CHAPTER - II

POLICY FORMULATION IN THE PRC
CHANGING NATURE, ENVIRONMENT AND PROCESSE
Public policy is not only an instrument of socio-economic progress but also posits solutions to various social problems. Every modern society, irrespective of the nature of its political regime, gives adequate attention to the process of formulating suitable policies and to their proper implementation. The proper formulation as well as implementation of policies contributes to socio-economic progress and in the long run, provides legitimacy to the political regime. As regimes differ from each other in their governance style, the processes as well as the environment of policy formulation differ from regime to regime. In authoritarian regimes, where a single political party dominates and controls the whole political spectrum, the policy-making process is very much a top-down, unified, highly centralized and integrated one. In such regimes policy-making access, influence and resources are highly concentrated in the hands of a very few top leaders and central decision making organs of the Party. Policies formulated in these regimes often ignore the needs of certain crucial sections and interests of the society and, therefore, become ineffective in the long run. However, many factors such as the dismal performance of a regime because of policy failures, the emergence of several new constituencies, social groups and interests, empowerment of government organs and other political institutions, the need for policies to have broad societal support many authoritarian systems including the People's Republic of China have started to decentralize their policy-making
process. This has paved the way for a transition to a more open, consultative and perhaps more democratic process of policy-making where a wider array of actors such as political and economic elites, political and bureaucratic institutions, social groups and even individuals have access to the policy-making process. But an enduring transformation of the policy process requires institutionalization of such decentralization processes without which transformations of the policy making process tend to fall into cycles of decentralization and re-centralization as has been happening in most authoritarian regimes.

POLICY-MAKING IN MAO’S CHINA: AN OVERVIEW

The politics and processes of policy-making in the People’s Republic of China, more or less, follow the same pattern of experience as that of other authoritarian regimes. In the post-1949 period the Chinese Communist Party (CCP) found itself in an enviable position of authority in Chinese society. The Party’s legacy as well as leadership of the anti-liberation struggle, and its vast support base among the Chinese masses, helped the Party in its emergence as the sole developed political institution in China. The absence of any other developed political structure and organization further contributed to the elevation of the Party to a pre-eminent position. The Party took up the responsibilities of nation-building and rapid socio-economic progress on behalf of the Chinese State in
order to accomplish the task of the transformation of a semi-colonial and semi-feudal society. Hence, the domain of the entire policy-making process in post 1949 China fell under the domination and control of the CCP and its central decision making organs. The Politburo and its Standing Committee, being the highest decision-making organs of the CCP emerged as the real loci of authority in making policy decisions. All major policy measures of the regime had to be approved, at least formally, by the Politburo or its Standing Committee.

However, the policy-making process in Mao's China was not completely monopolized by the few top leaders within the Politburo & its Standing Committee. The process was accessible to a significant number of Party officials below the top level of the leadership hierarchy. When the Politburo was divided and deadlocked, as it was over the pace of collectivization in 1955 and over a number of economic issues in 1957, Party officials outside the Politburo were drawn into the decision-making process. Usually in such situations, policy conflicts at the top were carried over to the Party's Central Committee for resolution. At the Lushan Plenum in August 1959, the Central Committee apparently was the ultimate organ for settling the disputes among the top leaders. On various

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1 "Resolution of the 8th Plenary Session of the 8th Central Committee of the CCP," *Peking Review*, no. 34, 18 August 1967.
occasions forums such as enlarged Politburo sessions, Central Work Conferences, and enlarged Central Committee plenums were used to decide major policy decisions.

These enlarged sessions and plenums were attended by non-members as well as members of the Politburo and the Central Committee. Such mechanisms and forums facilitated the involvement of those who were below the topmost level in the leadership hierarchy in policy-making and conflict resolution processes. During the 1950s, Mao frequently used regional party conferences, which were attended by both Politburo members and provincial leaders, to discuss and decide major policy questions. The Tsingtao Conference of July 1957, Hangchow and Nanning Conference of January 1958, and the Chongtu Conference of March 1958 were examples of such ad-hoc Party conferences where various crucial policy-decisions were made. Even though these ad-hoc Party conferences were not recognized by the Party's Constitution, the legitimacy of decisions taken in these conferences was never questioned. The Party leadership, particularly Mao, used those non-formal devices within the Party to initiate policies and mobilize support for them.

