changing the operational context, the funding landscape, and the organizational functions of the Chinese think tank sector, driving the development of think tanks in the Xi era with both challenges and opportunities as well.

In brief, Chinese think tanks are developing the following features in present-day China. Firstly, Chinese think tanks are still cultivated in the "politically embedded networks" (Zhu 2018), in which their influence in China's policy arena is largely impacted by the networks and resources to the CCP-state. These official linkages have long been the critical currency to the Chinese think tank community, for both official/semi-official and private/social think tanks, in terms of resource mobilization and capacities of policy influence. Secondly, the Chinese think tank community is increasingly embracing the market and shouldering other social functions, though the degree of social embeddedness

⁹⁴ There is not an agreed-upon conclusion on the total number of Chinese think tanks as well as the respective numbers of different types of think tanks in China due to the lack of publicly reported statistical data. According to Wuthnow and Chen (2021), there were more than 200 "private think tanks (PTTs). A Chinese scholar (Tang 2019), based on data from a Chinese credit reference agency—Qichacha (企查查), reports that there were more than 850 enterprise-registered Chinese think tanks in 2016 while the number decreased to 700 in 2018.

of most research units is relatively low in authoritarian China. As Goldman and Gu (2004) argue,

“funding constraints in tandem with the rise of mass media, a commercialized publishing industry, access to foreign sources of capital, and the arrival of a growing cadre of non-resident returnees and bureaucratic retirees eager to contribute to China’s rise have transformed the ideational marketplace in China.”

In this context, a growing number of think tanks, including government-backed research institutes such as CASS, begins to build networks with a wide variety of nongovernment groups of actors, such as the business community.

Thirdly, beginning in the Xi’s era, private/social think tanks are gaining steadier influence in China’s policy arena, though official/semi-official research institutions still enjoy entrenched advantageous position in China’s policy-making system. The extensive and continuing changes within China’s broader political and socioeconomic landscape have generated a vast market of ideas, enabling the Chinese government looks into diversified source of policy suggestions and “value briefings or reports from other scholars under several circumstances” (Wuthnow and Chen 2021). Moreover, private/social think tanks have more advantages over their government-backgrounded peers in terms of leveraging diplomatic contacts and forging people-to-people interchanges, especially at times of diplomatic turbulence. While TCI and RDCY provide detailed cases in this aspect, CCG offers additional evidence. The worsening Sino-US relationship and geopolitical tensions between China and the West coupled with the pandemic situation now make any official travel or communications between China and the US very challenging. However, the CCG delegation recently kicked off its global tour in US on 28 June 2022 and launched

the first academic exchange between Chinese think tanks and their Western counterparts after the Covid-19. In this regard, the Chinese government deliberately allow the emergence of private/social think tanks and solicit their competing policy analysis, in addition to seek for policy advice from a body of official/semi-official think tanks.

All these changes might translate into new opportunities by which Chinese think tanks and other societal actors may utilize to leverage for policy influence, and consequently recalibrate the state-society relations in China. However, this is not to suggest that the Chinese think tank community has generated intellectual independence from the state. Instead, a close examination has suggested a quite contrasting tendency: both official/semi-official and private/social think tanks in China have built or are willing to build institutional linkages with the officialdom in one way or another. Meanwhile, except a few influential and well-funded private/social think tanks, most in China “possess fewer advantages in scale, funding and access to officials” (Wuthnow and Chen 2021).

In addition, most private/social think tanks are less policy-oriented but focus on research projects that either for the sponsors’ profit-oriented market demands in responding to rapid technological development, or for the advantages of specific industry sectors through short-term policy-related advocate programs. It is anticipated that in the ensuing years during the Xi era, private/social think tanks will likely remain less influential policy actors in comparison with their official/semi-official counterparts. According to the two Chinese Think Tank Reports (2018 and 2013-2017) made by Shanghai Academy of Social Sciences (thereafter SASS), only 3 private/social think tanks were chosen on the list of the

top 20 Chinese think tanks according to their policy influence.⁹⁵ However, there is seeing an increase in the numbers and rankings of private/social think tanks in terms of social and international influence. For example, 9 private/social think tanks were selected on the list of the top 20 think tanks according to social influence in 2017, whereas the number increased to 12 in 2018. As to international influence, the number of private/social think tanks increased from 3 in 2017 to 6 in 2018, based on the SASS reports. As such, the development and new trends underway in the Chinese think tank community today are not to suggest that think tanks and public intellectuals are generating intellectual freedom from the CCP-state, as its most Western peers in liberal democracies enjoy. Rather, these phenomena might provide a point of entry, through which to understand how the co-evolutionary development and the mutually transformative effects of state-society interconnectedness add dynamics to policy-making and change the political-economic landscape in China's authoritarian context.

5.5 Interpreting Policy Influence of Chinese Think Tanks: Networks, Source of Influence, and Pathways

While it is critically important to know exactly how effective Chinese think tanks are in facilitate private entrepreneurs in policy advocacy, it is still, in actual practice, difficult to “locate as an exact smoking gun a linear relationship” between think tanks’ policy proposals and any related policy outcomes due to “the opaqueness of China’s policy-

⁹⁵ The 2018 report was published by Center for Think Tank Studies (CTTS) at Shanghai Academy of Social Sciences (SASS) in March 2019 while the report (2013-2017) was published in 2018. The three private/social think tanks that were selected on the list the top 20 Chinese think tanks in terms of policy influence are China Center for International Economic Exchanges (CCIEE, rank the 6th), China Development Institute (CDI), Shenzhen (rank the 14th), and National School of Development at Peking University (NSD, rank the 19th).

making process and the lack of public access to documents and records of the country's top-level political initiatives" (Xin 2017, 40). As such, an examination on the sources of influence that empower Chinese think tanks, the pathways think tanks use in policy engagement, and policy-makers at whom think tanks intend to target will facilitate a structural explanation on the growing business-intellectual advocacy coalition in China. And efforts of this examination constitute the key to understand the changing roles of Chinese think tanks in present-day China, as well as help to assess to what extent the think tank community could engage in and influence China's policy process, though not in an exact sense. These observations thus are important indicators from which I can evaluate the business community's policy influence that takes place through Chinese think tanks.

Taking this as a point of departure, I examine the sources of policy influence of the Chinese think tank sector in this part. In addition, I outline the pathways and targets by which private entrepreneurs could use within the Chinese think tank community in advocating their policy ideas. In this regard, the examination on the source of influence helps to explicate the rationales behind think tanks' newly emerging dual-role in China's policy process—namely, serving as advisory bodies for government as well as policy advocacy channels in business circle. Meanwhile, the investigation of the pathways and targets within the Chinese think tank community helps to assess the width and depth of business' policy influence that takes place through think tanks. In other words, to which level of policy-makers private entrepreneurs may reach as well as to what extent they might affect China's policy process within the think tank landscape depend heavily on the networks and capacities think tanks build in engagement of Chinese officialdom.

5.5.1 Mapping the Policy Influence of Chinese Think Tanks: Networks and Sources

Within the Chinese think tank landscape, policy actors mainly revolve around three sets of institutional networks—namely, the state-intellectual network, the business-intellectual networks, and the state-business networks. While each group of actors might build these networks simultaneously, they often take one as their focal network. Nevertheless, the tripartite institutional networks are not mutually exclusive but interconnected with one another. For example, as a semi-official think tank being affiliated to the Ministry of Foreign Affairs of China, CIIS depends largely on the statist network and resources to gain influence, whereas it is also able to build networks with various nongovernmental actors based on its resources and influence in China’s policy-making. In addition, as to the Center for China and Globalization (CCG), an influential private operated think tank in China, it originally gains influence based on its expertise in international arena and the focal networks in society, especially those in business circle. The growing influence of CCG in public policy and international relations have drawn the attention of the Chinese government, and consequently help CCG develop networks with the Party-state. For instance, the CCG president Henry Huiyao Wang was appointed by Premier Li Keqiang as the counsellor of the State Council in February 2015. The newly established networks with the Chinese state in turn help CCG to strengthen the entrenched societal networks in China. In this regard, the institutional networks with both the state and society render Chinese think tanks to serve for the government as policy advisors as well as serve for private entrepreneurs as policy advocacy channels simultaneously. However, it is important to ask how and why these networks are built within the Chinese think tank

landscape.

Guided by the state-society interaction analytical approach on the premise of existing co-evolutionary framework (Ang 2016), I suggest that Chinese think tanks derive the source of influence from both the state and society while they in turn use the networks and resources gaining in one side to develop relations with actors from the other side, and vice versa. To be specific, while the knowledge of expertise in various research arenas determines the relative influence of think tanks in policy-making, audiences requires reasons to pay attention to influence of think tanks. As Zhu argues,

“whether an expert idea that a think tank produces is accepted by other policy actors and eventually gets on the policy agenda depends not only on the think tank's capabilities and quality of expertise, but also on whether all potential audiences have the ability to acquire, absorb and communicate the policy idea” (2011, 676).

As to Chinese policy-makers, think tank experts are important policy advisors who could provide consultation service in a wide variety of knowledge areas that are beyond the capacities of the government apparatus. Meanwhile, the Chinese Party-state also use think tanks as a source of productive power to shape public opinions as needed. For example, in their study on Chinese foreign policy research institutes, Glaser and Saunders (2002, 610) observe that Su Ge, the then Deputy Director of CIIS, was selected to direct a study group on the American Congress established by Jiang Zemin in 1995 based on his expertise in Sino-US relationship while Su later used his established reputation and political connections with senior officials to yield influence in other policy arenas such as the Taiwan issue.

With regard to societal actors such as private entrepreneurs, Chinese think tanks not

only offer them necessary expert knowledge and counseling services in business development, but also provide them alternative channels to deliver policy ideas and affect China's policy process. In this regard, the knowledge of expertise and the productive power are the basic source and resource for Chinese think tanks to gain influence in both the state and society. In this regard, it is the respective demands and resources from the Chinese state and society that enable think tanks to gain influence, while the influence and resources think tanks obtain in one dimension in turn help them to play roles in another dimension. This rationale explains why Chinese think tanks are now able to simultaneously playing a dual-role in China's policy arena and business circle.

In addition, most scholars propose that think tanks, especially those initiated by and affiliated to ministries and government departments, depends heavily on the proximity to the Chinese state to gain policy influence. In another word, existing studies often take the institutional networks and connections with the Chinese state as the most determinant factor that affect the influence of think tanks in China's policy process. In China's authoritarian context, the state remains an important source and resource for think tanks to derive influence and deliver inputs in China's policy-making process. Nonetheless, focusing merely on the state side would lead to the misunderstanding that the Chinese think tank sector is insulated from the society.

As a matter of fact, ushered in China's growing market-oriented economy and intensified global engagement, there is emerging a rising demand within the Chinese think tank community that seeks for stabilized and diversified sources of funding in support of its long-term organizational survival. Coincidentally, various nongovernment actors such as

private entrepreneurs are in dire need of expert knowledge in running business as well as alternative channels to engage in China's policy process. As a consequence, there is a growing business-intellectual interaction, during which the dynamics from the society provide think tank experts multiple pathways and networks in a broader landscape of China's socioeconomic sphere while strengthen the capacity of think tanks in shifting public discourse. The broadened social networks and the enhanced ability of Chinese think tanks have attracted the attention of the CCP-state who tends to use the intellectual field in the accomplishment of its goals in socioeconomic development, authoritarian governance, and global agenda. As such, the bottom-up source of dynamics that think tanks derive from society not only progressively tilt "the pluralization of the organizational manifestation of think tanks" (Pautz 2011, 420) at the end of the societal spectrum, but also increase the credibility of the think tank community in China's policy-making system at the other end of the state spectrum. In this respect, the statist and societal networks embedded in the Chinese think tank community are not mutually exclusive and contradictory. Rather, they are co-developing alongside China's evolving political economy and complementarily reinforcing think tanks' advisory role in policy-making as well as the role of policy advocacy channels in business circle.

5.5.2 Business Lobbying by Chinese Think Tanks: Pathways and Targets

The pathways refer mainly to the methods or strategies Chinese think tanks use to deliver their policy suggestions while they also critical concern the targets (in terms of policy-makers) to whom think tanks can reach in the process of policy participation. Chinese think tanks engage in China's policy process in multiple stages and through a wide

range of pathways, both directly and indirectly. They are able to deliver policy advises through internal reports, shaping public discourse by social media, or participating in policy debates, etc. And these pathways embedded in the Chinese think tank community provide private entrepreneurs (who conduct policy advocacy by working cooperatively with think tanks) the leeway to exert inputs into China's policy process as well as affect the level of business policy influence. As such, I examine the pathways Chinese think tanks employ to engage in policy process (lobbying strategies) and to whom they can reach in this process (lobbying targets) in this part, aiming to help assess to what extent the Chinese think tank community could facilitate private entrepreneurs to exert influence in China's policy-making. As Glaser and Saunders point out,

“Examining the pathways Chinese analysts can use to reach policy makers ... can help evaluate the significance of an individual analyst's writings and assess their relative importance. Some analysts have only indirect pathways and rely on a single source of influence. Others have multiple direct pathways and have several potential sources of policy influence. These analysts are more likely to be able to reach policy makers with their opinions, and to have policy makers pay attention” (2002, 614).

The online survey⁹⁶ I conducted toward 596 Chinese private entrepreneurs in August 2021 suggests that think tanks rank the third (112/596, 18.8%) amongst various channels private entrepreneurs use to contact with relevant government agencies, in comparison with

⁹⁶ This survey was administrated and conducted online and in Chinese toward 596 Chinese private entrepreneurs through a Beijing-based survey firm in August 2021 in China, drawing respondents from the large-scale sample base of the Beijing-based survey firm. Company respondents were selected from candidates among business owners and executives of Chinese private enterprises who were in charge of government affairs (GA) or public relations (PRs) and were selected through a process of probability sampling with a number of quotas (primarily on region, industrial sector, firm size, etc.). Totally 596 questionnaires were sent out and 596 pieces were effectively received with effective recovery of almost 100%, except that a very small number of respondents did not answer two or three questions in the questionnaire. More detailed information regarding to the design of this online survey was presented in Chapter 1.

business associations that are ranked the first (222/596, 37.2%) and the CPC and CPPCC at all levels which rank the second (117/596, 19.6%). With regard to the three primary research practices being carried out jointly by think tanks and private companies (the first three in Table 5.1 as below), an average of around 40 per cent of those surveyed report that they often engage with think tanks in one way or another. As such, drawing upon existing studies as well as empirical data from my fieldwork in China, I generally outline a number of methods/strategies Chinese think tanks develop to engage with policy-makers, and these pathways also form the basis through which private entrepreneurs conduct policy advocacy within the landscape of Chinese think tanks.

First, Chinese think tanks, mainly referring to official/semi-official research institutes, could regularly reach senior Party-leaders and deliver policy suggestions through internal reports or references (*neican*, 内参). This is an officially inside channel most official/semi-official think tanks have. For example, within CASS, scholars are able to submit internal research reports to the central government through the Important Report (*yaobao*, 要报), or to relevant government departments below the central-level by Information Special Report (*xinxi zhuanbao*, 信息专报) and Leader Reference (*lingdao canyue*, 领导参阅). Moreover, as an important semi-official think tank which affiliates to the Ministry of Foreign Affairs, China National Committee for Pacific Economic Cooperation (PECC-China, CNCPEC) can deliver its policy suggestions directly through an internal journal—the ‘Pacific Economic Cooperation Research’ (*taipingyang jinghe yanjiu*, 太平洋经合研究). However, whether or not a research report receive a ‘written comment’ (*pishi*, 批示) from the government leaders, the numbers of commentaries a think tank receives, and the

levels of government officials who place the remark are often taken as important indicators in measuring the influence of a specific think tank in China's policy-making system. Moreover, these indicators also are critically relevant to scholars' academic promotion (*zhicheng jinsheng*, 职称晋升). According to an expert from CASS,

*"I recently submitted a research report through the system of CASS Important Report. I expect that an official at ministerial level could give a written comment on it. This will be a great asset for me to be promoted as an associate research fellow in the institute this year. A written comment placed by a minister is even more useful than publishing papers in high-rank, peer-review academic journals, with regard to the promotion in academia."*⁹⁷

While submitting the internal reports through the inside mechanisms of think tanks is helpful and efficient in terms of transmitting scholars' policy suggestions to senior officials at the decision-making nucleus, this way of policy advocacy involves two primary limits in actual practice. One concerns the reality that most research reports receive no feedback from senior government officials. For example, Zhu's (2011, 678) nationwide survey on Chinese think tanks (CTTS 2004) suggests that for almost all think tanks that are surveyed (a total of 301), they receive commentaries from government leaders fewer than five times annually. A think tank expert at CASS told me that while his institute ranks higher at CASS in terms of receiving written comments from top leadership annually, the estimated overall rate is lower.⁹⁸ Moreover, even if a few reports receive written comments, it is not necessarily associated with the direct and immediate policy changes. Another limit refers to the range of application of this kind of inside official mechanism. As "the most important

⁹⁷ Interview 21BJ48, 16 December 2021.

⁹⁸ Interview 22BJ50, 26 June 2022.

components in the policy research and consultation system” inside and outside the Chinese government (Zhu 2013, 6), official/semi-official think tanks are often equipped with this kind of institutionalized internal mechanism. Nevertheless, private/social think tanks usually lack this sort of inside channel, as most connect with the Chinese state very loosely, even though some “have supervising institutions that may also be government departments” (Zhu 2013, 6). In this respect, although this kind of internal approach is somewhat efficient, especially when research reports are at the request of the government, it usually is not the primary form think tanks use to engage in China’s policy-making.

