

Methods and Characteristics of Political Participation by Private Entrepreneurs --- A Case Study of Zhejiang Province

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This study is one of the research achievements of the project "characteristics and approaches of political participation by the new social stratum --- a case study of Zhejiang" in Zhejiang Gong shang University in 2009.

Abstract

With continuous expansion of the team of private entrepreneurs in Zhejiang Province, strengthened economic power of private entrepreneurs and improvement of their comprehensive quality, the methods of political participation by private entrepreneurs in Zhejiang Province is also continuously enlarged. Political participation is mainly reflected in the three methods of institutionalization, de-institutionalization and non-profit participation. At present, political participation of private entrepreneurs in Zhejiang Province has three characteristics, namely, strengthened political participation consciousness, utilitarian motive of political participation and limited functions of political participation.

Keywords: Zhejiang Province, Private entrepreneurs, Political participation

Since the Reform and Opening up in China, with continuous expansion of the team of private entrepreneurs in China and obvious strengthening of their economic strength, political participation by private entrepreneurs has aroused gradually great attention. As a province in which the coastal economic development is rapid and there are a large number of private enterprises, Zhejiang's private entrepreneurs' political participation especially stands out.

1. Status quo of growth of private entrepreneurs in Zhejiang Province

1.1 Continuous expansion of the team of private entrepreneurs

According to statistics by State Administration for Industry and Commerce, private enterprises in China in 2006 continued to keep a stable and rapid development condition and the number of registered private enterprises, the number of private entrepreneurs, the number of employees and the total amount of registered capital all increased to a large extent. By the end of 2006, there had actually been 4.981 million private enterprises, 0.68 million more than that in 2005 and with a growth rate of 15.8%, and a growth rate of 104.56% than 2002. During the same period, the number of private entrepreneurs in Zhejiang had already exceeded 0.406 million. Considering the historical development condition, the number of private entrepreneurs in Zhejiang Province in 2001 was 0.2088 million, 0.2473 million in 2003, and 0.3021 million in 2003, with a growth rate of respectively 17%, 18% and 22%. Not only that the team of private entrepreneurs has been expanded, but that the growth scale and extent in Zhejiang Province is higher than the average level all over the country.

Insert Table 1 Here

1.2 Strengthened economic power of private entrepreneurs

By the end of 2006, the total amount of registered capital of private enterprises across the whole country had been 7602.85 billion Yuan, with a growth of 1469.74 billion Yuan than in 2005 and a growth rate of 24%, and increased 209.36% than in 2002. The total amount of registered capital of private enterprises in Zhejiang Province ranked the fourth in the whole country. The first six provinces were respectively, Jiangsu (970.71 billion Yuan), Guangdong (842.85 billion Yuan), Shanghai (813.97 billion Yuan), Zhejiang (693.67 billion Yuan), Shandong (526.05 billion Yuan) and Beijing (369.86 billion Yuan). The total amount of registered capital in these six provinces and municipal cities totaled up to 4217.11 billion Yuan, accounting for 55.47% of the total registered capital of private enterprises all over the country. The registered capital of private enterprises in Zhejiang was almost 10% of all and had the tendency for increase.

1.3 Improvement of the comprehensive quality of private entrepreneurs

The United front Work Department of CCCPC, National Association of Industry and Commerce, State Administration for Industry and Commerce and CPEA jointly constituted a research group to made a sample survey for seven times in 1993, 1995, 1997, 2000, 2002, 2004 and 2006 on registered private enterprises all over the country in terms of the proportion of urban and rural distribution, proportion of industrial distribution and proportion of production and operation scale. From the survey data, we could find out the distinct feature of occupational structure changes before Chinese private entrepreneurs initiated their business. That is, the proportion of the following free lances gradually increased: cadre, technician and supply and marketing clerk, increasing from 34.1% to 67.5%, whereas the proportion of the following free lances gradually declined: farmer, worker and server, declining from 50.0% to 28.7%. As for the current educational degree, the proportion of those with college and above educational degree gradually increases, increasing from 17.2% to 49.3%, whereas the proportion of those with educational degree under junior high school and below gradually declines, declining from 47.0% to 14.1% (See Table 2).

Insert Table 2 Here

Comprehensive quality of private entrepreneurs has always been continuously improved, and with increasing fierce competition in recent years in Zhejiang Province, one of the provinces which have an earlier development of private enterprises, the comprehensive quality of its private entrepreneurs has also got great improvement.