In July 1955, Mao directly appealed to provincial Party leaders to gain support for a radical collectivization policy. This manoeuvre further enabled Mao to overcome opposition from other
Party leaders at the center. In late 1950 he again sought the support of provincial leaders to promote his Great Leap programs. These efforts enlarged the arena of the policy-making process by inducting more participants into it. In the 1960s, Mao went outside the Party forum to seek support for his policies and programs. In early 1960s he co-opted the People's Liberation Army (PLA) and used it to remove Party leaders like Peng Chen, Liu Shao Chi and Deng Xiaoping from the positions of power. In 1966, Mao extended the arena of policy conflict by mobilizing student Red Guards and 'revolutionary rebels' drawn from workers and youths to push his Great Proletariat Cultural Revolution (GPCR) crusade. The mobilization of such extra-Party forces directly from the masses broadened the scope of political participation during and after the Cultural Revolution period. This mobilization from among the army, students, youth and workers further eroded the centralized decision-making mechanism of the CCP. The PLA leaders also assumed significant political functions in the 1960s and their political influence expanded enormously at the expense of civilian officials. Since 1967, the CCP leaders have had to negotiate with different sections of Chinese society at various forums before making policy decisions.

Most individual Politburo and Central Committee members had areas of specialization and were in charge of different broad
functional areas. In most case these members took important policy
decisions within their own special area of responsibility and these
decisions were only formally approved by the Politburo with or
without debate. For example, the economic measures proposed by
the five-man Central Financial and Economic Group under Ch'en
Yun were only formally approved by the Politburo presided over by
Liu Shao-Chi in 1962.

Various state institutions, even though empowered with
important policy-making functions by the State constitution, had a
much less significant role than the Party in reality. The National
People's Congress (NPC), recognized as the highest legislative organ
of the nation by the State Constitution, had little to do with actual
initiation or authorization of government programs. Its functions
were limited to granting formal sanction to policies and programmes
for final enactment. When the twelve-year agricultural program was
presented to the NPC for formal enactment in April 1960, all the
basic decisions about the program had already been made. The
approval of the NPC was only the culminating formal ratification of
the policy-making processes, which had preceded it. However, even
this was not always sought. For example a Party directive without
the NPC's formal involvement effected the establishment of the
communes along with the requisite changes in the local
administrative structure.
The State Council, on the other hand, was more directly involved in the regime's policy-making processes. Being the executive organ of the state, it was responsible for the implementation of the Party's as well as the regime's policies. The Party had to rely on the State Council and its various ministries for policy inputs. Even when the Party set basic policy guidelines, the State Council had to make many administrative decisions in the course of implementation. Several other institutions and agencies were also involved throughout the policy-making process. The formulation and execution of rural policies in Mao's China always involved agencies like the Ministry of Agriculture, the State Council's Seventh Staff Office, the Central Committee's Rural Work Department and the Party Secretariat. Besides these Central Party and government bodies, numerous organizations from the provinces and the communes were also involved in national policy-making processes, as they had to carry out the central directives. The purge of provincial and lower level cadres in the late 1950s suggested their poor performance in accomplishing the goals of the leadership.²

Cadres at the provincial and lower levels had a significant impact on the policy-making processes. These cadres controlled the flow of information and through the manipulation of information they influenced the Party leader’s perception of realities and indirectly shaped their policy choices. The highly exaggerated reports by the local cadres on industrial and agricultural production during 1958 and 1959 misled the top leaders and reinforced their established ideas of growth. All these ultimately affected the policy output of the regime. Further, the reliance of the top leadership on a ‘campaign approach’ to policy implementation mobilized more local level cadres to involve them in policy execution. This campaign approach enabled the Party leaders to break through the bureaucratic routines and overcome the tendency toward bureaucratization. But on the other hand, these campaigns inevitably resulted in undesirable effects like evasion, distortion, and poor or over-compliance by the local officials. However, on certain occasions lower level cadres played a more positive role in initiating policies. During the communization movement in 1958, Mao and his colleagues were greatly influenced by the local leaders and cadres. The cadres of Honan provided ideas relevant to the concept of the new rural organization along with