Aside from the direct contact with policy-makers by this inside mechanism, the second pathway Chinese think tanks frequently use is carrying out research projects (*yanjiu keti*, 研究课题) in varieties of forms. This is also the primary method Chinese think tanks use to carry out policy advocacy for the interests of their ‘patrons’ in business circle. The policy relationship which Chinese think tanks build with the business community in China is often based on cooperative research projects in particular issues of domain. By these joint research practices, private entrepreneurs are able to communicate their business demands or policy ideas while think tank experts might integrate business’ policy suggestions into their research reports, though not each report is expected to affect China’s policy-makers. An expert at CASS told me,

“for most joint research projects, private entrepreneurs can express their policy preferences. And we sometimes know clearly how they attempt to tilt the direction of the research agenda toward their business interests. However, they have to make sure that their requests are in line with the Party’s guidelines and the overarching national policy framework.”

Otherwise, we will advise them either to revise or to give up their ideas.”⁹⁹

As shown below in Table 5.1, Chinese think tanks and private enterprises today usually cooperate in seven different ways, although they sometimes take a mixed form in operation. With regard to business-intellectual research cooperation in terms of business’ policy advocacy and other issues, think tanks and private enterprises mainly take joint actions through three forms of coalition (the first three in Table 5.1). The three forms of business-intellectual research cooperation differ mainly in the sources of funding. The first concerns the contracted joint research projects that are fully funded by private companies while conducted by think tank experts. This is the most frequently employed pathway of cooperation within the broader Chinese think tank landscape, through which business actors can have a great say toward the overall research agenda. This form of business-intellectual research cooperation often takes place at the request of private entrepreneurs who either seek for the knowledge of expertise of think tanks for business development such as strategic investments abroad or take think tanks as policy advocacy channels and deliver business demands to relevant decision-makers. Second, in some cases, think tanks and private enterprises co-sponsor and co-conduct the joint researches. Upon this form of business-intellectual cooperation, most research projects focus on personnel training and technological advancement research while only a handful of researches are policy-oriented.

Third, Chinese think tanks and private enterprises can work cooperatively on government-commissioned research projects that are fully funded by the Chinese government (*zhengfu weitu keti*, 政府委托课题). As to this sort of research projects, the

⁹⁹ Interview 19BJ02, 11 November 2019.

Chinese government is the patron who provides the research funding through financial appropriation (*caizheng bokuan*, 财政拨款) while dominates the research themes and the orientation of overall research agenda. This form of business-intellectual research cooperation usually takes place between official/semi-official think tanks and private companies or privately owned think tanks on issues of domain beyond the capacity of the government apparatus. Sometimes, the central government assigns task forces (*zhongda ketizu*, 重大课题) to particular official/semi-official research organizations or to a small group of scholars from different think tanks. Taking on government-commissioned research projects usually is the major way official/semi-official think tanks engage in China's policy process. For example, as a government-affiliated think tank, the Academy of Macroeconomic Research at NDRC undertakes around 300-400 government-commissioned research programmes, including those in responding for issues in emergency (Xie 2014).

Nevertheless, only a few influential large private firms or leading private-owned research institutions have opportunities to work cooperatively with these think tanks on such research projects. For example, Liang Chunxiao, the former Vice President of Alibaba Group and Director of Ali Research Center, had chaired or participated in a number of task forces initiated by National Development and Reform Commission (NDRC), Ministry of Commerce and Ministry of Science and Technology, such as some preliminary research projects designed for the 13th Five-Year Plan (十三五规划) by NDRC, etc.¹⁰⁰ For most of

¹⁰⁰ Baidu baike (百度百科).

<https://baike.baidu.hk/item/%E6%A2%81%E6%98%A5%E6%9B%89/8917816>, retrieved in August 12, 2022.

the time in the broader Chinese think tank landscape, private entrepreneurs were very minimally involved in research projects, especially task forces, assigned and funded by the Chinese government, in particular, the central government. Nonetheless, this appears to have emerged in recent years. The Chinese government has become active in encouraging private enterprises take part in the research and construction of China’s national strategic projects such as 5G and industrial internet.¹⁰¹ According to the 2018 annual report on China’s think tanks made by Shanghai Jiaotong University, the private/social think tank CCG had implemented around 60 government-commissioned research projects and reports and submitted around 200 policy suggestions to the government in 2017. As such, while today only a small number of private companies or privately owned research units are allowed to participate in government-commissioned research, this phenomenon further suggests that private entrepreneurs have become major actors “within the ideational process of a certain policy issues” as well as within “China’s agenda-setting process” (Menegazzi 2018; see also Wang 2008; Mertha 2009; etc.).

Table 5.1 Forms of Business-Intellectual Cooperation and Frequency of Interaction

Form	Frequency (%)				
	Never	Barely	Occasionally	Often	Very often
1. Research projects funded entirely by enterprises but conducted by think tanks	9 (1.5%)	26 (4.4%)	188 (31.5%)	246 (41.3%)	87 (14.6%)
2. Joint research projects co-conducted and co-funded by think tanks and private enterprises	5 (0.8%)	37 (6.2%)	163 (27.3%)	262 (44%)	89 (14.9%)

¹⁰¹ For example, NDRC, the Ministry of Science and Technology, and the Ministry of Industry and Information Technology jointly issued a document “Implementation Opinions on Supporting Private Enterprises in Accelerating Reform, Development, Transformation and Upgrading” in October 2020, aiming to develop advanced information technology and accelerate the transformative upgrading of manufacturing industry in China by the help of the private sector. <https://www.sensorexpert.com.cn/article/17430.html>

3. Government-commissioned and funded research programs carried out jointly by enterprises and think tanks	2 (0.3%)	36 (6%)	191 (32%)	244 (40.9%)	83 (13.9%)
4. Think tank experts serve for private enterprises as consultants	1 (0.2%)	36 (6%)	173 (29%)	229 (38.4%)	117 (19.6%)
5. Private enterprises invite think tank experts to interpret government policies	5 (0.8%)	33 (5.5%)	182 (30.5%)	237 (39.8%)	99 (16.6%)
6. Training programmes such as technology-oriented research, co-conducted by enterprises and think tanks	6 (1%)	38 (6.4%)	175 (29.4%)	237 (39.8%)	100 (16.8%)
7. Business-intellectual interactive activities arranged by business associations	4 (0.7%)	20 (3.4%)	179 (30%)	262 (44%)	91 (15.3%)

Source: Online survey in China in August 2021 by author (N=556).

The third method Chinese think tanks devise to float policy ideas as well as to facilitate business lobbying is drawing the government attention by shaping media coverage. And the media influence today is increasingly taken by scholars as one of the most important indicators in evaluating the overall influence of Chinese think tanks (see e.g., the think tank reports by CASS and SASS respectively). The rationale behind this lobbying method of China’s think tanks is explained as below. On the one hand, in recent years, the Chinese government is willing to collect policy advices from the public and society at large, and this renders mass media an important available venue think tanks can use in influencing China’s policy-makers. In this situation, think tank experts progressively advocate their policy ideas and carry out policy information campaign on various domestic and foreign media, aiming to draw the attention and shift the preference of China’s policy-makers. As Zhu argues,

“China’s government has many mechanisms to collect public opinion and policy ideas, which allows think tank experts to transfer their knowledge indirectly to policy outcomes. Almost all official news agencies in central or local governments have filter mechanisms that monitor, collect, and

digest information and policy ideas from the mass media, the Internet, and academic or general publications. Such information is periodically compiled into official internal publications, collectively called neican ('internal reference')". ... Think tank experts could thus advocate their policy ideas in academic publications, mass media, or even Internet blogs to influence policies indirectly. These activities not only help analysts build their public reputation but also provide them with supplementary income" (2009, 340).

On the other hand, think tanks couple with mass media to serve as the mechanism of public opinion formation to a certain extent. Think tanks have a wider range of audience than does the latter and they tend to affect China's policy-making indirectly through information campaign more than just floating information among the public. While distinct in some ways, both think tanks and media are able to set the agenda or force attention to certain topics and "influencing the salience of attitudes toward the political issues," through which "the political world is reproduced imperfectly" (McCombs and Shaw 1972, 177, 184). As such, by working cooperatively with the media, Chinese think tanks might use their enhanced influence in media and in public to affect China's policy-making indirectly. For example, Chinese top leadership has become attentive to the concept of 'peaceful rise' (*heping jueqi*, 和平崛起) when Zheng Bijian (郑必坚) presented the peaceful rise theory in his trip to the United States in December 2002 (see Glaser and Medeiros 2007). Soon later, the central government established a task force to conduct a research project on peaceful rise and funded it with \$244,000 (Glaser and Medeiros 2007, 294).

Think tanks work with the media in a wide variety of ways, among which increasing media appearance are most frequently used. Think tank experts, especially those from large influential research institutes (see e.g., those in Table 5.2), could reach a large public and

attract the attention of Chinese officialdom by writing comments and columns on news agencies, or participating in wide-open policy debates on TV shows as special commentators, or making public presentations on domestic and foreign media. As for some less influential or small think tanks, especially those that lack direct access to the Chinese government, they often “influence those who influence the policy-makers, for example writing op-eds, writing for influential magazines and publishing major books on important themes” (Wiarda 2010). Moreover, alongside the emergence of various types of online media in China, think tank experts have alternative platform to articulate their opinions such as the public account of WeChat (*weixin gongzhonghao*, 微信公众号), instead of relying heavily on China’s state-affiliated official media.

In addition, there is now emerging another form through which Chinese think tanks diffuse policy ideas and shape the public opinion through the venue of media—namely, the think tank-media allies. As early as in 2011, the Charhar Institute had signed a strategic partnership agreement with Nanfang Media Group (南方报业传媒集团), strengthening the research capacity and reputation of the Charhar Institute as a mechanism of ‘track-II’ diplomacy. While it is nothing new to Chinese think tanks, today the form of intellectual-media ally has been frequently used by Chinese think tank community to speak for the interests of their business ‘patrons’ in recent years, and the research focus is increasingly transforming from academic-oriented into policy-oriented. In brief, although the Chinese government ultimately “decides the key policy issues in China,” it sees “the need to increasingly heed public opinion in its decision-making and uses input from think tanks as a way of maintaining legitimacy through a more collective leadership strategy” (McGann

2012, 16). In this regard, Chinese think tanks, both official/semi-official and private/social, have become active in connecting with media to involve in researches and activities relevant to varieties of socioeconomic issues in China. By engaging the media and leveraging the public and society at large, Chinese think tanks are able to “induce the attention of policymakers, which does lead to intermittent policy change” (Nachiappan 2013, 263).

In addition to these primary influence strategies, Chinese think tanks also devise other tactics in their searching for policy influence, such as “organizing breakfasts, lunches, dinners and seminars with those involved in the political environment” (Wiarda 2010) such as business associations, or “globally integrated with other think tanks and scholarly institutions” (McGann 2012, 13), etc. Furthermore, some scholars have paid attention to the effects of the “revolving door”¹⁰² on the influence of Chinese think tanks (see e.g., Zhu 2018; Li 2009), though the exact effects remain debatable. In this regard, while Chinese think tanks rely primarily on the three methods abovementioned (the inside mechanism, research cooperation, and media influence) to engage China’s policy-makers as well as facilitate business’ policy advocacy, they work from every possible angle to enhance their influence and the capability to influence.

By these varieties of pathways, Chinese think tanks may interface with any part of the

¹⁰² Under the Western discourse, the term of revolving door within the think tank landscape refers to “the career mobility of former politicians, scholars, lobbyists, or journalists from different sectors, such as government, Congress, university, industry, and media, to policy research institutes, or vice versa—builds one of the most effective transmission belts for ideas to travel” (Zhu 2018, 299). Zhu further argues that the revolving door “has now become the prevailing recruitment strategy for global think tanks. In particular, the Chinese government and academia are embracing the revolving door mechanism for the development of Chinese think tanks,” whereas the exact effects of the revolving door on the influence and revenue of Chinese think tanks need to be further scrutinized (Zhu 2018).

Chinese government. However, the primary targets think tanks are able to reach in their policy engagement differ to varying degrees. And the level of government officials one think tank can engage by these methods affects the scales of influence that think tank can exert upon policies, which in turn indirectly affect the scales of business' policy influence that takes place through that think tank. In this regard, an examination of the primary targets in Chinese bureaucracy to whom think tanks can reach is critically relevant to the evaluation of the effects of their policy advocacy. As mentioned above, by submitting internal research reports officially via the inside mechanism of their research institutes, scholars of most official/semi-official think tanks are capable of delivering their policy ideas to government officials at the central and ministerial level. However, only a few receive written comments. Meanwhile, even amongst those official/semi-official think tanks which have this sort of internal mechanism, they diverge in their capability to influence China's policy-makers and differ across policy fields and regions. A handful of influential and leading think tanks at the national level (see Table 5.2) have more opportunities to engage with the central government, while those at provincial and municipal levels usually develop their influence among government officials at local levels. Moreover, most private/social think tanks lack this sort of internal mechanism. Thus, the numbers and scales of top decision-makers who are targeted and influenced through this way might be quite small.

With regard to the second pathway, gaining influence through the business-intellectual research cooperation, Chinese think tanks are able to deliver the policy demands of their business patrons to government officials at different parts of the Chinese bureaucracy.

However, official/semi-official and private/social think tanks rely on different routes and networks. The closely institutional linkages with the Chinese state provide official/semi-official think tanks the primary resources and networks to engage with policy-makers, whereas to which level of government officials they can target differ. Usually, the higher the administrative ranks their supervising units have in Chinese bureaucracy, the more likely official/semi-official think tanks could engage with high-ranking policy-makers. Nonetheless, as to most private/social think tanks which usually loosely connect with the Chinese government, they depend more on their social capital and knowledge of expertise to influence policy. Taking the Unirule Institute of Economics as an example, it engages “renowned scholars who are socially active and have strong relationships with government officials, yet remain critical of the government” to gain influence and to affect China’s policy (Zhu 2013, 7). Seemingly, in present-day China, most private/social think tanks interface with government officials under the State Council and below the ministerial level, though a few influential private/social think tanks such as CCG are able to engage with senior Party leaders, such as those in ministries and the State Council.

The third primary pathway through which Chinese think tanks thrive for the government’s attention is to shape the media coverage. As McGann (2012: 14) observes, as the Chinese government attaches the importance of “reassuring public opinion to maintain the appearance of a collective government to the rest of the world” as well as to ensure the Party-state’s legitimate governance domestically, engaging with the media “has become increasingly appealing as an indirect but efficient means of influence” in Chinese think tanks’ policy participation. Just as the same as the second pathway, to which level of

government officials Chinese think tanks can target depends on their resources and networks as well as those of the media with which they work. As such, although a handful of renowned Chinese scholars may receive policy-makers’ attention by presenting their salient perspectives or suggestions on some important policies on influential mainstream media such Xinhua News Agency, the People’s Daily, and the CCTV, a vast majority of scholars’ policy ideas will be given less prominence by this way. For most Chinese think tanks and scholars, the primary goal of working with media is to either enhance their academic reputation or gain more social capital through leveraging the public opinion. However, Chinese think tanks can embed their policy advice in joint research projects co-conducted by the media-intellectual allies and use the channels inside the media, especially those within the influential state media such as Xinhua News Agency, to shape policy-makers’ preferences.