2. Methods of political participation by private entrepreneurs in Zhejiang Province

Current political system in China has certain vigor and admission space, so private entrepreneurs possess some constant participation channels within the existing system. Simultaneously, private entrepreneurs in Zhejiang Province can participate in politics by informal means, which belong to de-institutionalized participation. There are also some private entrepreneurs who don't take direct participation in political life, but participate through some non-profit activities.

2.1 Institutional political participation

For the time being, political participation enthusiasm of private entrepreneurs in Zhejiang Province is being gradually increased, and the government also attaches great importance to political appeal of the public, which formulates a bilateral interaction. Specifically speaking, there are mainly the following several kinds of institutionalized political participation by private entrepreneurs of Zhejiang Province in the system. Firstly, they may choose to join in the Communist Party of China. Since the reform and opening up in China, enthusiasm of private entrepreneurs to join in CPC has exhibited a tendency of increase. According to the sixth survey on private enterprises, among private entrepreneurs, the proportion of the Communist Party had achieved 33.9% (Zhu Guanglei, 2007). Especially after the Talk on July 1st by Jiang Zemin in 2001, more private entrepreneurs applied to join in the CPC. Two months after the Talk on July 1st, the number of private entrepreneurs who applied to join in CPC in Zhejiang Province attained more than 4 thousand. Expansion of the number of those private entrepreneurs who joined in the CPC is favorable to expand foundation of administration by CPC and it is helpful for political stability to bring the newly emerging elites in development of the society into the system of CPC.

Secondly, private entrepreneurs may choose to enter the National People's Congress, the Chinese People's Political Consultative Conference or Federation of Industry and Commerce. Some excellent private entrepreneurs have entered the National People's Congress, the Chinese People's Political Consultative Conference and Federation of Industry and Commerce under recommendation and arrangement of the Communist party and the government, which is also the most effective and direct approach for private entrepreneurs at present to participate in politics within the scope of the system. The National People's Congress is the organ of supreme power; the Chinese People's Political Consultative Conference is the organ in which several parties cooperate under direction of the Communist Party with political consultation and democratic supervision; Federation of Industry and Commerce is an important bond for the Communist Party and the government to get in touch with those supporting non-public sectors of the economy, offers support for the country to administer private enterprises and plays a role of bridge among the Communist Party, the government and enterprises. Private entrepreneurs are able to express their own political viewpoints and make clear their interest appeal by participating in political and social activities through these organs. It is indicated by survey of relevant departments, the number of private entrepreneurs in Zhejiang Province who take part in the National People's Congress, the Chinese People's Political Consultative Conference and Federation of Industry and Commerce at all levels exhibits an increasing tendency in recent years.

Thirdly, private entrepreneurs may choose to intervene in grass roots politics. As a system for development of grass roots democracy, villager self-administration has played an important role in rural areas. At present, there are a lot of private entrepreneurs in Zhejiang Province who take up the post of village officials. When some township private entrepreneurs become rich, they would like to participate in election of village officials as an able person with competence and ambition in local areas. They take part in the election by virtue of their personal economic power and resources or in the name of themselves under support of a group, and they would do some practical matters for villagers after being elected. Since some people are abundant in economy, they hope that they can obtain a good reputation in local areas to glorify and illuminate their ancestors, so they may perform their duty honestly during their term of office, make some practical contributions to economic development of their hometown and play an active and important impetus role for economic development. In Chinese rural areas, the effect of "able person economy" can not be underestimated. So far, there have been a lot of examples in Zhejiang Province that after private entrepreneurs become prosperous first, they return on investment in their hometown to stimulate local rural economic development. (Guan Qiancheng, 2009)

2.2 De-institutionalized political participation

De-institutionalized political participation is also termed as informal political participation. This sort of political participation occurs outside standardized political participation channels. When institutional guarantee is deficient and demand of participation is strong yet unable to be satisfied, informal political participation will take an active effect. There are three major methods in de-institutionalized political participation by private entrepreneurs in Zhejiang Province.