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concrete examples of operative communes and, thus, structured the choices of the top leaders. The CCP leadership selected several communes in Honan as models to be emulated throughout China and as such they greatly affected the ways in which the commune system developed throughout China.

Policy-making in Mao's China was not always confined and limited to a few top leaders alone. Various actors possessing different political resources participated, directly or indirectly, in each stage of the policy-making process and affected the policy output of the regime in a variety of ways. The political resources these actors possessed were derived from official positions they occupied in the Party and State apparatus, from the functions they performed within the system, such as cadre's implementation of leadership policies, and from their access to top leaders. During Mao's regime his wife Chiang Ching and his political confident Chen Po-ta, had considerable influence over the political affairs even though they had not been assigned any formal position either in the Party or in the State apparatus.

Hence, the policy-making process in Mao's China was a complicated, conflict and consensus-building process involving various actors and forums. Although Mao played an extremely important role in the system his policy initiatives were frequently blocked and frustrated by other leaders of the CCP and he was not
always 'in command' as described by some Sinologists. During Mao's regime policy decisions were significantly influenced by debates and conflict among the leaders. Thus, the major shifts in the policy outputs followed an oscillating pattern between the conservative and radical orientation as a result of shifting coalitions and balance of power in the decision-making forums. On various occasions Mao maneuvered the support of extra-Party forces and mobilized them to counter his opponents within the CCP. Leaders and cadres at the provincial and lower levels did have an influence on policies during the implementation phase although they may not have directly participated in its formulation. Consequently, all these processes gave a pluralistic outlook to Chinese policy-making by drawing a variety of actors into it and thus, broadened the scope of mass participation in policy-making processes.5

POLICY-MAKING IN POST-MAO CHINA: CHANGES AND CONTINUITY

The restructuring of social order and government, along with the ambitious modernization programmes in four crucial sectors led to rapid and significant change in the political, economic and cultural life of post-Mao China. All these further resulted in significant alterations in the scope and content of various public

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policies in several sectors. Consequently, the processes and environment of policy-making also underwent significant changes. Various factors, compulsions and forces contributed towards the evolution of a new policy-making system and decentralization of Party control over it in the post-Mao era.

However, the post-Mao reforms had their base in the power restructuring events of the Cultural Revolution. The events of 1966-76 established the political preconditions and created the structural context for the changes in the late 1970's and early 1980's. During the course of the political crisis, factional violence, power contests and policy disputes of the late 1960's and early 1970's, centralized political and administrative power devolved into the hands of military and civil officials at regional, provincial and local levels. In his effort to maintain a favourable balance of power among shifting coalitions of radical and conservative orientation, Mao often sought 'outside' support to push his policy measures. Consequently the arena of political participation as well as policy-making process was expanded by the actions of Chairman Mao himself. The strategy of mobilizing students, youths, peasants and workers to capture power from the 'capitalist roaders' within the CCP opened the floodgate of involving common masses in political conflict.