Table 5.2 Top 20 Chinese Think Tanks by Influence Ranking (2017 and 2018)

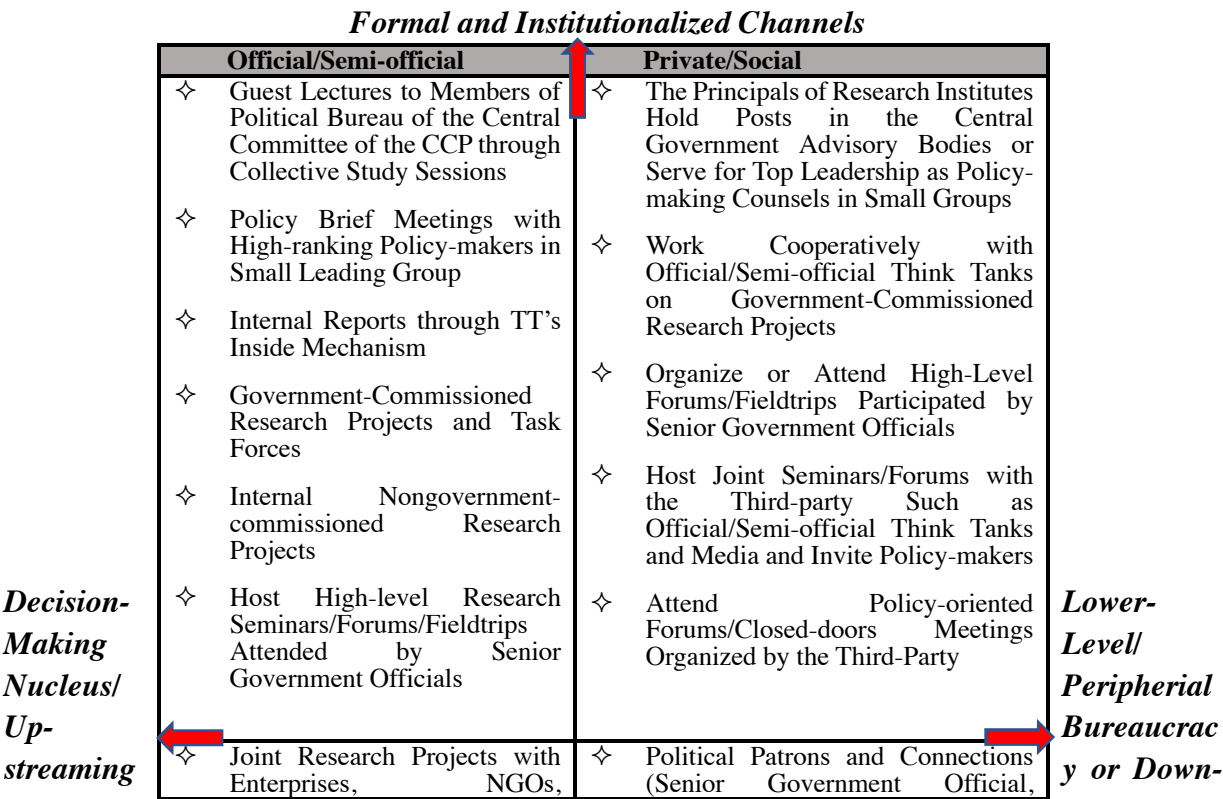
Think Tanks	Ranking					
	By Policy		By Social		By Academic	
	2017	2018	2017	2018	2017	2018
Development Research Center of the State Council	2	1	3	1	3	3
Chinese Academy of Social Sciences	1	2	1	2	1	1
Chinese Academy of Sciences	3	3	2	3	2	2
Academy of Macroeconomic Research at NDRC	5	4	6	8	12	11
Chinese Academy of Engineering	7	5	5	6	4	4
China Center for International Economic Exchanges ^①	9	6	14	11	16	13
Party School of the Central Committee of CPC/ National Academy of Governance ¹⁰³	4/17	7	4/7	4/7	6/11	10
China Institutes of Contemporary International	6	8	N/A	N/A	15	14

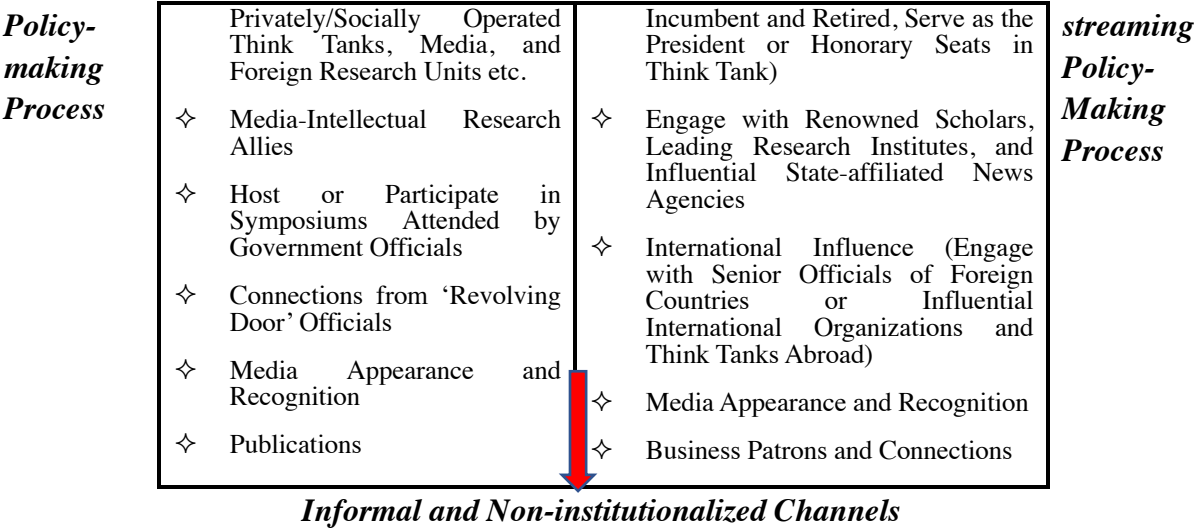
¹⁰³ National Academy of Governance (NAG, 国家行政学院) was merged with the Party School of the Central Committee of CPC (中共中央党校) in March 2018. Since then, they are operated under ‘one leadership but two identities’ (*yige jigou, liangkuai paizi*, 一个机构, 两块牌子). In 2017, as seen in the table, the Party School ranks the 4th while the NAG ranks the 17th, but they are not ranked separately since 2018.

Relations						
Academy of Military Sciences (AMS) of People's Liberation Army (PLA)	8	9	15	N/A	5	7
National Institute of International Strategy, CASS	10	10	NA	N/A	N/A	N/A
National Defense University of PLA	12	11	11	N/A	7	12
China Institute of International Studies	13	12	13	17	13	9
The State Information Center	16	13	N/A	N/A	18	16
China Development Institute (CDI), Shenzhen ^①	11	14	19	12	N/A	N/A
Shanghai Institute of International Studies	14	15	20	N/A	N/A	19
Chinese Academy of International Trade and Economic Cooperation	N/A	16	NA	19	N/A	20
Chinese Academy of Fiscal Sciences	18	17	NA	N/A	10	8
National Institution for Finance and Development	20	18	N/A	N/A	N/A	N/A
National School of Development, Peking University ^①	15	19	9	5	9	5
Central Institute of Party History and Literature	N/A	20	N/A	N/A	8	6

Source: 2018 Chinese Think Tanks Report, by Center for Think Tank Studies (CTTS) at Shanghai Academy of Social Sciences (SASS). If the research institute was not selected on the ranking list in that year, I denote as N/A; while for the missing rankings in the table, it means that other research institutes rather than those in the table were selected in that year. In the table, research institutes that are marked by①are private/social think tanks, those without this mark are official/semi-official think tanks.

Table 5.3 Pathways and Targets of Chinese Think Tanks in Policy Engagement





5.6 Expanding Role and Policy Influence: Four Chinese Think Tanks in Comparative Perspective

In this section, I carry out case studies to examine the motivations, behavioral patterns (lobbying strategies and targets) and outcomes of business-intellectual coalition for advocating and influencing China’s policy-making. To mapping the changing roles of China’s think tanks in the wake of growing business-intellectual cooperation as well as assess the policy influence of business lobbying that takes place through think tank community, I select four Chinese think tanks as my cases (see Table 5.4). They are Institute of Industrial Economics of CASS (IIE), China National Committee for Pacific Economic Cooperation (PECC-China, CNCPEC), Charhar Institute (CI), and the Chongyang Institute for Financial Studies at Renmin University of China (RDCY, 人民大学重阳金融研究院).

The four cases are selected based on the following considerations. First, the four selected Chinese research institutes make up two pairs of cases, based on which I make a comparison between official/semi-official (IIE and CNCPEC) and private/social think tanks (CI and RDCY) in terms of their different behavioral patterns and influence in policy

engagement. Second, both CNCPEC and CI have considerable expertise in China’s foreign and diplomatic field while IIE and RDCY focus on researches relevant to China’s economic and financial issues. As such, they make up another two pair of cases, based on which I am able to compare how official/semi-official and private/social think tanks with the same or similar research area of specialization diverge and converge in terms of behavioral patterns and policy influence. Third, the four Chinese think tanks were founded in different time periods in China, spanning from the late 1980s when Deng and his associates begun to launch market-oriented economic reforms in China to the early 21st century—a transitional epoch during which a number of milestones shaped and reshaped China’s political and socioeconomic landscape. This thereby necessitates a comparative study on the changing roles and influence of Chinese think tanks in China’s policy-making over time. Fourth, the four cases outline the three sorts of main source of funding on which Chinese think tanks rely in operation—sponsored by the government (IIE and CNCPEC), private enterprises as donors (TCI), and run on the profit of business (RDCY)—though each may have additional source of financial support. This thus helps to examine how funding sources affect the focal networks and organizational capabilities of think tanks in policy advocacy.

Table 5.4 Picturing the Four Chinese Think Tanks

	IIE at CASS	CNCPEC	TCI	RDCY
Formal Identity ¹⁰⁴	Public Institution	MFA-affiliated	Unofficial	University-Affiliated
Location	Beijing	Beijing	Hebei/Beijing/ Guangzhou	Beijing

¹⁰⁴ The legal identities shown in the table are based on information provided by the four think tanks on their official websites. IIE, CASS: <http://gjs.cass.cn/>; CNCPEC: <http://www.pecc-china.org/>; CI: <http://www.charhar.org.cn/index.aspx>; RDCY: <http://rdcy.ruc.edu.cn/yw/HOME/index.htm>. I then classify them into two categories, with former two as official/semi-official think tank while the rest two as private/social think tank, according to my method of classification in this chapter abovementioned.

Year of Founding	1978	1986	2009	2013
Founders	CASS	MFA	Han Fangming	Qiu Guogen
Chair/Director	Shi Dan	Zhan Yongxin	Han Fangming	Wang Wen
Education Level	Ph.D.	Master's	Ph.D.	Ph.D.
Supervising Unit	The State Council	MFA	Bureau of Civil and Religious Affairs, Shangyi Zhangjiakou, Hebei Province	Renmin University of China
Administrative Level	Bureau	Bureau	N/A	N/A
Main Source of Funding	Governmental Financial Appropriation	Governmental Financial Appropriation	Han's Fundraising & Endowment-based Funding & Research Funding & Others	Enterprise Sponsorship
Financial Pressure¹⁰⁵	√	√	√ √ √ √	√ √
Main Area of Specialization	Industrial Economics/ Regional Economics/ Business Management	Pacific Economic Development & Cooperation	Public Diplomacy/ International Relations/ Peace Studies	Finance/ Global Governance/ International Relations/ Macro-Economy-Related Policy
No. of Researchers¹⁰⁶	59	45	224	87
No. of In-Service Staff	Around 100	3	7	N/A
No. of Academic Journals	3	2	6	Around 6
No. of Publications	600 Books & 15,000 Papers & 4,000 Reports	20-30 Books	N/A	Around 90 Books & Hundreds of Reports
No. of Policy Adopted/Remarkd by Government	390 (within 5 years)	40-50	N/A	Dozens of Times
No. of Enterprise-Related Research	37	10	N/A	N/A
No. of Entrepreneurial Partners	N/A	120	6	3
No. of New Media Platform Used	N/A	N/A	13	20

Note: This table is made by the author, based on data from online sources, mainly from the official websites of the four think tanks, as well as data from interviews and other secondary sources of materials such as scholars' papers. N/A=not available.

5.6.1 Institute of Industrial Economics of CASS (IIE)

The Institute of Industrial Economics (IIE) of Chinese Academy of Social Sciences

¹⁰⁵ As to the index of 'Financial Pressure,' the more ticks (√), the greater the degree of the pressure. However, it is an estimated index, drawn upon data from most second-handed documents and my interview data.

¹⁰⁶ The number of researchers for each of the four think tanks in the table is calculated by the author based on data from the official websites of the four think tanks. And it denotes the total number of researchers in each think tank, including full time and part time researchers as well as resident and non-resident researchers, except administrative staffing and visiting scholars.

(CASS) was found on April 5th, 1978, very soon later after the establishment of CASS in 1977. As one amongst the 42 research institutes of CASS, IIE has been grouped in 12 research divisions, 3 editorial departments for academic journals and 9 research centers, with 59 full-time researchers and around 100 in-service staff. As shown on the website of IIE,

*“among these research staff, over 60% are senior fellows, and more than 80% researchers holding a doctorate or a master’s degree. ...Focused on the research of industrial economics, business management and regional economics, the main research field of IIE covers Industrial development, industrial structure and organization, industrial distribution and regional economics, industrial management system, enterprise institution, enterprise operation management, resources and environment and transnational investment.”*¹⁰⁷

As a typical government-sponsored think tank in China, the “CASS adopts a strictly defined hierarchical structures, based on the governmental model. ... CASS itself is a ministerial entity, officially under the State Council of China’s central government” (Li and Song 2022, 169). As such, IIE, together with all other affiliated research institutes at CASS, “are designated at the bureau level within a ministry” and expected to follow certain bureaucratic rules and customs as the CASS does (Li and Song 2022, 169).

This kind of institutional linkage with the Chinese central government, though it weakens the IIE’s research independence from the state, has secured the operation of the IIE with stable source of funding and provides institutionalized official channels for the IIE to engage in China’s policy-making process. Researchers of the IIE are able to periodically submit internal reports to the central government and other government

¹⁰⁷ Cited from the official website of the IIE.

http://gjs.cssn.cn/english/201607/t20160727_3137949.shtml. Retrieved on 21 August 2022.

agencies through two sorts of inside mechanisms within the structure of CASS. In addition, senior research fellows of the IIE are often invited to participate in government-commissioned research projects and task forces, as well as to give policy suggestions in consultation meetings or closed-door sessions/events. For instance, as shown on their online research portfolios, some scholars have participated in some of China's national grand projects (e.g., Jiang Feitao has taken part in the preliminary research and the drafting of 'Made in China 2025' while He Jun has participated in the research and policymaking of many industrial development planning). Meanwhile, within the IIE, a number of scholars' internal research reports have received comments or have been accepted by relevant government agencies. In China's authoritarian context, although the knowledge of expertise in particular area of study is the basis on which think tanks to gain influence, "the administrative relationship between think tanks and the government is the most important resource to help think tanks exert direct policy influence. ... Government-sponsored think tanks certainly have many advantages over their non-governmental counterparts" (Zhu 2011, 673). In this regard, the IIE relies heavily on its focal network with the Chinese state to gain influence in both policy arena and socioeconomic sphere.

However, the IIE's emphasis on its institutional linkage with the Chinese state does not necessarily lead to its entire insulation from the society. On the one hand, in the context of rapidly developing information technology and digitalized economy, the Chinese government devotes major efforts to accelerate industrial transformation and upgrading, trending toward the integration of the new-generation information technology and the manufacturing. However, challenges in this new area "necessitate large amounts of

thorough research and analysis beyond the scope of the Chinese government's internal research-gathering agencies" (McGann 2012, 7). As such, the Chinese government often seeks other source of advices to facilitate the making of regulations and policies in this area. While the IIE is excel at industrial economics, it still needs to interact with entrepreneurial practitioners to catch up the new trend underway in industrial sector before transforming the theorized knowledge into policy suggestions. In this respect, the IIE often engages with enterprises and other relevant societal entities through a variety of activities, in responding to the government's demands in policy-making.

On the other hand, in Chinese context, the "heavy hand" of the Chinese government" (Nachiappan 2013: 256) in economic arena and the non-transparent policy-making process often make it difficult for entrepreneurs to know relevant policies that might strongly affect their businesses in a timely and correct manner. As a result, businessmen are also in badly of think tank experts to interpret a wide variety of government policies. Most importantly, entrepreneurs attempt to deliver their business demands and policy preference as well as influence China's policy-making process through varieties of channels embedded with Chinese think tanks. Meanwhile, the deepening of marketization in China has profoundly changed the context Chinese think tanks operate, "the tasks of paying salaries and securing funding for research has become a central concern for Chinese think tanks" (Li 2009). So does CASS and its affiliated research institutes. With the emerging non-government patrons for the Chinese think tank community, the IIE generates additional revenue by carrying out enterprise-delegated or funded research projects. As shown on the IIE's list of annual income in April 2022, 51.37 percent is from financial budget, 29.67 percent comes

from service revenues while 4.78 percent comes from other sources.¹⁰⁸

Moreover, among the 37 enterprise-commissioned research projects listed on the website of the IIE, 10 are from private companies such as Alibaba (阿里巴巴), Jingdong (京东), and the Haier Group (海尔), and the rest are commissioned by SOEs. Seemingly, the number of research projects within the IIE commissioned by private enterprises is quite low. Nevertheless, it is very likely that the IIE do not list all enterprise-related research projects publicly, even though the total amount of this kind of research is lower than that commissioned by SOEs and is even far lower than that tasked by the government in reality.

According to a researcher of the IIE,

*“enterprises, large and medium-sized firms as well as SOEs and private companies, seek to cooperate with scholars of our institute every year. But it does not necessarily for us to list every research project on our resumes. This kind of research cooperation is less important than those commissioned by the government in terms of our career in academia, but it helps us to build broader societal networks as well as an alternative source of income. Thus, most scholars at CASS prefer to keep a low profile on their cooperation with the business community, especially private firms.”*¹⁰⁹

However, these joint research cooperation with the IIE—one of the leading research institutes at CASS that specializes in industrial economics—may accord private entrepreneurs institutionalized official channels to engage in China’s industrial policy-making process, though the entrenched institutional relationship between the IIE/CASS and the government also limit and structure how much influence private entrepreneurs can exert in policy process. This sort of business-intellectual coalition is not only taking place

¹⁰⁸ Source: official website of the IIE.

http://gjs.cssn.cn/swgz/swgz_tzgg/202204/P020220427552449618561.pdf. Retrieved on 22 August 2022.

¹⁰⁹ Interview 19BJ02, 11 November 2019.

in the IIE, but also underway within other research institutes at CASS¹¹⁰ (such as IWASS as abovementioned) as well as develop in the broader landscape of China's official/semi-official think tank community. It implies that private entrepreneurs now have become a new kind of patrons who may be active in setting the research agenda of government-sponsored research organizations, even though official/semi-official think tanks in China like CASS intend to stress their achievements in government-commissioned research projects and commentaries remarked by government official, especially those at the central level.