The events of the Cultural Revolution not only created a fragmented political authority at the center but also intensified
factional power struggles within the Party leadership. The factional struggle at the top of the system resulted in an authority crisis, suspension of political controls and weakening of other formal organs and institutions of the regime. This resulted in devolution and decentralization of substantial amounts of political and administrative power, which was earlier concentrated in the hands of the few people who comprised the central leadership of the CCP.6 Further the economic policies of the Maoist regime, particularly the Great Leap policies of 1950s resulted in a devolution of economic decision-making and the power to allocate resource to the provinces, localities, enterprises and even to peasant households. Maoist economic policies with their emphasis on organizational and developmental units of decentralization, local self-reliance and rural industrialization had substantially decentralized the decisions on investments and resource allocations resulting in decentralized appropriation of both economic and political power.7 All these contributed to the emergence of new centers of power at the provincial and regional levels with a corresponding decline in the capacity of central authorities to enforce their policy preferences

over those of the provinces. However, in the absence of institutionalization of changes brought about by the devolution of power in the 1950s and 1960s, the enlargement of political participation in China during and since the Cultural Revolution turned out to be unstructured, un-represented and anomic. While the Cultural Revolution overthrew the existing structures of governance, it failed to provide an alternative power structure and institutional arrangements. When Mao mobilized various extra-party forces like the army, students and youth during the Cultural Revolution, the existing political structures were not able to absorb these new participants. There were no effective and strong political institutions to channelize the popular demands into the political system. The increased political involvement of crucial sections of the Chinese masses necessarily generated its own momentum, which the post-Mao leadership could not control in the later period. The absence of formal state institutions to handle effectively the growing enthusiasm among the common masses and the inability of existing political institutions to represent their growing interest resulted in political chaos and social unrest during the Cultural Revolution. This period also coincided with the dissolution of the legislatures and other state law-making organs and an almost complete end to the use of law as a policy-making vehicle. The Party was forced to rely upon its most authoritative policy documents the Politburo-approved central documents for even highly routine and
specific decisions. The consequences of these institutional weaknesses for political stability revived a new appreciation for institution building in order to create a stable system of rule of law and socialist democracy. This further necessitated the building up of the People's Congress system and reforming the legal system in post-Mao China.  

Even during the 1950s and early 1960s, the Party on several occasions attempted to restructure the state by reforming the system of People's Congresses and by establishing legal institutions. In the wake of the Cultural Revolution, Deng Xiaoping sought political reform, which among other things, included the reform of the leadership system, constitutional reform and the creation of new institutions within the CCP to supervise discipline. During the 13th Party Congress, Zhao Ziyang called for the establishment of a new civil service system, separating the functions of the Party and government, further perfecting the People's Congress system, and strengthening the rule of law. A decade later, during the 15th Party congress, Jiang Zemin placed a

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reform proposal on the Party's agenda which included further
development of democracy within the system of people's congresses
and in co-operation with the democratic parties, strengthening the
legal system, restructuring government to separate it from economic
enterprises, streamlining government departments and agencies,
and improving the system of democratic supervision. Over the
years all these reform measures have substantially influenced the
policy formulation process in post-Mao China.

The changed political scenario in the post-Mao era further
forced Party leaders to confront and deal with the erosion in the
social support base of the CCP due to the continuous intra-party
power struggle and political chaos during the Cultural Revolution.
Post-Mao leaders could hardly reclaim legitimacy by continuing to
rely on the legacy of Mao's revolution and a decaying ideology.
Consequently the new regime attempted to shift away from class
struggle to the rule of law as the new basis of legitimacy. Veteran
Chinese leaders such as Peng Zhen in their post Mao speeches
preached for more legal stability, predictability and consultation.

This increased reliance on the rule of law, rather than on the Party

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12 Xinuha, 12 September 1997, in FBIS, China, 12 September 1997, and
13 Peng Zhen, "Strengthen Legal System and Democracy", Beijing Review, 27. 6
July 1979, p.35.
organs and their directives, also allowed more actors and interests to have access to the policy- making processes.

The economic imperatives of the new regime also compelled the post Mao leadership to shift towards a more consultative policy making system. To have an open and consultative legislature is seen by the Party leadership as a useful and effective power base against the bureaucratic resistance to the reform processes. However, post-Mao leaders made efforts to strengthen the legislature only to sustain and accelerate the economic reform processes, not to create an American tripartite system of checks and balances.¹⁴ A strengthened legal system was needed not only to secure a stable and orderly environment essential to the success of economic modernization, according to China's leaders, but was also necessary to regulate many new types of economic activities and relationships resulting from market reform and privatization. The new China was to project itself as a stable and orderly society with effective laws to protect the interests and rights of foreigners in order to expand trade, import advanced technology and attract international investment. The post-Mao leadership, particularly Deng Xiaoping, understood and advocated this connection between

economic development and legal reform. This provided impetus to the transition of the policy-making process towards a more open and constructive one.