5.6.2 China National Committee for Pacific Economic Cooperation (CNCPEC)

China National Committee for Pacific Economic Cooperation (PECC-China, CNCPEC)¹¹¹ was founded in 1986 as a national organization on the basis of the PECC Charter. The main objective of CNCPEC is to seek and promote economic development and cooperation by working cooperatively with PECC members from other countries within the Asian-Pacific region, with its focus on three major tasks—namely, engaging in

¹¹⁰ Drawing upon the online information from the official website of CASS, I checked almost all affiliated research institutes of CASS, with my focus on joint research projects/reports conducted by enterprises and scholars from CASS. Unfortunately, I only found such information on six research institutes. They are: Institute of Industrial Economics (IIE), Institute of Economics (IE), National Institute of Social Development (NISD), Institute of World Economics and Politics (IWEP), Institute of West-Asian and African Studies (IWAAS), National Academy of Economics Strategy (NAES). For the rest of research institutes at CASS, they do not engage with business circle either because of their areas of specialization such as the Institute of Archaeology or because they intend to keep a low-profile on this issue. Even for the six research institutes display such data, it seems that they do not place all such kind of business-related research projects publicly. For example, according to the public reports/news shown on the website of Ali Research Institute (a privately owned think tank founded by Alibaba), I found that NAES and other research institutes have attended a number of research projects launched by Ali Research Institute or by the Alibaba Group. These institutes (or scholars) nevertheless do not list these researches on their website.

¹¹¹ The brief introduction on CNCPEC in this paragraph is based on data mainly from the official website of CNCPEC (<http://www.pecc-china.org/article/29>) as well as an online news report on CNCPEC from China Daily (https://www.chinadaily.com.cn/world/2014-09/10/content_18576636.htm).

research on regional economic cooperation, organizing and coordinating various PECC-related activities, and promoting multilateral and bilateral exchanges among PECC members. At present, CNCPEC is constituted by the Plenary Meeting, the Standing Committee, the Secretariat and around 10 sub-committees for business, financial development, human resources, food and agricultural development and international eco-tech cooperation respectively, with member representatives from the Chinese government, the business community, media, non-governmental organizations and academia.

The total number of researchers at CNCPEC is 45, including 5 full-time researchers and 40 part-time research fellows. As self-proclaimed, CNCPEC defines itself as a semi-official think tank that is affiliated to China's Ministry of Foreign Affairs. Despite of this legal organizational identity, CNCPEC is a *de facto* public institution with an administrative rank of 'bureau' within Chinese bureaucratic organizational structure. CNCPEC has long been embracing the "revolving door" mechanism since its founding. Huan Xiang, a renowned diplomat and specialist in international relations, was designated as the founding chair of CNCPEC. Since then, this post has always been held by retired diplomats (Li Luye, Yang Chengxu, Mei Ping, Tang Guoqiang, Su Ge, and the current chair Zhan Yongxin). Moreover, the vice chair and secretary-general of CNCPEC are all appointed by MFA while the 5 full-time researchers have worked or are working as diplomats for MFA. CNCPEC relies heavily on financial appropriation from the Chinese government (90 percent of its operating budget comes from the government). However, it is also allowed to accept other sources of funding such as non-reimbursable endowment from enterprises as well as to derive revenues from working with local governments on

research projects (around 10 percent).¹¹²

The closely institutional connections to MFA provide CNCPEC the most reliable channel and statist network through which it is able to shape the preference of the high-level officials of MFA and influence China's foreign policy-making process, particularly on policy issues related to economic cooperation between China and its peers in Asia-Pacific region. In addition, CNCPEC has other pathways to communicate its policy advice to MFA, including inside mechanisms such as internal reports and closed-door meetings as well as outside channels such as conducting joint researches with the government, think tanks, and enterprises. "The most frequently used as well as the most effective method to communicate our ideas to government officials," as Wen (not a real name), a senior research fellow at CNCPEC, comments, "is to submit policy-related reports through our inside mechanisms, because these reports are customized on specific policy issues and targeted at specific government departments."¹¹³ Nevertheless, CNCPEC does not often pursue influence through media engagement, though its chairs and researchers are sometimes invited to attend public policy debates on TV shows. This makes sense, as CNCPEC, as other leading official/semi-official think tanks in China, has advantages over its private/social peers in using direct and institutionalized channels to get access to Chinese policy-makers at the central level formally and efficiently.

Since its establishment, CNCPEC has shown its strong capacity in leveraging access to and influence China's central-level decision-makers. As Wen introduced, the concept of

¹¹² Data derived from the phone Interview with the CNCPEC researcher on 20 August 2022.

¹¹³ Phone Interview 22BJ51, 20 August 2022.

‘One Belt and One Road (OBOR)’ was first proposed by a secretary-general of a sub-committee of CNCPEC in the early 2000s, and the Chinese government later turned it into a national initiative in 2013. As recounted by Wen, Chinese private enterprises were in a rising demand for outbound investment after China’s accession to WTO in 2001. Against that context, some entrepreneurs in energy industry from Xinjiang had discussed with this secretary-general of the CNCPEC sub-committee abovementioned more than once that the previously marginalized regions in Western China such as Xinjiang should be incorporated into the process of China’s marketization and economic reforms. The secretary-general of the sub-committee then proposed a westward developmental initiative to CNCPEC and senior officials from MOF in some high-level policy brief meetings, in which he suggested to rejuvenate the historically famous Silk Road and developed the Western China as a gateway to China-Southwest Asian-European cooperation. While the ultimate formulation of China’s OBOR initiative does not necessarily result directly and solely from the efforts of the secretary-general and CNCPEC, the two shall be critically correlated with each other.

According to Wen,

*“we annually submit a number of policy proposals directly to MFA or other relevant ministries such as MOC, Ministry of Finance (MOF), or China Security Regulatory Commission (CSRC), etc., among which 1 or 2 would be accepted or partially accepted. Hitherto, the total number of accepted policy proposals since the establishment of CNCPEC was around 40 to 50. Most of these policy proposals concern issues relevant to China’s developmental strategies on opening-up, with the particular focus on China’s policy on economic cooperation in Asian-Pacific region.”*¹¹⁴

CNCPEC’s resourceful bureaucratic network and influential reputation in foreign

¹¹⁴ Phone Interview 22BJ51, 20 August 2022.

policy-making have drawn the attention of the business community. The Chinese government's 'going out' strategy during the 1990s coupled with China's accession to WTO in 2001 had set off a wave of overseas investment among Chinese business circle. In that circumstance, Chinese private entrepreneurs were in badly need of practical guidance and preferential policies on issues related to outbound investment and foreign trade. However, as most business actors lacked necessary institutionalized channels of interest representation in China's formal bureaucratic system, they thereby have been active in pursuit of effective channels to transmit their such demands to central leadership and expected to tilt China's policy-making on these issues toward their business interests. CNCPEC has the expertise in the fields of economic cooperation and free trade policies as well as builds a wide-ranging networks and strong advisory capacity in China's foreign policy-making arena. Provided these advantages, CNCPEC has offered counseling services to a large number of enterprises and advocated for their policy preference. Wen introduces that at present, CNCPEC has established cooperation with around 120 enterprises, including private companies and SOEs in both medium and large-size.¹¹⁵

While CNCPEC tends to be research-oriented institute in recent years, it helped a lot of member enterprises in terms of conducting policy advocacy and gaining preferential policies from the Chinese government during the 1990s and 2000s. CNCPEC often take advantage of its resource and influence in MFA as well as in other China's ministries and government departments at all levels to meet business demands. As early as the 1990s, there emerged a rising demand among member enterprises of CNCPEC that seek for

¹¹⁵ Ibid.

government support on issues related to ‘going out’ policies. And CNCPEC had played an important role on some of these policy issues. As recounted by Wen, CNCPEC had been one of the key actors who successfully promoted the formulation of policies on China’s security market access for foreign capital. In responding to the business demands for overseas investment, the top-level authority had commissioned task forces on China Construction Bank (CCB) and The People’s Bank of China (PBC) on the feasibility of Sino-foreign joint bank. And CNCPEC was invited to this research project and conducted a research by working cooperatively with its member enterprises and a sub-committee. Later, CNCPEC directly submitted an internal report on this issue to CSRC and relevant government agencies. On 20 May 1995, The People’s Bank of China (PBC) issued an ‘Interim Measures for the Administration of Sino-Foreign Joint Venture Investment Banking Institutions.’ While this document made strict regulations on the market access for foreign security companies, it paved the way for the further opening up of China’s security market after China’s accession to WTO in 2001 as well as its deepened reform in 2018.

5.6.3 The Charhar Institute (TCI)

In July 2009, China Center for International Economic Exchanges (CCIEE) sponsored the Global Think Tank Summit, aiming to promote the cooperation and idea exchange within the landscape of global think tank community on key financial and economic issues. This event was widely reported on a mass of China’s mainstream media and gave rise to a ‘think tank’ fever in China. In that context, Han Fangming (韩方明) founded the Charhar Institute (thereafter TCI) on October 23, 2009. Registered with as well as supervised by

Shangyi Bureau of Civil and Religious Affairs at Zhangjiakou, Hebei Province as a CNPI based on Chinese laws, with its research focus on public diplomacy and international relations as well as peace studies. As it stated by TCI itself,

“by ways of people-to-people exchange, inter-organizational cooperation, publications, research reports, and public events, TCI aims to provide policy advice to the government and offer the public new ideas, serve as a platform for idea exchange among policy-makers, research organizations, enterprises, the public and media, as well as influence China’s policy-making and public opinion” (translated by the author).¹¹⁶

While TCI is almost a one-man think tank, it enjoys quite a favorable social and international standing on account of Han’s personal reputation in political sphere and business circle. Han was a member of the consultative committee of Chinese People’s Political Consultative Conference National Committee (CPPCC) as well as the then deputy director of Committee on Foreign Affairs of CPPCC (thereafter CFA of CPPCC). Meanwhile, he got a doctorate degree from Peking University and had been a post-doctoral research fellow in Harvard University. In addition, Han had taken up the posts of board directors (executive or non-executive) in a couple of private enterprises and commercial banks such as TCL (in 1999) and LeEco (in 2015) since 1995. TCI relied heavily on Han’s resource in political, academic, and business circles for its operation at the very beginning. As recounted by Ke Yinbin (2016), the then secretary-general of TCI, in one of his published paper that at the request of CFA of CPPCC, TCI founded an academic journal of ‘Public Diplomacy Quarterly’ (PDQ, *gonggong waijiao jikan*, 公共外交季刊) at the end of 2009 by depending primarily on Han’s personal and multiple-dimensional resources. By

¹¹⁶ Source: Official website of The Charhar Institute.
<http://www.charhar.org.cn/newsinfo.aspx?newsid=1692>. Retrieved on 22 August 2022.

working cooperatively with CFA of CPPCC and China Foreign Affairs University, TCI used this journal to provide policy advice to the government on key issues of public diplomacy. For example, as reported, the former chairman of CPPCC Jia Qinglin (贾庆林) mentioned PDQ three times in his public presentation and viewed it as an advisory body for China's foreign policy-making. This, as a consequence, helped TCI enhance its academic reputation while gain influence in China's policy-making.

TCI nevertheless recognized the need to broaden the networks and diversify the source of funding for its long-term survival, and thereby took on a variety of innovations in operation tactics and fundraising strategies. As it claimed, TCI coped with the funding constraints as well as gained influence in China's foreign policy-making and public diplomacy mainly in three ways. With regard to the source of running capital for TCI, it comes mainly from two dimensions: endowment-based funding as well as funding from research activities. The endowments usually come from enterprises and individuals. As of now, TCI has developed patron-client relationships with 6 enterprises, among which 4 are private firms, 1 is SOE, and the rest one is media-owned company. However, for a private/social think tank like TCI, how much funding it can receive by this way depends heavily on the personal resources and influence of the founder(s). As in the case of TCI, Han's reputation in politics, business, and academia is one of the critical factors for TCI to get access to its seed capital at the beginning as well as to entrepreneurial endowment-based funding later. In addition, research funding and revenues from publications are also important sources in the broader funding landscape of TCI. It often carries out various research projects funded and commissioned either by the Chinese government or by private

enterprises. Meanwhile, TCI increases its cooperation with mass media, think tanks, and various international entities, seeking to build diversified networks and source of funding and expand its influence in a wider range. Zhong and Zhou (2015, 44) reveal that TCI organized around 23 varieties of events or activities annually, among which 99 percent was hosted by working cooperatively with other agencies.

While TCI is a non-governmental think tank, the founder's close institutional connections to the Chinese government and TCI's academic reputation in the field of public diplomacy make it an influential private/social think tank in China. These political and intellectual capital attributes within TCI draw the attention of private entrepreneurs who attempt to use TCI as a channel to develop business lobbying and shape China's policy formulation. In addition to serving the 6 donor-enterprises abovementioned, TCI has been active in developing coalitions with other private companies, recalibrating its research agenda to serve for the policy advocacy and business demands of their respective business patrons. As early as in 2012, TCI had built cooperative relationship with Millward Brown ACSR (华通明略)—a private Sino-foreign joint venture engaging in consulting service for enterprises that look for overseas market. Meanwhile in the same year, Han initiated and submitted a policy proposal through Committee on Friendship with Foreign Countries (对外友好界别委员会) in the fifth session of 11th National Committee of the CPPCC, calling for strengthening the protection of Chinese entities and citizen overseas. In this policy proposal, Han emphasized the important roles of non-governmental organizations and private entities in this area. Later in May 2013, TCI launched a research project on 'Private Security Forces and Protection of China's Interests Overseas.' Since 2013,

revolving around this research topic, TCI has organized a series of activities such as high-level forums and round-table dialogues among government officials, entrepreneurs, media and scholars while published some books and research reports on this topic. On 3 November 2020, the Chinese government issued the ‘Recommendations for the 14th Five-Year Plan,’¹¹⁷ on which the Article 39 explicitly stated the necessity of lawfully protecting the overseas interests of Chinese enterprises. Two years later in 2022, a ministerial-level coordinating mechanism for ‘going out’ strategy was established.

It is difficult to draw a causal relationship between TCI’s policy proposals/advocate activities and any related new policy formulations/revisions in areas mentioned above. On the one hand, it’s impossible to get access to official records concerning policy initiatives at the national level. On the other hand, policy formulation/change is usually an accumulative process in a long-term range, and thus unable to draw a direct linear relationship by one snapshot(s) within a given specific time. Nevertheless, a close scrutiny on the perceptual linkage in terms of a time sequence suggests that there might remain a relatively correlative tie between TCI’s research activities/policy proposals and the Chinese government’s policy initiatives/formulations on the issue of protecting Chinese enterprises’ overseas interests (see **Table 5.5**). As shown in table below, during 2012 and 2021, TCI had been active in interacting with multiple actors as well as taking a wide variety of ways to communicate with Chinese policy-makers its advocacy on issue of protecting the overseas interests of Chinese citizens and private enterprises. The main actors include

¹¹⁷ (05 November 2020). Xinhua News Agency. ‘Recommendations of the Central Committee of the CCP for Formulating the 14th Five-Year Plan for Economic and Social Development and Long-Range Objectives through to the Year 2035.’ <https://news.bjx.com.cn/html/20201105/1113977.shtml>

government officials at both the central and local level, scholars from various think tanks, entrepreneurs of SOEs and private firms, and people from mass media, etc., while the lobbying methods range from Han’s direct submission of policy proposals to the CPPCC to TCI’s indirect engagement with decision-makers through working cooperatively with media, private enterprises, elite Chinese and foreign think tanks.

Table 5.5 A Time Sequential Perceptual Linkage between TCI's Policy Advocacy and China's Policy Changes toward Protection of Chinese Enterprises' Overseas Interests

TCI			The Chinese Government	
Time	Policy	Proposals/Research Activities	Time	Policies Endorsement
2012.3	Han submitted a policy proposal in the 5 th session of the 11 th National Committee of CPPCC;	Han’s such policy proposal above was awarded as one of the excellent proposals in the 11 th National Committee of the CPPCC	2014. 9	The ‘12308’ hotline was set up by MFA;
2012. 10			2014. 11	On the Conference of the Central Committee of the CCP on Foreign Affairs, Xi indicated that the state shall take concrete actions to protect China’s overseas interests, enhance the capability in this field to a higher level
2013.5			2015.7	The Chinese government promulgated National Security Law of the P.R.C 2015, on which the Article 33 stipulates that the state shall protect the security and legal rights and interests of Chinese citizens and institutions overseas upon Chinese laws. ¹¹⁸
2013.12	Forum Attended by Secretary-General of TCI, Ke Yinbin.		2017.8	The Guiding Opinions on Further Directing and Regulating the Direction of Overseas Investments, issued by NDRC, MFA, MOC, and the People’s Bank of China (PBC)
2014.7	TCI organized a round-table meeting, themed on the protection of Chinese enterprises’ overseas interests		2017.12	Measures for the Administrative of Overseas Investment of Enterprises, issued by NDRC
2015.12	A symposium was hosted by China Public Diplomacy Association (CPDA) and funded by a Chinese		2018.3	On ‘Report on the Work of the Government 2018’, Chinese Premier Li Keqiang mentioned that “We should promote

¹¹⁸ Online source: http://www.gov.cn/zhengce/2015-07/01/content_2893902.htm. Retrieved on 22 August 2022.

	private enterprise. ¹¹⁹		coordination and cooperation among major countries, ...We should strengthen and improve institutions for safeguarding Chinese interests and security overseas.” ¹²⁰
2015.12	TCI published its research report on Private Security Forces and China’s Overseas Security in Beijing	2019. 11	As of November 2019, China had signed 199 agreements/documents with 137 countries and 30 international organizations, providing institutional mechanisms in the protection of Chinese enterprises’ overseas interests
2017.9	TCI organized the 56 th round-table conference	2020. 11	On ‘Recommendations for the 14 th Five-Year Plan,’ the Article 39 explicitly stipulated the necessity of lawfully protecting the overseas interests of Chinese enterprises
2018.2	Global Network (环球网) published an article written by Cheng Xizhong who was a senior research fellow of TCI and a counselor of two private companies ¹²¹	2021.6	The promulgation of ‘Anti-Foreign Sanctions Law of the P.R.C’ and ‘Rules on Counteracting Unjustified Extra-Territorial Application of Foreign Legislation and Other Measures’ (the Blocking Rules), on which they mentioned the protection of Chinese enterprises’ overseas interests
2021.10	Han Fangming, attended the bi-weekly consultative meeting of the CPPCC during which he called for the establishment of a mechanism to facilitate the lawful enforcement and judicial coordination for foreign-related issues ¹²²	2022	The establishment of ‘Inter-Ministerial Coordination Mechanism for Going-Out’ by 20 government agencies such as NDRC and MOC; and the Establishment of the CCP Central Committee on National Security

¹¹⁹ TCI is one of the standing directors of CPDA while China Economic and Social Council (CESC) is a high-end think tank affiliated to the CPPCC. The Chinese private enterprise that funded this symposium was Beijing Ruide Investment and Management Company Limited (RD, 北京睿得投资管理有限公司). Data from online resource indicates that RD focuses on investment and business in the field of risk management, aiming to protect the security of Chinese citizens and the safety of their property. RD had built coalitions with multiple research institutes and social organizations such as CPDA and CESC. By working cooperatively with these research units and think tank experts through various ways such as hosting high-level conferences and field trips, RD attempted to deliver the policy suggestions of Chinese enterprises on issues concerning Chinese overseas interests to relevant Chinese decision-makers.

http://my.yingjiesheng.com/company_9181517.html. Retrieved on 22 August 2022.

¹²⁰ (22 March 2018). Xinhua Online. “*Report on the Work of the Government 2018*.” https://language.chinadaily.com.cn/a/201803/22/WS5ec6464ea310a8b241157625_6.html. Retrieved on 22 August 2022.

¹²¹ (2018, February 2). Cheng, Xizhong. Suggestions on Strengthening the Safety and Risk Prevention of Chinese Enterprises (加强中企境外人员安全风险防范，我提三点建议). *Global Network* (环球网). <https://baijiahao.baidu.com/s?id=1591268099308351681&wfr=spider&for=pc>

¹²² (2021, November 2). Luo, Wei. Enhancing the Legal System and Strengthening the Capacity of Law Enforcement to Secure China’ s Openning-up Policy (以更有法治保障为更高水平对外开放护航). *Renmin*

Source: Online news reports and information from official website of TCI.

Note: As to policy proposals, research reports/projects, and government-promulgated documents mentioned in this table, they all denote to the issue or topic of ‘Protection of the Security/Safety and Overseas Interests of Chinese Citizens and Enterprises,’ unless it is specially explained.

The most reliable and institutionalized channel for TCI to conduct policy advocacy is Han’s, the founder and chairman of TCI, political capital by serving as deputy director of CFA of the CPPCC, and decision-makers at central-level government are the major lobbying targets of TCI and its business patrons. For example, given Han’s strong political background and TCI’s prominence in the field of public diplomacy, LeEco (*leshi jituan*, 乐视集团) —one of the large Chinese private company in internet industry—appointed Han as the vice president of the company in 2015. Later in December 2015, Han submitted two policy proposals in the 4th session of the 12th National Committee of the CPPCC, calling for the promotion of internet economy and live broadcast of sporting events—two highly profitable core businesses of LeEco. In addition, TCI relies heavily on the pool of part-time research fellows from a number of leading official/semi-official research institutes or mainstream media and their network/resources to influence China’s policy-making. These defining features of TCI suggest that as a private/social think tank, TCI has been active in developing coalitions with private enterprises to secure its long-term survival, whereas this kind of patron-client relationship makes TCI calibrate its research agenda to advocate for the respective interests of its business patrons. Meanwhile, while TCI holds a relatively influential position in China’s foreign policy-making due to Han’s political background and TCI’s academic reputation in the field of public diplomacy, the influence

Zhengxie Wang (人民政协网), <http://www.rmzxb.com.cn/c/2021-11-02/2976840.shtml>

of most of TCI's research projects and policy advocate programmes are long-term oriented and carried out in indirect ways.

5.6.4 Chongyang Institute for Financial Studies at Renmin University of China (RDCY)

RDCY was founded as “a new style think tank with Chinese characteristics”¹²³ on 19 January 2013. Focused on the research of financial studies, global governance, great powers relations and macro-economy-related policy, RDCY establishes 4 research centers and 7 departments with 87 research fellows. RDCY built extensive networks with scholars on an open basis. While it has recruited some full-time in-house researchers, most are adjunct research fellows. As most private/social think tanks, a greater portion of RDCY's funding comes from entrepreneurial endowment. However, what makes RDCY different with TCI lies in that the latter relies on unstable source of funding and thus has to seek for donors periodically for its long-term survival, whereas the former is the “main program supported by an education fund with the 200 million RMB donation from Mr Qiu Guogen, an alumnus of Renmin University of China (RUC), and now Chairman of Shanghai Chongyang Investment Group Co., Ltd” (SCYIG).¹²⁴ According to Cheng Chan (not a real name), a former research fellow of RDCY, the 200 million RMB fund is divided into two parts: SCYIC holds one half of the fund for business investment while uses earnings to support the research and operation of RDCY, and thereby the year-end bonus of researchers

¹²³ Source: RDCY official website.

http://rdcy.ruc.edu.cn/yw/ABOUT_RDCY/Abouts_Us/index.htm. Retrieved on 25 August 2022.

¹²⁴ Source: RDCY official website.

http://rdcy.ruc.edu.cn/yw/ABOUT_RDCY/Abouts_Us/index.htm. Retrieved on 25 August 2022.

floats with the annual corporate profitability of SCYIG; the other half is used as a fixed fund in the construction and development of RDCY.¹²⁵ As such, while being a university-affiliated think tank, the large amount of exclusive research funds provided by SCYIG helps RDCY generate a relative independence from RUC in personnel and financial management as well as research agenda-setting.

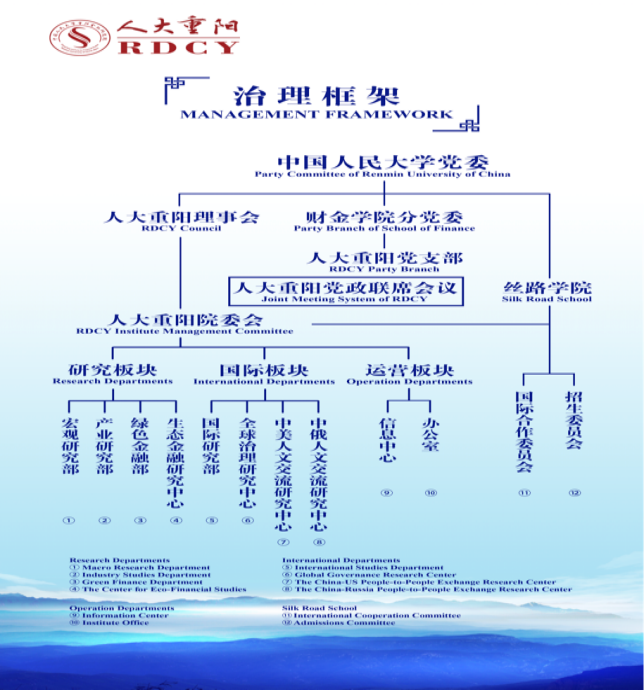


Figure 5.3 Management Framework of RDCY

Source: RDCY official website.

As a self-proclaimed independent ‘new type of think tank,’ RDCY particularly excels in the research fields of financial studies and the Sino-US relations while build wide-ranging connections with domestic socioeconomic elites and foreign peers. These resources and capacities allow RDCY leverage its influence in China’s policy-making system. As shown in its official website, RDCY now serves as key policy advisor for more

¹²⁵ Interview, 19BJ01, 9 November 2019.

than 10 Chinese ministries (e.g., MFA, General Office of the State Council, People's Bank of China, etc.), and it had attended 100 policy-related consultation meetings organized by Chinese central government in 2021.¹²⁶ Moreover, Wang Wen, the executive director of RDCY, has been invited to attend the Symposium of the Work of Philosophy and Social Sciences hosted by Xi on 17 May 2016, on which his presentation received Xi's affirmation.¹²⁷ In addition, RDCY's policy proposal '*China shall be active in bidding for Hosting the G20 Summit*' was adopted by the Chinese government. And RDCY

*"has been designated as the joint coordinating think tank by the Chinese government for the T20 2016 Summit, the secretariat of Green Finance Committee (GFC) of China Society of Finance and Banking, the executive director of the Chinese Think Tank Cooperation Alliance for the "Belt and Road", and the leading think tank to jointly build "Belt and Road" through the cooperation of the official and academic organizations between China and Iran."*¹²⁸

RDCY engages in China's policy-making through a wide variety of channels such as internal reports or internal references, publications, and broader media coverage, etc. Despite that RDCY does not have an inside mechanism as most official/semi-official think tanks do, it is able to submit research reports through the internal mechanism embedded in National Academy of Development and Strategy (NADS) of RUC.¹²⁹ As Cheng Chan explains, RDCY periodically submits its policy-related proposals to the Ministry of

¹²⁶ Source: RDCY official website in english.

http://rdcy.ruc.edu.cn/yw/ABOUT_RDCY/Abouts_Us/index.htm.

¹²⁷ Source: RDCY official website in english.

http://rdcy.ruc.edu.cn/yw/ABOUT_RDCY/Abouts_Us/index.htm. Retrieved on 25 August 2022. Most of RDCY's achievements in this paragraph is cited from RDCY's official website.

¹²⁸ Ibid.

¹²⁹ SCYIG is one of the sponsors of NADS of RUC. (12 October 2016). China News. "NADS of RUC Has Fundraised One Million RMB Research Fund for the Construction of High-end Think tank" (人大国发院募集1亿高端智库研究基金).

http://m.haiwainet.cn/middle/352345/2016/1012/content_30400742_1.html.

Education (MOE) through the internal channels of NADS of RUC, and these policy proposals then will be delivered to relevant government agencies by MOE.¹³⁰

In addition, RDCY also communicates its policy ideas to the Chinese government through publishing books and papers as well as conducting research projects. Most of the time, researchers of RDCY conduct research projects based on their own research interests as well as on the need of RDCY. “Sometimes, we carry out government-sponsored-or-commissioned research projects,” Cheng Chan further states, “while this kind of joint research activities only account for 1 percent of RDCY’s overall research projects, it provides us alternative opportunity to advocate policy suggestions to China’s policy-makers.”¹³¹ For example, RDCY had applied for NDRC’s special fund for research on ‘One Belt One Road (OBOR)’ in 2020, and now serves to NDRC as an advisory body in this field. Meanwhile, RDCY is also designed by the Office of the Central Cyberspace Affairs Commission (中央网信办) and the provincial government of Guansu as the planning expert for China’s national 14th Five-Year Plan (十四五规划).

Other than that, shaping media coverage has long been one of the most important strategies through which RDCY enhances its domestic and global recognition as well as gains influence in China’s policy sphere. RDCY excels in using a wide variety of domestic and foreign new mass media such as WeChat, Twitter, Youtube and Facebook to enhance its reputation and shift public opinion. For instance, it is reported that RDCY has published up to 1,343 commentaries and review articles in Chinese and English in a number of

¹³⁰ Interview, 19BJ01, 9 November 2019.

¹³¹ Interview, 19BJ01, 9 November 2019.

domestic mainstream newspapers such as ‘People’s Daily (人民日报)’ and ‘Guangming Daily (光明日报)’ (Zhang and Wu 2021). In addition, RDCY is also one of the leading Chinese think tanks with high social influence on foreign media outlets. The robust and aggregating media presence helps RDCY promote its policy priorities publicly and provides an alternative pathway for it to draw Chinese government attention. Meanwhile, as stated in its official website, RDCY has invited more than 90 former politicians, bankers, and preeminent scholars from over 10 countries as senior fellows” while established cooperation with think tanks from over 40 countries.¹³² Moreover, RDCY often organizes various high-level symposium/forums attended by Chinese senior leaders, such as the then Vice Premier of the State Council (Liu Yandong), former State Councilor (Dai Bingguo), minister of Foreign Ministry (Wang Yi), and former minister of International Department of Central Committee of CPC (Song Tao), as well as senior officials and preeminent scholars of foreign countries.

In short, the large endowment from SCYIG secures the source of funding of RDCY, enabling it to operate relatively independent in setting research agenda as well as in carrying out other publicity activities, in comparing with its official/semi-official peers in China. In addition, while RDCY is able to engage with relevant government agencies through its affiliated relationship with RUC, it has less institutional linkages with the Chinese government. As such, RDCY develops wide-ranging innovative pathways and alternative dense networks to disseminate its research and policy ideas, aiming to use these

¹³² Source: RDCY official website.

http://rdcy.ruc.edu.cn/yw/ABOUT_RDCY/Abouts_Us/index.htm. Retrieved on 25 August 2022.

connections and assets to leverage its access to China's political system and gain policy influence in the absence of institutionalized bureaucratic advocacy channels. In this regard, although RDCY must adhere to the official guidelines and correct political direction to enjoy relative intellectual independence in Chinese authoritarian context, it has become increasingly active in China's analytical community and progressively found its ways into China's policy arena. Moreover, the heavy reliance on endowment from SCYIG and other private sponsors suggests that RDCY will inevitably speak to the interests of its business patron(s) in one way and another, though Cheng Chan claims that research fellows within RDCY tend to deliberately reduce their interactions with the SCYIG headquarter.¹³³

Nowadays in China, there is a growing trend that private enterprise, instead of merely turning on outside think tanks for advice on business development and policy advocacy, will often establish their own think tanks/research institutes. RDCY is a typical case in this direction. Moreover, the three Chinese internet giants—Tencent, Baidu and Alibaba—as well as other leading private companies such as Huawei and Evergrande (*hengda jituan*, 恒大集团) have also founded their own research centers respectively in recent years. These privately owned think tanks have become active in launching various research projects and developing coalitions with think tanks, media and consulting firms to advocate their policy demands through wide-ranging pathways. For example, open data from the official website of Ali Research Institute (ARI) shows that it co-conducted/funded 48 research projects between December 2013 and December 2021, among which 19 were research projects carried out joint by ARI and a number of Chinese universities. The rest of the 48 ARI

¹³³ Interview, 19BJ01, 9 November 2019.

research projects were either funded by Alibaba Group or co-conducted by ARI and consulting firms, media, or other think tanks. In addition, data collected from the official website of Tencent Research Institute (TRI) and other supplementary sources reveals that TRI has worked cooperatively with a number of Chinese universities and official/semi-official think tanks between December 2010 and November 2021, and co-conducted around 24 research projects, amongst which 19 were joint researches between Tencent/TRI and Chinese universities or official/semi-official think tanks. And most of joint research projects conducted by ARI or TRI and other university-affiliated or official/semi-official think tanks focused on policy issues related to E-commerce (电子商务) and Internet Plus (互联网+). While most of these privately owned or operated think tanks still remain on the margins of China's policy-making system, they are playing "intended roles as purveyors" of competing policy ideas and "balancing the more intellectually risk-averse tendencies of governmental institutes" during the Xi era (Wuthnow and Chen 2021, 389).

5.7 Discussion and Conclusion

This chapter provides detailed case-studies on four specific Chinese think tanks, mapping how the think tank community develops and changes its roles alongside China's evolving policy-making system and socioeconomic development as well as seeking to assess business' relative policy influence that takes place through the Chinese think tank sector. The historical review implies that the conventional advisory role of Chinese think tanks in the policy arena as well as their newly emerging advocate role in business circle are shaped and reshaped by the outcomes of co-evolutionary development and mutual

interconnectedness between the Chinese state and society. To China Watcher's dismay, the current tendency toward power concentration and tight ideological constraints by the CCP-state under Xi's leadership might profile a worst-case scenario for the prospect of China's political development, under which seemingly there leaves less room for societal actors to play influential roles in China's policy-making system. Nevertheless, an empirical examination of the Chinese think tank community and its growing coalition with private entrepreneurs in terms of policy engagement and advocacy exemplifies multiple facets of the CCP's governance technique in policy-making and socioeconomic development as well as the bottom-up dynamics of Chinese society in coping with various challenges under complicated context of China.

Here, I draw some tentative conclusions, expecting these findings may provide some takeaways for future studies on state-society relations and political development in China. First, in the Xi era, the parallel and paradoxical co-development between top-down power centralization and bottom-up socioeconomic marketization has created niche space for business-intellectual cooperation. Chinese think tanks now serve to the government as policy advisors while speaking for business interests as its new advocacy channels. The changing roles of Chinese think tanks has translated into new opportunities for private entrepreneurs to leverage their access to China's policy-making process through a variety of institutionalized mechanisms and resources within the think tank community.