Since Mao's death there has been a strong view within the Chinese leadership that if the policy-making system were more open and consultative, policy choices could be made more correctly, scientifically and objectively. Many Chinese leaders believed that an open, wide-ranging and well-intentioned debate on different policy proposals could overcome differences of interest and a national consensus would eventually emerge upon a single correct policy which would be supported by everybody. This view of the top leadership was further influenced by the emergence of various new sections and constituencies in Chinese society whose conflicting interests would have to be reconciled appropriately. This recognition of the link between the inclusion of a variety of social and group interests and the sustainability of the Party's policies also contributed towards the changing process of policy-making in post-Mao China.

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The efforts towards decentralizing the Party's control over the policy making processes was also reinforced and accelerated by certain Party leaders such as Peng Zhen, Wan Li, Chen Pixien, Qiao Shi who ardently advocated a strong and independent legislature. Wan Li has probably been the Party's most persistent and outspoken advocate for strengthening legislatures in order to make Party-led policy making more scientific. Wan called for a much greater tolerance of divergent policy advice and an end to the persecution of well-intentioned specialists whose views are rejected in debates. The support for an increasingly open and consultative policy-making process by the Party's legislative leaders greatly strengthened other formal policy making organs by formalizing their work procedures. Since 1978 there has been a gradual shift in the location of control and influence over policy-making away from the Party's central organs to the State Council and National People's Congress. This organizational evolution of policy-making power is the most important force for institutionalizing the decentralization of policy-making processes in China.

However, an inquiry into the emergence of rural reform policies during the late 1970s further reveals the changing nature and varied patterns of policy formulation process during the very

beginning of the post-Mao Period. No reform in the post-Mao period has had a more profound effect on the political economy of China as well as on the lives of Chinese people as the rural reforms that were gradually introduced from 1978 onward. The rural reform policies emerged neither from a rapidly swelling peasants' demand for reform nor as a coherent program adopted by the top leadership. Rather, they emerged from a highly complex process in which local leaders provided peasants with the opportunity to experiment with reform and then, both directly and indirectly, the central leadership allowed the experiments to continue and expand.

In the wake of the death of Mao and the arrest of the "Gang of Four", Hua Guofeng tried to sustain the legitimacy of his government by sanctioning his policies in Maoist terms. He had explicitly raised the slogan of "two whatevers" to impede the advance of previously purged veteran cadres and prevent them from challenging his policies.\(^{18}\) During this period the rural policy was based on the Dazhai model of self-reliance with a plan to mechanize agriculture in ten years. Generally speaking, the Dazhai model referred to taking the production brigade rather than the lower-level production team as the basic unit of account, abolishing the cultivation of private plots and emphasizing ideological rather

than material incentives. However, the lack of understanding of the rural situation, the overestimation of the ability of the State to redress the problems of the rural economy and the unrealistic policies adopted after the death of Mao had left Hua Guofeng politically vulnerable on the critical issue of rural policy.

The challenge to the Dazhai model came from Anhui Province under the leadership of Party secretary Wan Li who confronted head-on the issue of collectivization and staunchly supported the "household responsibility system" in which production decisions were devolved to the family. Even before Wan Li's initiatives in Anhui, local leaders were making efforts to re-evaluate the existing rural policy. In the spring of 1977, Chuxian Prefecture organized cadres to inspect the functioning of nearly four hundred communes and brigades. Even small counties like Feixi and Fengyang had made efforts in pioneering rural reform. On the basis of several rural investigations and discussion Wan Li drew up a new set of provincial regulations: "Regulations on Several Questions of Current Rural Economic Policy"(Known as the "Six Articles"). These regulations stressed respecting the autonomy of the production

team, encouraging sideline production and restoring private plots.\textsuperscript{21} Anhui's policies were clearly an effort to criticize the Dazhai model and were, therefore, part of the broader effort to undermine the Hua Guofeng wing of the CCP. In subsequent national level meetings the Dazhai model was criticized by stressing the points emphasized in Anhui's regulations.

Putting forth an alternate agricultural policy was an effort on the part of the reformist wing of the Party to challenge the leadership of Hua Guofeng over both positions and policy. The reformers took up the issue of poverty and stagnation of production in the rural sector to challenge Hua and his faction within the Party. Chen Yun bluntly warned the critical Central Work Conference that preceded the Third Plenum that if the livelihood of the peasants did not improve, Party secretaries would lead peasants into the cities to demand food.\textsuperscript{22} Deng Xiaoping also argued that egalitarianism should be opposed and that some peasants should be allowed to get rich fast.\textsuperscript{23} The watershed Third Plenary Session of the Eleventh Central Committee (December 1978) affirmed the discussion on practice as the sole criterion of truth and called for shifting the focus of the Party's work from class struggle to

\textsuperscript{21} Ibid, pp. 28-30.
\textsuperscript{22} Chen Yun, "Readjust the National Economy in Accordance with the Principle of Proportionality", in Selected work of Chen Yun (1956-1985), Beijing: Foreign Language Press, 1986, p. 226.
\textsuperscript{23} Deng Xiaoping, Selected Works (1938-1965), pp. 304-306.
economic construction. It also approved two documents on rural policy: the "Decisions on some Questions Concerning the Acceleration of Agricultural Development" and "Regulations on the Work in Rural People's Communes". Even though these were compromise documents, they, nevertheless, marked an important step away from the Dazhai model. Despite reaffirming the mass movement to learn from Dazhai, they implicitly undermined the Dazhai model by emphasizing the authority of the production team and permitting the practice of awarding work points according to fixed work quotas. However, at that point of time, the reformist faction of the Party were neither strong enough nor certain enough to push for more radical measures like the adoption of the household responsibility system.

During the severe drought that hit Anhui province in 1978, the peasants demanded a return to "the old days". What they meant by "the old ways" was the household responsibility system which, even though never officially approved, had been implemented in a few areas of the country including Anhui during 1956-57. Further, this system had previously gained the support of Deng Xiaoping and Chen Yun. These previous efforts to implement some form of the household responsibility system provided the precedents on

which basis more radical reform proposals were pushed forward by provincial Party leaders. In early 1978, the Anhui provincial Party Committee issued a regulation that broke the long standing taboo on individual management of the land and gave localities the sense that they could push ahead on their own. In March 1978, Mahu Commune in Fengyang County became the first area to specifically link production and reward. However, the system used in Mahu was not the household responsibility system but the small-group responsibility system where the contracts were assigned to small groups instead of individual household and thus the principle of collective agriculture was preserved. While the household responsibility system remained confined to Feixi county and a few other locations such as Xiaogang production Brigade, the small-group responsibility system spread to other counties and brigades very rapidly.

Despite strong opposition to the household responsibility system, the fourth Plenum of the Eleventh Central Committee (September 1979) made a significant revision in the draft agricultural document. While not endorsing the household responsibility system, the document permitted remote hilly areas to practice it. Thus, areas like Fengyang Country which were

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25 Joseph Fewsmith, *Dilemmas of Reform in China*, p. 27
26 Ibid.,
contracting production to small groups were allowed to do so. Further it changed the blanket condemnation of the household responsibility system in the draft to a considerably less stringent prohibition.\textsuperscript{27}