However, a close look at the four cases suggests that Chinese think tanks are still in the early stages of developing systematic and well-grounded mechanism that broaden the scope of business lobbying and deepen business influence in China's policy-making. In

contrast to their counterparts in Western liberal democracies, Chinese think tanks face a couple of major constraints in serving as the policy delegates of their business customers. The most concern is that in the very short term, China will still be an authoritarian regime governed by a single party, under which the CCP-state continue predominate China's policy-making system. In this respect, official/semi-official think tanks continue to remain advantageous over their private/social counterparts in terms of directly engaging in upstream policy-making and influence the inner circle of political power. IIE of CASS and CNCPEC provide more detailed cases. As to private/social think tanks, because of their loose institutional linkages with the Chinese state, most will advocate policy ideas in indirect channels and influence the middle/down-stream policy-making process. While TCI and RDCY exemplify a sanguine prospect, the two are leading private/social think tanks either operated or substantially supported by patrons from large private companies and thus have advantages over their medium/small peers. Even for the two cases, their capacity and resources are comparatively weaker than those of IIE and CNCPEC in terms of getting access to China's top leadership and influence the upstream policy-making.

Meanwhile, the tight political constraint over intellectual field under Xi's leadership makes it unlikely that the Chinese think tank community is willing to buck the CCP's authority and generates intellectual freedom from the state. As Menegazzi sharply points out,

“the policy relationship which research organizations entertain with the government in China is often based on cooperative activities and positive perceptions, rather than on confrontation. At the same time, there is a conundrum that lies specifically in the most recent developments following Xi Jinping's campaign to establish think tanks with Chinese characteristics.

Chinese think tanks operate under tight political constraints, which often make it impossible to challenge government policies and strategies” (2018, 92).

In this regard, building policy advocate coalition with Chinese think tanks provides private entrepreneurs alternative pathways to delegate their policy ideas to China’s decision-makers. Nonetheless, think tank experts, especially those from official/semi-official think tanks, sometimes have to make compromise in their policy-related research reports if the embedded business demands are beyond scope of official guidelines or challenge the authority of the top leadership, to avoid the risk of their academic career being jeopardized. For example, the Unirule Institute (UI) was formally closed in July 2019 as its scholars have often raised questions about Xi’s policies.

As such, within the foreseeable period of time in China, the statist network and the institutional connections with the Chinese government still remain critically relevant to think tanks’ influence in China’s policy process. And this factor in turn determines to what extent private entrepreneurs exert inputs in China’s policy process by the venue of Chinese think tanks. In this regard, Chinese private entrepreneurs may be likely to develop policy advocacy coalitions with official/semi-official think tanks, as the latter have relative advantages over their private/social counterparts, such as multiple official and institutionalized policy advocacy channels and the higher likelihood for exerting omni-directional policy influence and targeting at the decision-making nucleus.

As to business policy influence that takes place through private/social think tanks, this type of think tank might be even keener than their government-backgrounded peers in advocating for their business patrons’ interests, due to their heavier reliance on financial

support of private enterprises. In particular, as the case of RDCY when the think tank(s) is/are fully founded by one or several private companies, there is no doubt that these research institutes tilt the direction toward the benefits of their business patrons. However, except for a handful of influential private/social think tanks such as TCI, CCG, and RDCY, most are small, poorly-resourced and thus lack diversified official pathways with better access. They somewhat target the Chinese government officials at the local level and engage in debates at downstream policy-making. Meanwhile, not all Chinese think tanks or research projects conducted within are policy-relevant, “nor do they all aspire to be so” (Shambaugh 2002, 576). And most private/social think tanks spend too much time on media presence and less time on research. While the capability of shifting public opinion on specific policy issues is an increasingly important way for private/social think tanks to draw government attention and gain influence, the imbalance between media engagement and high-quality research commitment might impede their long-term development and gaining strong influence in China’s policy process. As such, while private/social think tanks are making steadier influence in China’s policy arena as well as gaining growing reputation in business circle, they may remain on the margins in the vast market of ideas as well as in the broader landscape of China’s policy-making if they cannot cope with these developmental obstacles in the long run.

In brief, Xi’s strategical plan on the construction of ‘new type of think tank’ suggests that Chinese think tanks are still essential advisors in China’s policy-making system. Nevertheless, the changing funding landscape within the Chinese think tank community promotes a growing business-intellectual interactions and policy advocacy coalition. The

burgeoning of private/social think tanks and the increasing policy advocacy coalition between business and Chinese think tanks suggest that to certain extent the boundary between the state and intellectual field as well as between business and the intellectual community has become increasingly blurring. Chinese private entrepreneurs and intellectuals have long been strategically adaptive, being capable of mobilizing limited resources and leveraging access to Chinese decision-makers to influence China's policy process.

Now Chinese think tanks have become a new type of intermediary between the state and business, the tripartite institutional relationship among actors from the state, business, and intellectual field thus added a layer of complexity to the conventional state-society relations in China. In a long run, even though private entrepreneurs have remained marginal players in China's formal bureaucratic structure, their coalition with Chinese think tanks enables them to navigate China's policy-making process with alternative institutionalized channels. The newly emerging coalition groups might form the foundation of non-state actors' further engagement in China's policy debates and deepening their influence in China's policy-making system. These changes might recalibrate the distribution of policy-making power in China and tilt China's political development toward a pluralist direction.

Lastly, study in this chapter also involves some research limitations. The first research limit refers to the analysis of think tanks' changing roles and business' policy influence which relies heavily on empirical evidence garnered from a number of case studies, and thus makes the conclusions less generalizable in a broader range. By drawing on data from my fieldwork in China as well as extensive secondary data and research, this quantitative

analysis allows an in-depth process-tracing of how the tripartite actors from the state, the business community, and the intellectual field interact and play their respective influence in China's policy process. Nevertheless, it may fail to ensure the findings being generalizable broadly due to the narrow boundaries of these cases. Therefore, additional case studies as well as quantitative data analysis on more Chinese think tanks need to be examined to see whether these findings are applicable to a broader range or exist in these unique cases.

The second research limitation is that given the constraints with the data on China's policy-making and the inaccessibility to relevant policy-makers in most cases, this research exercise is unable to locate a direct linkage between think tanks' advocacy research projects and some policy changes in my cases. Moreover, the policy formulation is usually a cumulative process. It is thus difficult to observe a causal relationship between think tanks' policy proposals and the policy outcomes, although I can trace the role of specific think tanks in facilitating private entrepreneurs' policy advocacy in case studies. My arguments are thus mainly drawn upon correlations rather than causal relations. As such, findings and observations in this chapter serve as a useful baseline from which to facilitate future studies on Chinese think tanks and the state-society relations embedded within.

Chapter 6

CONCLUSION AND DISCUSSION

6.1 Introduction

Lieberthal and Oksenberg's (1988) pioneering theoretical framework of "fragmented authoritarianism (FA)" challenge the conventional wisdom that views authoritarian states like China as monothetic without any decision-making process. Instead, they propose that China's broader political landscape has been transformed since Deng launched the market-oriented economic reform, and decision-making power in China is no longer confined within the traditional centralized nucleus of political power but distributed among the '4-tier' groups of actors within Chinese bureaucratic structure. Taking the FA model as a point of departure, Mertha (2009) has developed a "FA 2.0" model, arguing that the accession to policy arena by otherwise marginalized officials and previously-excluded non-state actors have widened the range of policy participants and given rise to an increasingly pluralized policy-making process in China. The twofold development in post-Deng era suggests that while China remains a single-party, authoritarian state, its policy-making process has become increasingly open with some agency slack, which provides an institutional point-of-entry for diverse groups of non-state actors with different motivations and networks to strategically navigate and make their mark on China's policy-making process. Against this context, Chinese private entrepreneurs have taken part in and exert influence in China's policy process, though they still remain on the margins of the formal bureaucratic structure of China's policy-making system.

This dissertation is a search for a better explanation of Chinese private entrepreneurs'

engagement and influence in China's policy-making process, aiming to provide a nuanced picture that may aid our understanding of China's evolving political economy and flourish the existing broader literature of comparative political economy. In particular, it attempts to examine the behavioral pattern of business lobbying and provide structural explanations on the business community's policy influence. To put it differently, the central question of this study concerns through which pathways Chinese private entrepreneurs engage with policy-makers and conduct policy advocacy, as well as to what extent they exert influence in China's policy-making process. To this end, this research has followed a historical trail through investigation of how and to what extent Chinese private entrepreneurs are able to vie for influence on China's policy-making process by working cooperatively with two types of state-business engagement intermediaries in China—business association and think tank.

This dissertation adopts a tripartite-embeddedness state-society interaction analytical approach on the premise of existing co-evolutionary analytical framework to trace how Chinese private entrepreneurs engage in China's policy-making as well as assess business policy influence. It informs that the CCP-state still remain one of the most critical components in shaping the state-business relations and business' policy engagement in the authoritarian context of China. The central leadership's top-down design of governance techniques toward policy-making and socioeconomic development diverged over different time periods, taking the business community down very different networks, pathways and strategies in developing political engagement and policy advocacy.

Nevertheless, the historical evolution of China's policy-making modes and the

capitalist economic development in China suggest that it is mistaken to assign the full credit to the state with regard to the existing business lobbying patterns and state-business relationship in China. The myriad pieces of empirical evidence in this dissertation thus far reveal that societal actors and the bottom-up source of dynamics are equally, if not more, important in calibrating the state-business relations in China. The empirical findings from Chapter 3 & 4 and Chapter 5 suggest that business associations and think tanks, as intermediate agencies in China, facilitate the interactions between Chinese private entrepreneurs and the policy-makers and help to promote the business community's interests. As business policy influence increasingly grows, the current balance in China's policy-making system where the CCP, government agencies, political elites play as key decision makers and intellectuals, SOEs play as secondary actors is going to be broken. In this way, the accumulation of interactions and bargaining between Chinese private entrepreneurs and the state actors, and the increasing nonstate influence in policy-making process may add another layer of complexity to China's policy-making structure.

This chapter begins with a comparison on business associations and think tanks with regard to their respective roles in facilitating the business community's access to and leverage China's policy-making process. It highlights differences and similarities between business associations and think tanks in terms of assisting Chinese private entrepreneurs develop lobbying and wield policy influence and explains the sources of these differences and similarities. The chapter then summarizes the main findings of this study and looks at the implications of these findings for policy-making in China. As expected, findings from this dissertation shed new lights on state-business relations and political transformation in

China and beyond.

6.2 Linking Business Policy Influence with Tripartite Interactions

This study investigates business lobbying and state-business relationship by shifting attention from the two-party interactions between the Chinese state and business to three-party interconnectedness among the state, business, and their intermediaries. It concludes that the lobbying style of Chinese private entrepreneurs that takes place through business associations differs from that of think tanks due to the varying networks, resources, and capacities of the two kinds of organizations. So do the respective levels of business policy influence. However, the two sorts of intermediaries converge to some aspects in terms of their efforts in facilitating business lobbying and policy advocacy. The comparative examination on Chinese business associations and think tanks with regard to their role in business lobbying as policy advocacy channels has not been the topic of any study to date. As such, this comparative study built on the divergence and convergence between business associations and think tanks in China deepens the understandings of the broad patterns and trends underway in policy engagement of Chinese private entrepreneurs and provides some takeaways on state-society relations and political development in China.

6.2.1 Business Association and Think Tank: How Do They Differ for Business Lobbying?

A side-by-side comparative examination on behavioral patterns about business associations and think tanks in business lobbying reveals three primary differences. First of all, while operating in the same authoritarian political context, the contrast between

business associations and think tanks is clearer when one compares their source of influence in China's policy-making. Business associations in a broad sense are conceived as one kind of the most commonly used intermediate sites of engagement between the state and the business community. As intermediate organizations between the state and the business community, business associations rely primarily on their serves for both the state and business actors. As to Chinese think tanks, despite of their top-down and bottom-up sources of dynamics, knowledge of expertise is the underlying foundation and basic resource for think tank experts to build their influence in China's policy-making.

Secondly, although both have multiple pathways and wide-ranging strategies to communicate with China's policy-makers and engage in policy formulation, Chinese business associations and think tanks differ starkly in their main lobbying methods of policy engagement. Survey data and empirical evidence in Chapter 3 & Chapter 4 indicate that amongst varieties of lobbying tactics, organizing policy-related forums/meetings attended by both private entrepreneurs and government officials is the most frequent and consistent form used by Chinese business associations. By acting as a go-between, business associations help their member enterprises get access to China's decision-makers. In particular, associational activities/events help increasing the odds that private entrepreneurs engage with the Chinese government officials at higher levels whom they might not have chances to meet before. Moreover, business associations trail business lobbying on every other strategy as abovementioned in Chapter 3 & 4, but they do not attach high relevance to the role of shaping media coverage in gaining policy influence as Chinese think tanks do. In addition, while think tank experts sometimes participate in various association-

arranged workshops or conferences, Chinese think tanks often submit internal reports via their internal mechanisms to help delivering the policy preference of their business patrons to relevant government agencies.

Thirdly, the think tank community in China has increasingly become proactive in building policy advocacy coalition with Chinese private entrepreneurs and facilitating business lobbying as intermediate agencies, but not to the degree displayed by business associations. As shown in the case of China in Chapter 3 & 4, the evolving landscape of China's political economy has increasingly changed and recalibrated the previously established relations among the state, business, and association, driving Chinese business associations to increasingly embrace their member services interest representation functions. As to Chinese think tanks, while they are now not passive actors in business lobbying and policy advocacy, it seems that serving the interests of the business community is still not the primary concern of the think tank community. This makes sense as the two types of institutions operate and develop under different organizational missions. Business associations are usually defined as a meeting ground where business actors from the same or different industrial sectors gather together and take collective actions to cope with wide-ranging business demands and interests. Sustaining the associational-business ties as well as serving member enterprises thereby make up the basic organizational functions of business associations. Think tanks, in a broad sense of conceptualization, have nevertheless conceived as nonprofit and noninterest-based organizations that relies on knowledge of expertise to engage in public policy issues and influence the policy process. In this regard, while Chinese think tanks have increasingly pursued an advocate role in China's public

policy realm in addition to serving for the government as the policy advisory bodies, they have long conducted advocacy activities without serving specific interests of any societal groups. As such, as one of the most common traditional intermediate channels for state-business engagement, business associations now are more proactive than think tanks in voicing for business' policy interests. However, it's likely the gap is becoming progressively narrow. Empirical evidence in this study suggests that in the wake of deepened marketization in China, Chinese think tanks have become active in building 'patron-client' relationships and working cooperatively with the business community in recent years. Chinese think tanks are acting as newly emerging intermediaries between the Chinese state and business that progressively and strategically clamor for business interests and assist business lobbying, though their coalition with the business community appears to be more market-oriented.

6.2.2 Forging Business Influence: Where Business Association Converges with Think Tank

If the divergence in lobbying behavior between business associations and think tanks is unexpected, an even more surprising observation is the stunning convergence of the two kinds of intermediate organizations in terms of their roles in state-business interaction and business lobbying. In discussions with business association representatives and think tank experts in China, three general findings with regard to the converging trend underway in business associations and think tanks are drawn as below. First of all, a scrutiny on the dynamic interactions among the tripartite groups of players from the Chinese state, the business community and business associations suggests a surprisingly and newly emerging trend about business lobbying in China: the three-party engagement that revolves around

business associations and think tanks respectively now is increasingly developing toward the four-party interaction in terms of business lobbying. As shown in this study, while distinct in some ways, business associations and think tanks in China are able to deliver their business patrons' policy ideas to relevant government and target policy-makers at different levels of government through a variety of pathways and strategies. Looking closely at these lobbying strategies within China's business associations and the think tank community, this research found that a growing number of business associations now tend to facilitate state-business interactions by organizing policy-related activities attended by government officials, private entrepreneurs and think tank experts. Likewise, Chinese think tanks have also become active in mediating state-business relations and advocating their business patrons' policy demands by working cooperatively with other social entities such as media and trade associations. As such, Chinese business associations and think tanks are increasingly transforming into an institutionalized venue respectively where four-party groups of actors from the government, the business community, the intellectual field, and business associations can interact. This new trend might recalibrate relations between state and business as well as between state and other societal groups, adding new dynamics in China's bureaucratic system and policy-making process.

Second, given that China is governed under a single-party, authoritarian context, the CCP-state is still playing the pivotal role in China's policy-making system. The central government has the highest authority in the formulation of policies and regulations while government at different local levels take direct responsibility to carry out these national policies. In this context, despite the widening of policy consultation yield institutionalized

agency slack for previously marginalized actors and interest groups to leverage access to and voice in China's deliberative policy process, the administrative network and institutional connection with the Chinese state is still a key factor that positively correlated to the influence of business associations and think tanks in China's policy-making. The resources to get access to policy process and the capability to shape the preference of policy-makers have in turn affected the breadth and depth of business lobbying that takes place through the two kinds of state-business interaction intermediaries.

In this regard, official/semi-official business associations and think tanks in China have advantages over their social/private counterparts in terms of political engagement and policy influence. They usually take administrative linkages and institutional ties with the government as their focal network and rely heavily on their inside mechanisms to facilitate business' policy advocacy, and thus have lower social embeddedness. While private/social think tanks and entrepreneurial-led business associations have less institutional connections with the Chinese government, they have long been excelled at seeking for the help of those who are engaging in China's policy-making process to gain influence through varieties of strategies. As such, while taking different pathways, both government-backed and non-governmental-led business associations and think tanks in China have long been capable of taking use of the resources at hand to achieve their policy objectives.