This first tentative endorsement of the household responsibility system was gradually extended and adopted throughout China over the following two years. During the summer of 1980, there was a meeting of the Chinese Agriculture Association in which most of those of the older generation continued to view the household responsibility system as too radical, while some influential scholars like Li Youjiu supported the cooperative system instead of either commune or household system.\textsuperscript{28} In September 1980, a special conference of provincial level Party Secretaries was convened to discuss the issue of rural reform policy. While provinces like Anhui, Gansu and Sichuan took the lead in arguing for the household responsibility system, the majority of the provinces led by Jiangsu, Zhejiang, Guangdong etc. opposed it. The argument at the Conference was centered around the “broad road” of collective agriculture versus the “Single-plank bridge” of the household system. However, proponents of the household responsibility system defended their positions by invoking the

\textsuperscript{27} “Decision of the CCP Central Committee”, \textit{FBIS-CHINA}, 5 October 1979, p. 65.

\textsuperscript{28} Joseph Fewsmith, \textit{Dilemmas of Reforms in China}, p. 43.
Leninist principle of “to each according to his work”. They argued that the adoption of the household responsibility system was not an abandonment of socialism but a way to break through the stagnation of the past and remain on the socialist road. They further argued that by first crossing this “Single-plank bridge” the “broad road” could be reached. 29 The meeting, after a long and heated debate, adopted document No. 75 which upheld the legitimacy of the household responsibility system. Although the document emphasized that the collective economy was an unshakable foundation for the modernization of agriculture, it explicitly provided permission for those areas which had adopted the household system to continue to do so. This was the first central document in the history of the CCP to give explicit permission to implement the household responsibility system. 30

Apart from the economic success of the household responsibility system and initiatives taken by the local/provincial leadership, the gradual evolution and extension of the rural reform policies was also facilitated by various other factors. The support from the Economic Research Office of the State Planning Commission and Chinese Academy of Social Sciences, the

investigations and reports of the Rural Development Group, political success as well as support of the Deng Xiaoping and reformist faction of the central leadership proved crucial for expansion of the reform policies.

The Rural Development Group that was composed of young intellectuals under the leadership of Chen Yizi helped build a policy community in support of rural reform including the household responsibility system. One of the significant contributions of the Rural Development Group was to collect and analyze data on rural reforms, transmitting their finding to the CCP leadership and other agricultural specialists in Beijing. The Current Situation section of the Group edited a book entitled "Selected Materials on the Household Responsibility System," which brought together important articles on the history of the household responsibility system with contemporary research reports on its progress and achievements. In the spring of 1980, the Group conducted a detailed investigation on the working and progress of household responsibility system in several counties and prefectures of Anhui province and submitted its report to the National Agricultural Work Conference that was held in October 1981. The members of the group also participated in the conference to present their views to

31 Joseph Fewsmith, Dilemmas of Reform in China p.38
the conference. Owing in part to the investigations of the Rural Development Group, in part to the investigations of the State Agricultural Commission and in part to the gradual proliferation of the household responsibility system throughout China, this Conference declared, for the first time, that the household responsibility system was to be a form of production responsibility system within the socialist collective economy.\textsuperscript{32} Thus, the Rural Development Group became China's first think tank and for the first time a group of young intellectuals were able to influence an official policy in a sustained fashion. Although China's rural policy was always subject to negotiation among the central leadership and provinces, the ideas of the Rural Development Group had an important impact on its evolution.

Rural reform would not have been possible without the political success of Deng Xiaoping, particularly in routing the primary supporters of Hua Guofeng's "two whatever" policy. With the consolidation of Deng's position at the Party's Fifth Plenum held in February 1980, the so called "Little Gang of Four" — Wang Dongxing, Ji Dengkui, Wu De and Chen Xilian — were removed from the Politburo. Hu Yaobang and Zhao Ziyang were added to the