Third, the other finding that deserves our attention concerning the respective proactiveness of business associations and think tanks. This variable also correlates with business policy influence that takes place through business associations and think tanks respectively. While the lack of supportive quantitative data on the proactiveness of think

tanks in this study might jeopardize the significance of correlation between this explanatory variable and the dependent variable (namely, business policy influence taking place through think tanks), the statistical results for business associations (see Table 3.6 in chapter 3) as well as empirical evidence from case studies for think tanks reveal obvious correlations between the two variables. Moreover, entrepreneurial-led business associations and privately operated think tanks on every measure tend to exaggerate their influence in China's policy-making while their official/semi-official counterparts are relatively refraining from claiming their efforts in help business members lobby Chinese policy-makers. The most plausible explanation for this divergence is their different institutional ties with the Chinese state. While decoupling from relevant government departments to which they previously attach is becoming a trend underway in the broader landscape of Chinese public institutions (*shiye danwei*, 事业单位), official/semi-official business associations and think tanks still remain close connections with their supervising units and rely heavily on these statist linkages to leverage easier access to political resources and policy engagement. These privileged vested interests coupled with the risks of challenging the Party-state's authority may discourage official/semi-official associations and think tanks from publicly emphasizing their advocate role for the business community. On the contrary, non-governmental associations and think tanks have reasons to keep a high-profile with regard to their influence in China's policy-making. The growing competitive market pressures as well as the marginalized status in China's policy-making system have pushed privately operated business associations and think tanks to enhance their public image and reputation in policy influence, justifying to their business patrons

that they are critically important players in promoting business interests.

6.3 Final Thoughts and Implications

Based on statistical analysis and empirical evidence from case studies, this study has documented a wide spectrum of business lobbying and state-business interactions in China that take place through business associations and think tanks respectively. To sum up, I first draw a primary conclusion of this study, and then discuss the implications of the Chinese case in a broader landscape. The primary conclusion of this dissertation is that China's policy-making is becoming progressively open and expanded, in which an increasing number of non-state actors strategically leverage the access to and exert influence in the policy process. Such a change may result from the mutually interaction and reciprocal feedbacks between the Chinese state and society, in particular, between the state and business as the cases suggest in this study. On the one hand, while China remains an authoritarian state, the CCP and Chinese top leadership have long been strikingly adaptive and resilient in coping with challenges and crisis. The Chinese reformists' bold efforts of building markets with weak institutions during the Deng era have been the particularly illuminating examples of this. The Party-state's devolution of policy-making power that shifted from hands of monolithic central government into hands of local governments since Deng's market reform in 1980s has took a new step toward reality change. The changes in political realm as a consequence have created institutional fissures through which assorted non-state actors and interest groups have been able to engage in and shape the agenda of China's policy-making.

On the other hand, while the state actors have made up the “solid core” in China’s decision-making structure, Chinese private entrepreneurs and other non-governmental actors have also been integral components at the “fuzzy periphery” of China’s political process (Weible, Sabatier, and McQueen 2009: 130), as myriad of historical evidence and evidence from my dissertation suggest. If China’s policy-making process has always been confined within the state actors and the political sphere, then we would expect to see a consistent policy-making patterns over different time periods since Maoist China. However, China’s policy-making actually does not follow a consistent pattern or gradualist track of evolution, suggesting that societal actors and the bottom-up source of dynamics in China’s socioeconomic domain also have had an influence on China’s policy-making process and affected the development of Chinese political economy. The co-optation of private entrepreneurs in the Party system and various policy consultation bodies as well as the progressive gesture toward the development of private section by the CCP-state have provided examples of this.

Non-state actors in China have been quite adaptable to changes and have proven capable of surviving the rough and tumble political-economic environment in authoritarian China. The imbalance in direct access to political resources and the disproportionate role in policy influence over firm sizes and across industrial sectors have pushed business actors seek for alternative pathways beyond two-party state-business interactions in the pursuit of business interests. As such, Chinese private entrepreneurs have become increasingly active in developing business lobbying and policy engagement indirectly by building policy advocacy coalitions with various third-party entities which may offer alternative

institutionalized channels for state-business interaction. As illustrated by empirical studies in this dissertation, a growing number of private enterprises tend to use business associations and think tanks to articulate and transmit their policy ideas to relevant government agencies. As discussed in Chapter 3, 4 & 5, business associations and think tanks in China are now increasingly embedded in a state-business network and undertake a paradoxical dual-role—serving simultaneously as the sites of engagement between the state and business—though it seems that the two kinds of intermediaries are still struggling over these roles.

The shifting advocacy coalitions and policy advocacy patterns in terms of business lobbying might have some implications over state-society relations and the policy-making process in China. It is possible that Chinese private entrepreneurs, having leveraged more formal and official access to China's policy process, will progressively push forward more institutionalized policy advocacy channels and gain increasing influence over China's policy process. These changes might recalibrate allocation of resources and networks in Chinese policy and socioeconomic realms and disequilibrate the established distribution of policy-making power among state and societal actors. Although it is still not sure if the bottom-up dynamics in China's business lobbying and policy-making process prepares the ground for the future surge of China's political transformation, these changes do add a layer of complexity to China's policy-making system and might increasingly push forward the broader reconfiguration of the state-society relations in China.

The completion of this dissertation comes at an unsettled time of period under Xi's governance, during which the CCP-state's power concentration makes its recent comeback

while the collective policy-making leadership begins to wane since 2012. There is now still no sign of how long China will sustain its economic growth while remaining a strong state policy-making power. In current circumstance, while seemingly the policy advocacy channels for business community have been broadened while the chance of social influence in China's political field increases, I thus far still remain cautious to reach much assertive conclusions on private entrepreneurs' higher level of influence in China's policy-making in the short-term. As Huang and Chen (2017: 13) argue that "the enclosed political system and the elitist decision-making process both restrict input from private interests into policy formulation. The limited interest input and congregation is still subject to the state's internal 'opinion synthesis system'." Furthermore, private entrepreneurs in contemporary China are not at all "a unified class that shares similar identities, interests, resources, and political preferences" as observed by Tsai (2007: 31). Even for capitalists with common interests, a "concerted political action" does not necessarily occur due to the prevailing "free-ride problem" in the authoritarian context (Haggard, Maxfield and Schneider 1992: 49). As such, although Chinese private entrepreneurs have become increasingly active in China's policy arena, what they most concern thus far is to "defending particularistic material interests than in changing the regime" (Tsai 2007: 15).

In addition, while the CCP-state leaves institutional room for non-state actors by introducing consultation into its policy-making mechanism, major changes have been taking shape since Xi Jinping came into power in 2012. Under Xi's leadership, the drastic and wide-ranging "concentration of political power and centralized decision-making" (Heilman 2018) over a great deal of policy domains by the Chinese state have greatly

affected China's political economy. While Xi and his followers do not explicitly prohibit policy experimentation and social innovation, the accumulative centralization of decision-making power by the top authority has discouraged local government officials and undermined the public confidence in China's socioeconomic development. As a result, the increasingly heavy-handed state intervention in wide-ranging policy and socioeconomic spheres crafted by Xi's administration is narrowing down the range of point of entry by which various groups of social actors use in policy participation, as well as impeding the diverse source of dynamics that lead to the success of China's economic prosperity. The CCP-state's such retreats from its previous commitment in political and socioeconomic development might have eventually weaken "China's greatest sources of resilience" (Heilmann 2018: 207).

As illustrated by many present cases in transitional countries such as Korea and Taiwan, different patterns of state-society/business interactions take countries down very different paths and development models. How does the Chinese state under Xi's leadership reorganize the hierarchical bureaucratic policy-making structure and to what direction does it reconstruct state-business/state-society relations in China? How does the CCP-state respond to the rising demands for devolution of political power and the decreased level of state intervention in market-oriented economic development from local and societal actors? In addition, Chinese business elites and their representatives from other institutional entities will not sit idly by while the Chinese central leadership changes its policy-making patterns and governance techniques. What kinds of innovative coping strategies will actors from the business community and other interest groups deploy to deal with the Chinese

officialdom and how do they shift the current balance of policy advocacy coalitions and tilt it toward the advantages of the societal actors? Answers to these questions are central to our further understanding of the institutional transformation and political development in China. To this end, I will leave these debates open to see how a spectrum, with the ‘state’ at one end and ‘society’ at the other end, shifts in China.

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APPENDIX A

LIST OF INTERVIEWEES

Date & Duration	Location	Institution & Position	Type	No. of Interviewees (n=66)
Oct. 21, 2019 1.5 hrs	Beijing	Business Association Secretary-General	On-site	1
Nov. 9, 2019 45 mins	Beijing	Think Tank Former Departmental Director	On-site	1
Nov. 11, 2019 3 hrs	Beijing	Think Tank Scholars	On-site	3
Nov. 14, 2019 2 hrs	Beijing	Think Tank Scholar	On-site	1
Nov. 18, 2019 1.5 hrs	Beijing	Think Tank Scholar	On-site	1
Nov. 19, 2019 2 hrs	Beijing	Private Company Manager of R&D Department ¹³⁴	On-site	1
Nov. 20, 2019 2.5 hrs	Beijing	Think Tank Scholar	On-site	1
Nov. 21, 2019 1 hr	Beijing	Think Tank Scholar	On-site	1
Dec. 18, 2019 2 hrs	Beijing	Think Tank Director	On-site	1
Jan. 8, 2020 30 mins	Guangdong	Municipal Committee of CPPCC Government Official	On-site	1
Jan. 8, 2020 1.5 hrs	Guangdong	Private Company Manager of GA Department	On-site	1
Jan. 8, 2020 1 hr	Guangdong	Private Company Vice President	On-site	1
Jan. 8, 2020 1 hr	Guangdong	Private Company Manager and Deputy Manager of GA Department	On-site	2
Jan. 9, 2020 1.5 hrs	Guangdong	Private Company Owner	On-site	1
Jan. 9, 2020 1.5 hrs	Guangdong	Private Company Owner	On-site	1
Jan. 10, 2020 1 hr	Guangxi	Private Company Owner Media (CEO and Director)	On-site	3
Jan. 18, 2020	Hubei	Private Company	On-site	2

¹³⁴ While this interviewee now works in a Chinese private company, he was once a scholar in a Chinese think tank.

3 hrs		President and Vice President		
Jan. 20, 2020 2 hrs	Hubei	Private Company Owner	On-site	1
Sept. 10, 2020 2 hrs	Beijing	University (in Europe) Post-doc Fellow	Phone	1
Oct. 10, 2020 2 hrs	Beijing	Private Company Owner	On-site	1
Oct. 16, 2020 1.5 hrs	Beijing	Private Company Manager and Staff from GA and R&D Department	On-site	3
Oct. 23, 2020 1.5 hrs	Beijing	Private Company Owner	On-site	1
Oct. 23, 2020 2 hrs	Beijing	Private Company Manager of Marketing Department	On-site	1
Oct. 27, 2020 1 hr	Beijing	Private Company CEO	On-site	1
Oct. 28, 2020 2 hrs	Beijing	Private Company Owner	On-site	1
Nov. 3, 2020 1.5 hrs	Beijing	Business Association Secretary-General	On-site	1
Nov. 7, 2020 3 hrs	Shanxi	Business Association Chair of FIC & Deputy County Chief ¹³⁵	On-site	1
Nov. 7, 2020 2 hrs	Shanxi	Government Official	On-site	1
Nov. 8, 2020 3 hrs	Shanxi	Private Company Owner	On-site	2
Nov. 8, 2020 3.5 hrs	Shanxi	Business Association Chair and Secretary-General	On-site	2
Nov. 23, 2020 1.5 hrs	Shandong	Government Official at the County Level	On-site	1
Nov. 23, 2020 1 hr	Shandong	Private Company Owner	On-site	1
Nov. 24, 2020 1.5 hrs	Shandong	Private Company Vice President and Director	On-site	2
Nov. 26, 2020 2 hrs	Jiangsu	Private Companies Owners	On-site	3
Nov. 27, 2020 2 hrs	Jiangsu	Private Company Owner	On-site	1

¹³⁵ This interviewee serves as the chair of FIC at the county level while he is also the Deputy County Chief of the county then. I classify him as an interviewee in the group of business association.

Nov. 27, 2020 1 hr	Jiangsu	Bank Manager of Client Service Department	On-site	1
Dec.10, 2020 1 hr	Beijing	Think Tank Scholar	On-site	1
Dec.11, 2020 1.5 hrs	Beijing	Business Association Secretary-General	On-site	1
Feb. 28, 2021 2 hrs	Beijing	Private Company Owner	On-site	1
Mar. 19, 2021 1 hr	Beijing	Business Association (Secretary- General) & Private Company Owner (in Guangdong) ¹³⁶	Phone	1
Apr. 26, 2021 1.5 hrs	Shandong	Private Company Owner	On-site	1
Apr. 27, 2021 1.5 hrs	Shandong	Private Company Owner and Manager of Marketing Department	On-site	2
Apr. 27, 2021 1 hr	Shandong	Business Association Chair of FIC	On-site	1
Apr. 28, 2021 1.5 hrs	Shandong	Private Company Owner and Manager of Marketing Department	On-site	2
Apr. 29, 2021 1 hr	Shandong	Private Company Owner & CEO	On-site	1
May. 19, 2021 2 hrs	Beijing	Business Association Head of the General Office	On-site	1
Jul. 13, 2021 2 hrs	Beijing	Private Company (in Shandong) Owner	Phone	1
Dec. 16, 2021 2.5 hrs	Beijing	Think Tank Scholar	On-site	1
Jun. 26, 2022 1 hr	Beijing	Think Tank Scholar	On-site	1
Jul. 25, 2022 2 hrs	Beijing	University Professor	On-site	1
Aug. 20, 2022 1 hr	Beijing	Think Tank (in Beijing) Scholar	Phone	1

Note: All interviews (n=50) were conducted in China between October 2019 and August 2022. Totally, 66 people were interviewed during my fieldwork. However, for some interviews, there involved more than one interviewee, as shown in the table.

¹³⁶ This interviewee is an owner of a private company in Guangdong, and he also serves as the secretary-general of a local business association. I count him as an interviewee in the group of business association.

APPENDIX B
ONLINE SURVEY

Section I: Basic Information of Private Entrepreneurs

1. What is your post in the company?
 - (1) President or general manager;
 - (2) Deputy president or deputy general manager;
 - (3) Secretary of the Party Committee or Party branch;
 - (4) Department manager/director, please indicate which department: _____
 - (5) Non-management employee
2. Your main job description and responsibility:
 - (1) Top management and decision-making;
 - (2) Middle-level management and decision-making;
 - (3) Public relations and government affairs;
 - (4) Research and development;
 - (5) Sales and promotion;
 - (6) Finance or personnel;
 - (7) Logistics management;
 - (8) Others, please indicate: _____
3. What is your gender?
 - (1) Male;
 - (2) Female
4. What is your age?
 - (1) 25 and below;
 - (2) 26 - 35;
 - (3) 36 - 45;
 - (4) 46 – 55;
 - (5) 56 – 65;
 - (6) 66 and above
5. What is your educational level? (please write the highest degree)
 - (1) High school and below;
 - (2) College degree;
 - (3) Bachelor ;
 - (4) Master;
 - (5) Doctorate
6. What is your party affiliation?
 - (1) Chinese Community Party;
 - (2) Democratic parties;
 - (3) Independent;

- (4) Prefer not to say
- 7. Are you or your company member of the Federation of Industry and Commerce (FIC)¹³⁷, and in which rank?
 - (1) Yes, in the county level;
 - (2) Yes, in the municipal level;
 - (3) Yes, in the provincial level;
 - (4) Yes, in the national level;
 - (5) No;
 - (6) Don't know
- 8. Do you hold an position in the FIC? If yes, what is your post?
 - (1) Yes, chairman;
 - (2) Yes, deputy chairman;
 - (3) Yes, member of standing committee or executive committee;
 - (4) No
- 9. Are you or other top managers of the company the PC deputy or CPPCC¹³⁸ member? (If yes, please turn to Q11; if no, please turn to Q12)
 - (1) Yes, an incumbent PC deputy;
 - (2) Yes, an incumbent CPPCC member;
 - (3) Yes, a former PC deputy;
 - (4) Yes, a former CPPCC member;
 - (5) None of the above
- 10. Which administrative level of PC or CPPCC do you serve or have served in? (please fill the highest rank)
 - (1) County-level and below;
 - (2) Municipal-level;
 - (3) Provincial-level;
 - (4) National-level
- 11. In your opinion, what the main purpose of a private entrepreneur is as being a PC deputy or CPPCC member?
 - (1) Protecting the collective interests of the private sector through participation in policy-making process;
 - (2) Communicating the demands of specific industry sector with policy-makers and protecting the collective interests of that sector by broadening the channels of state-business interaction;
 - (3) Getting to know the up-to-date information and trend of government policies, placing the individual company in advantageous position competing for government preferential policies;
 - (4) Enhancing the status of individual company in business associations and among peer companies;
 - (5) Enhancing the reputation of the individual company, as well as broadening the

¹³⁷ The Federation of Industry and Commerce is referred to as FIC hereinafter.

¹³⁸ PC refers to People's Congress, and NPC refers to National People's Congress; CPPCC stands for Chinese People's Political Consultative Conference, and NCPPCC represents the National Committee of Chinese People's Political Consultative Conference National.

- personal network of individual private entrepreneur;
- (6) Carrying out the company’s social responsibility;
 - (7) Responding to the call and demand from the Party and government;
 - (8) Others, please indicate: _____
12. Which issue in the following that you have communicated with the government officials as the primary concern of your company?
- (1) Overall business or economic environment where your company registers;
 - (2) General government policies involving the interests of the private economic sector as a whole;
 - (3) Government policies concern the interests of specific industrial sector;
 - (4) Specific government policies relevant to the interests of individual enterprise, such as policy of tax and finance;
 - (5) Influential international events;
 - (6) Others, please indicate: _____
13. Do you agree with the following statement: Private entrepreneurs’ participation in policy-making is necessary.
- (1) Strongly disagree;
 - (2) Somewhat disagree;
 - (3) Neither agree nor disagree;
 - (4) Somewhat agree;
 - (5) Strongly agree;
 - (6) Don’t know;
 - (7) Prefer not to say
14. How do you rate the following ways in terms of the degree of their helpfulness in facilitating private entrepreneurs’ participation in the policy-making process?

	Not at all helpful	Rarely helpful	Occasionally helpful	Often helpful	Very helpful
(1) Private entrepreneurs submit policy proposals to government agencies as PC deputies or CPPCC members					
(2) Communicating entrepreneurs’ policy demands to policy-makers through business associations ¹³⁹					
(3) Interacting with government officials through direct contacts					
(4) Co-sponsoring research projects with influential think tanks or research institutions with government background, and transmitting private entrepreneurs’ policy preferences/suggestions to policy-makers through the internal reference reports of think tanks					
(5) Transmitting companies’ policy ideas to government officials through influential official media					

¹³⁹ In this survey, business associations usually indicate various types of industry organizations, including the Federation of Industry and Commerce (FIC) at all administrative levels, business or industry associations, Chamber of Commerce, and trade union, etc., unless otherwise specified.

Section II: Basic Information of the Company

15. Please provide the following information of your company:
- A. Your company was established in _____ (year);
 - B. Your company was registered in _____ (province);
 - C. Within the past five years (2015-2019), the average amount of tax that your company paid was _____(ten-thousand-yuan) per year
16. Within the past five years (2015-2019), the average number of employees of your company:
- (1) 10 and below;
 - (2) 11 – 49;
 - (3) 50 – 99;
 - (4) 100 – 499;
 - (5) 500 – 999;
 - (6) 1000 – 4999;
 - (7) 5000 and above;
 - (8) Don't know
17. Does your company establish the following departments?
- (1) Department of public relations or government affairs;
 - (2) Party branch or Party committee;
 - (3) Both of them;
 - (4) None of them;
 - (5) Don't know
18. Which type of product in the following does your company mainly produces?
- (1) General machinery manufacturing or specific machinery manufacturing;
 - (2) Auto or auto parts manufacturing;
 - (3) Equipment of railway, ship, aerospace, or other transportation equipment manufacturing
 - (4) Electrical machinery and equipment manufacturing ;
 - (5) Computer, communication, or other electronic equipment manufacturing;
 - (6) Instrument and meter manufacturing;
 - (7) Other products of the manufacturing industry, please indicate: _____
19. In your opinion, your company can be classified as:
- (1) Traditional labor-intensive manufacturing industry;
 - (2) Advanced or high-end technology-driven manufacturing industry;
 - (3) The manufacturing industry that is transforming from labor-intensive toward advanced or high-end manufacturing;
 - (4) Other, please indicate: _____
20. Which of the following is the main financial resource that supports the current operation of your company?
- (1) Bank loan;
 - (2) Government funding or special funds;

- (3) The company's own capital;
 - (4) Venture capital or private capital;
 - (5) Others, please indicate: _____;
21. Which channel in the following does your company mainly rely on to acquire information of government policies?
- (1) Government website, policy-relevant press conference, or other official channels;
 - (2) Forums, internal meetings or other activities on policy interpretation organized by business associations;
 - (3) Research project reports or academic papers of scholars and think tanks with government background (such as Chinese Academy of Social Sciences and other research institutions as government subsidiaries);
 - (4) Research project reports or academic papers of no-government think tanks;
 - (5) Others, please indicate: _____;
 - (6) Don't know
22. Which one in the following is the primary avenue through which your company contact the government agencies or interact with officials of relevant competent departments?
- (1) Private entrepreneurs or the company contact the government agencies directly;
 - (2) Through business associations;
 - (3) Through NPC or NCPPCC;
 - (4) Through the local-level PC or CPPCC;
 - (5) Through think tanks and research institutions;
 - (6) Through personal networks;
 - (7) Others, please indicate: _____;
 - (8) Don't know;
 - (9) Prefer not to say
23. Which level of government does your company often interacts with? (select all that apply)
- (1) County-level and below (including autonomous county and county-level cities);
 - (2) Municipal-level (including autonomous prefectures and prefecture-level cities);
 - (3) Provincial-level (including autonomous region, or municipalities directly under the Central Government);
 - (4) National-level;
 - (5) Don't know;
 - (6) Prefer not to say
24. How often does your company interact with government agencies or officials of relevant competent departments?
- (1) Never;
 - (2) Barely;
 - (3) Occasionally;
 - (4) Often;
 - (5) Very often;

- (6) Don't know;
- (7) Prefer not to say
25. When having meeting with policy-makers, which policy arena in the following that have often been discussed as your company's primary concern?
- (1) Financial and taxation;
- (2) Private property security;
- (3) Regulatory and law;
- (4) Quality standard;
- (5) Labour relations;
- (6) International investment and security;
- (7) Production safety and environment protection
- (8) Others, please indicate: _____
26. Please rate the following statements on the basis of your company's circumstance.

	Strongly disagree	Basically disagree	Somewhat agree	Basically agree	Strongly agree
(1) Our company has successfully persuaded government and its competent departments to amend or adjust relevant policy					
(2) Our company has participated in the preliminary investigation and research of government in its making of new policies					
(3) Our company has participated in the drafting or evaluation of specific enterprise-related policies as representatives of private enterprises					
(4) Some policy-related ideas of our company have been publicly cited, either orally or in written form, by government officials					
(5) Our company has participated in the discussion and formulation of industry standards or national standards toward specific products					
(6) Our company has always been given preferential treatment by local government					
(7) Our company has established good relationship with local government and relevant competent departments					
(8) Our company often contacts the local government and relevant competent departments directly					
(9) The local government often visits our company and conducts on-the-spot research					

(10) The local government often makes inquiries about the difficulties and challenges that our company faces and helps to solve them					
(11) Our company is the prestigious star enterprise or the pillar for local economic development					
(12) Our company falls into the industry cluster of emergent high-tech enterprise supported significantly by local government					
(13) Our company has established good relationship with local FIC, business associations, or chamber of commerce					

27. Please rate the local business environment in which your company has registered.

	Very dissatisfied	Dissatisfied	Neutral	Satisfied	Very satisfied
(1) The convenient degree of administrative procedures approval					
(2) The working attitude of local officials and administrative staffs					
(3) The labor market					
(4) The degree of convenience and easiness of getting access to bank loan					
(5) Degree of local government regulation on enterprises					
(6) Degree of local government's performance in safeguarding the legal interests of enterprises					
(7) Local government's preferential policy support on plant, equipment, and technology demanded by enterprises					
(8) Local government's performance on implementing varieties of enterprise-related policies					

Section III: Business Associations and Development of Private Enterprises

28. Which type of business association or chamber of commerce¹⁴⁰ in the following does your company participate in as a member or frequently interact with?
- (1) Government-initiated business association or chamber of commerce or those with government background;
 - (2) Entrepreneurial-led business association or chamber of commerce;
 - (3) None of above

¹⁴⁰ As to this question, I differentiate FIC with business associations and chamber of commerce, as FIC at all levels are government-initiated. However, I use business associations and chamber of commerce as representatives of all other types of industry associations, trade unions, etc., except FIC.

29. What tier or class of membership is your company in business association?
- (1) As chairman company;
 - (2) As vice-chairman company;
 - (3) As ordinary member company;
 - (4) Don't know;
 - (5) Prefer not to say
30. As to the primary business association with which your company affiliates, are there any staffs who are retirees from the government agencies or former employees of state-owned companies?
- (1) Yes; (2) No; (3) Don't know; (4) Prefer not to say
31. Please rate based on your (company) experience, how often do business associations assist your company in terms of the following issues?

	Never	Barely	Occasionally	often	Very often
(1) Seeking for enterprises' opinions and advices in its preliminary investigation and research, which is authorized by the government and for the making of new policies					
(2) Recommending entrepreneurial representatives to participate in the drafting or evaluation on relevant government policies before they are publicly released					
(3) Transmitting business' opinions on existing policies or industry legislations to policy-makers					
(4) Successfully assisting enterprises in winning the open tendering projects or subsidizes of the government					
(5) Connecting entrepreneurs and officials of the State Council or Ministries through forums or other activities					
(6) Facilitating interactions between entrepreneurs and officials of local government through forums and other activities					
(7) Submitting entrepreneurs' policy proposal to policy-makers through NPC or NCPPCC					
(8) Submitting entrepreneurs' policy proposal to policy-makers through the local committee of PC or CPPCC					
(9) Successfully persuading government and its competent departments to amend or adjust relevant policy					
(10) Successfully persuading government and policy-makers to take entrepreneurs' industrial ideas as policy reference					
(11) Successfully facilitating enterprises in participating in the making of industrial or national standards of specific products					

32. Which level of government does your company usually interact with by the help of business associations?
- (1) County-level and below (including autonomous county and county-level cities);
 - (2) Municipal-level (including autonomous prefectures and prefecture-level cities);
 - (3) Provincial-level (including autonomous region, or municipalities directly under the Central Government);
 - (4) National-level;
 - (5) Don't know;
 - (6) Prefer not to say
33. Please rate the following statements on business associations, based on your interactions with them as part of your company.

	Strongly disagree	Basically disagree	Somewhat agree	Basically agree	Strongly agree
(1) Establishing good relationship with local government and officials					
(2) Being resourceful and well-funded in Party building					
(3) Local government relies on the resources and experience of business association in the making of industry standards					
(4) Local government and officials often ask for the suggestions of business association					
(5) Local government takes an active part in activities and events organized by business association					
(6) Business association has been supported by local government in terms of funds, technology, and personnel					
(7) Business association has often been authorized by the government to conduct policy research and drafting					
(8) Business association has carried out plenty of research projects authorized by the government					
(9) The suggestions or proposals of business association have often been adopted or taken as references by government and its competent departments					
(10) Business association arranges various events for state-business interactions periodically					
(11) Business association is professional and efficient in its management					
(12) The staff of business association are well-educated, skillful and professional					

34. In your opinion, what are the primary duties of business associations? (select four choices at most)
- (1) Representing the collective interests of business members and safeguarding their legitimate industrial interests ;
 - (2) Safeguarding the interests of the private sector as a whole and optimizing their business environment;
 - (3) Facilitating state-business engagement and entrepreneurs’ political participation;
 - (4) Transmitting the demands and suggestions of enterprises to policy-makers, and resolving problems of the company;
 - (5) Playing the political leading role in assisting the Party and government to unite private entrepreneurs;
 - (6) Regulating and supervising the conduct of enterprises as assistant of the government to maintain social stability and market order;
 - (7) Assisting the government to achieve various developmental goals of the state
35. Please rate the following services provided by business associations, based on your (company) interactions with them.

	Strongly disagree	Basically disagree	Somewhat agree	Basically agree	Strongly agree
(1) Often paying a visit to enterprises and reporting their demands and suggestions to government in a timely manner					
(2) Often helping enterprises to get policy or regulation information by contacting relevant governments					
(3) Interpreting government policies to business members in a timely manner					
(4) Taking active part in pushing government to implement various enterprise-related preferential policies					
(5) Often arranging varieties of events and creating opportunities for state-business interactions					
(6) Often recommending entrepreneurial representatives to take part in the policy research or in the drafting on specific government policies					
(7) Submitting business’ suggestions and proposals to relevant government agencies periodically or timely					

36. As to the primary business association with which your company affiliates, does the company have to periodically pay for services fees or other fees in addition to the membership fee?
- (1) Never;

- (2) Barely;
 - (3) Occasionally;
 - (4) Often;
 - (5) Very often ;
 - (6) Don't know
37. Please rate the following statements, based on your interactions with business associations as part of your company.

	Never	Barely	Occasionally	often	Very often
(1) Paying visit to enterprises with government officials and investigating difficulties that the companies face					
(2) Assisting government to solve difficulties and problems of enterprises through the form of 'working on-the-spot'					
(3) Orally transmitting entrepreneurs' opinions to policy-makers					
(4) Gathering entrepreneurs' suggestions through surveys or official letters and submitting reports to government in written form					
(5) Hosting policy-related forums and workshops between government officials and entrepreneurs					
(6) Hosting banquets or receptions between government officials and entrepreneurs					
(7) Establishing internal discussion groups in WeChat between government officials and entrepreneurs					
(8) Hosting policy interpretation among entrepreneurs					
(9) Organizing events or meetings among scholars, officials, and entrepreneurs					
(10) Inviting scholars/experts and entrepreneurial representatives to work on the making or amendment of industry or national standards					
(11) Spreading enterprises' ideas on industry policy and development and expanding the influence through media					
(12) Promoting cooperation between enterprises and think tanks in the form of research projects, and transmitting enterprises' policy preference and demands to government through internal reference reports of think tanks					
(13) Inviting scholars and experts to support entrepreneurs' policy idea through authoritative academic demonstration					
(14) Providing services for business members in issues of vocational training, legal advices, or foreign investment consultation, etc.					

Section IV: Think Tanks and The Development of Private Enterprises

38. As to the role of research institutions or think tanks in policy-making, please rate the statements in the following.

	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
(1) Offering experts' suggestions and opinions in policy-making as the government's think tanks					
(2) Often participating in the policy-making process					
(3) Carrying out preliminary research projects for new policies assigned by the government					
(4) Offering opinions and suggestions for amendment to existing policies					
(5) Participating in the policy-making process of national major strategic issues					

39. Which type of research institutions or think tanks does your company usually work with?

- (1) Research institutions or think tanks with government background;
- (2) Non-government research institutions or think tanks;
- (3) Others, please indicate: _____;
- (4) Don't know

40. What issue does your company concern most when cooperating with research institutions or think tanks?

- (1) Issues that involve the interests of the private sector and other relevant issues;
- (2) Policies that concern the interests of specific industry or other relevant issues;
- (3) Specific policies or issues relevant to the company, such policies of taxation and environment protection;
- (4) Issues that help to improve the reputation and social status of individual entrepreneurs;
- (5) Others, please indicate: _____;
- (6) Don't know

41. How often does your company cooperate with research institutions or think tanks regarding to the following activities?

	Never	Barely	Occasionally	often	Very often
(1) Joint research projects conducted and funded by /think tanks and enterprises					
(2) Enterprises fund and authorize research institutions/think tanks to conduct research projects					

(3) Enterprises and research institutions/think tanks carry out research projects funded and assigned by the government					
(4) Enterprises and universities or research institutions cooperate and carry out training programmes toward personnel development and technology research, etc.					
(5) Enterprises invite scholars or experts to interpret the government policies					
(6) Enterprises interact or cooperate with scholars or experts through business associations					
(7) Scholars and experts are hired by the company as consultants					

42. As to the following statements, please rate that to what extent could the company benefit by working with research institutions or think tanks?

	Not at all helpful	Rarely helpful	Occasionally helpful	Often helpful	Very helpful
(1) Providing theoretical analysis on feasibility of private entrepreneurs' policy suggestions or proposals to increase the likelihood of being adopted by policy-makers					
(2) Transmitting business' opinions on existing policies or industry legislations to policy-makers through the internal reference reports of think tanks					
(3) Providing theoretical endorsement on private entrepreneurs' ideas and guiding public opinion to attract the government's attention					
(4) Assisting the company participate in the making of industry standards and elevating its status in the sector					
(5) Assisting the company in issues of training, research and development in technology, etc.					

APPENDIX C

IRB/HUMAN SUBJECTS APPROVAL



Institutional Review Board
210H Hall
Newark, DE 19716
Phone: 302-831-2137
Fax: 302-831-2828

DATE: August 13, 2021

TO: Jing Li, PhD
FROM: University of Delaware IRB

STUDY TITLE: [1398769-3] Private Entrepreneurs and Economic Decision-Making in China: Ways and Avenues.

SUBMISSION TYPE: Amendment/Modification

ACTION: DETERMINATION OF EXEMPT STATUS
EFFECTIVE DATE: August 13, 2021

REVIEW CATEGORY: Exemption category # (2)

Thank you for your Amendment/Modification submission to the University of Delaware Institutional Review Board (UD IRB). According to the pertinent regulations, the UD IRB has determined this project is EXEMPT from most federal policy requirements for the protection of human subjects. The privacy of subjects and the confidentiality of participants must be safeguarded as prescribed in the reviewed protocol form.

This exempt determination is valid for the research study as described by the documents in this submission. Proposed revisions to previously approved procedures and documents that may affect this exempt determination must be reviewed and approved by this office prior to initiation. The UD amendment form must be used to request the review of changes that may substantially change the study design or data collected.

Unanticipated problems and serious adverse events involving risk to participants must be reported to this office in a timely fashion according with the UD requirements for reportable events.

A copy of this correspondence will be kept on file by our office. If you have any questions, please contact the UD IRB Office at (302) 831-2137 or via email at hsrb-research@udel.edu. Please include the study title and reference number in all correspondence with this office.

INSTITUTIONAL REVIEW BOARD

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