Standing Committee of the Politburo. In April 1980, Zhao Ziyang and Wan Li were appointed as vice-premiers of the State Council. Wan also replaced his nemesis, Wang Renzhong as head of the State Agricultural Commission. The support of the central leaders was essential not only for the expansion of the reform process but also for normalizing major oppositions to it at its very infant stage. Because Wan Li was the head of the State Agricultural Commission and a confidant of Deng Xiaoping, the September 1980 Conference of provincial level Party Secretaries successfully adopted "Document No.75" to uphold the legitimacy of the household responsibility system despite the strong opposition of two-thirds of China's provinces to it. Chen Yun, who had originally supported China's rural reforms and Deng Xiaoping's effort to change the focus of the Party policy to economic work and modernization at the crucial 1978 Third Plenum, made an important intervention in the policy-making process during the finalization of the outline of the National Agricultural Work Conference. Chen Yun argued that the rural reforms were undermining the state's control of the countryside and its ability to extract resources from the rural areas. He reemphasized the importance of planning in the agricultural

economy. However, his remarks had little impact on rural policy formulation because rural policy was under the purview of Wan Li and the reform measures including the household responsibility system had the support of top leaders like Deng Xiaoping, Hu Yaobang and Zhao Ziyang. Again, there was no perceived crisis in agriculture to compel central and local leaders to re-impose state control by paying the necessary social as well as economic costs. Agriculture production was up and the state did not encounter difficulties in procuring grains from the countryside.

Because agricultural production was dispersed among thousand of communes in widely varying counties throughout China, the central bureaucracy was not at all familiar with the real conditions of the countryside. The disruption of China's bureaucratic structure during and after the Cultural Revolution had further enhanced this inability of the Chinese bureaucracy. It was this opening that the local Party officials and young intellectuals were able to use to defend local experiments and gather the data needed to convince central decision makers of the viability of rural reform. Bureaucratic weakness in the rural sector was also due to the fact that rural policy had traditionally been under the purview of Party organization rather than state

34 Chen Yun, "Several Important Directions in Economic Construction" Selected Works of Chen Yun (1956-85) p. 275.
bureaucracy. Even the necessary support of the central leadership for rural reform was secured via personal and party relations rather than bureaucratic channels. Had the rural policy been dominated by the state bureaucratic apparatus, it is unlikely that local leaders such as Wan Li or a quasi-official organization such as the Rural Development Group could have played the important role they did in the reform process.

Party leaders in contemporary China faced several dilemmas in their efforts to reform the policy making process to make it more compatible with other reforms. The most significant was the need to maintain a balance between the most important of Deng’s Four Cardinal Principles - maintaining the CCP’s leadership over society – and promoting a level of decentralized policy making which was necessary to rationalize the process itself, undermine reform opponents, and defuse some of the inevitable disagreements. The post-Mao regime witnessed tremendous conflict between various political, academic and legal sector leaders over the issue of maintaining a proper balance between these goals. In addition, groups both inside and outside the legislative system, particularly those whose interests had not been protected sufficiently during the reforms such as trade unions and mass organizations, also exerted pressure to expand their access to the policy-making process. Hence, notwithstanding periodic efforts to re-centralize Party
control over policy-making, as happened briefly during the post-
Tiananmen period, there have been several unmistakable trends
towards decentralization over the last twenty years. These include:
a greater role for law-making as a form of policy making; more
institutionalized influence for the lower level policy making offices of
the State Council and NPC apparatus; an increasingly broad
spectrum of views which are considered acceptable in policy making
forums; broadened and deepened access to the legislative system
and incorporation of increasingly serious and influential actors
within the policy-making institutions.

Over the last twenty years, the policy formulation process in
contemporary China has developed a politically sophisticated
process, which can no longer be considered as a unified, top-down
policy making system. On the other hand, it is better thought of as
a multi-stage, multi arena process. Each policy proposal moves
through several stages and sub-stages before its promulgation. The
first stage in this process is the stage of policy initiation comprising
of two sub-stages--agenda setting and inter agency bargaining. The
next stage is the policy approval stage, which includes the NPC
review, passage and top leadership approval in principle. The final

35 This multi-stage view of policy making process is influenced and inspired by
Murray Scot Tanner's multi arena view of law-making. See Murray Scot
Tanner, "The Legislative Process" in Pitman B. Potter (ed.) China's Domestic