Firstly, private entrepreneurs establish non-governmental associations and other organizations. In order to coordinate relationship, some private entrepreneurs in Zhejiang Province may collect capital and open the market to set up some trade associations or commercial associations. These organizations can realistically reflect interests and demand of private entrepreneurs and may form constant public support and increasing influential force. Quite a large number of leaders from grass roots commercial associations and trade associations are thus arranged to enter the National People's Congress, the Chinese People's Political Consultative Conference and Federation of Industry and Commerce at all levels to take up a post and turn to be an important power in participation in and deliberation of state affairs. Through establishment of non-governmental associations and organizations, influential force of private entrepreneurs gets further expanded. Furthermore, private entrepreneurs may express their political appeal through these associations and organizations to form power of the public, which is favorable to better maintain interests of private entrepreneurs.

Secondly, private entrepreneurs establish good personal relations with officials of the Party at all levels. Private entrepreneurs can build more favorable conditions for development of their enterprises by means of personal contact with officials and establishment of good personal relationship. Under the circumstance when regular participation channels are deficient and when organization and operation mechanism is weakened, relationship becomes a means that influences politics and political decision making. (Heberer, 2003). Moreover, this kind of good personal relationship might affect some decision makings by the government, in which way private entrepreneurs can get assistance in some aspects. Thus, in the economically developed Zhejiang Province, personal relationship between private entrepreneurs and officials of the Party at all levels is quite extensive.

Thirdly, de-institutionalized political participation by private entrepreneurs in Zhejiang Province also has a new form --- online political participation. Online political participation refers to the behavior of private entrepreneurs by means of resorting to the Internet to make known their interests and take part in decision making so as to influence political process. Some private entrepreneurs have received good education and those who have frequent access to Internet may choose online political participation to express their political viewpoints and political appeal. Furthermore, with popularization of Internet, more and more private entrepreneurs may choose Internet to take part in politics. Influences of online political participation by private entrepreneurs in reality are quite obvious and have promoted improvement of governmental administration and have infused new vitality and momentum for development of democratic politics in China.

2.3 Non-profit political participation

Political participation all has a common purpose, but has different orientations. Political participation by private entrepreneurs is not all for their own interests. There are quite a large number of people who are dedicated to enhance social interests, and after they become rich, they also bear in mind their responsibility for the society and try to return on investment in the society, which is non-profit political participation. In recent years, public welfare establishments development in Zhejiang Province has been rapid. Quite a lot of private entrepreneurs respond to calling of the government to take part in social public welfare establishments and make investment,

assist impoverished students and initiate hospitals in former revolutionary base areas, areas inhabited by minority nationalities, remote and border areas and poverty-stricken areas, through which they expand their own influential force. Especially after the Wenchuan Earthquake in 2008, lots of private entrepreneurs took an active attitude to donate funds and supplies and support the disaster rescue and re-construction job in disaster-stricken areas, which fully embodied their patriotic sentiment to show care for the world. (Guan Qiancheng, 2009)

3. Characteristics of political participation by private entrepreneurs in Zhejiang Province

As a group with strong economic power, private entrepreneurs in Zhejiang Province have their own characteristics in their political participation.

3.1 Strengthened political participation

The Fifteenth National Congress established that “non-public sectors of the economy is an important component of socialism market economy”; the Sixteenth National Congress confirmed that all new social strata “are constructors of socialism with Chinese characteristics”; the Seventeenth National Congress further stipulated that “we should expand orderly political participation of citizens at all levels and in all fields and mobilize and organization as extensively as possible to manage pursuant to the law state affairs, social affairs and to manage economy and culture.” Measures by CPC to define non-public sectors of the economy and new social stratum and to expand orderly political participation of citizens have laid political foundation for political participation by private entrepreneurs. Therefore, at the very start, private entrepreneurs had strong awareness of equality, competitive awareness, cooperative awareness, contract awareness, rights awareness and legal awareness, which constitute the psychological foundation for their political participation. Thus, with strengthened economic power and improved social status, out of consideration of reflecting and maintaining their own interests and for request of fair treatment, fair competition and safeguard of legitimate rights, private entrepreneurs have increasing will and demand to participate in politics. Demand on this is more prominent among private entrepreneurs with higher quality and powerful economic strength. It was indicated by the seventh sample survey on national private enterprises, as an important component of new social strata, at the time when they made an attempt to make a difference in economy, private entrepreneurs also took interest in political participation. 28.8% of private entrepreneurs believe that, “it is the most urgent to try to become a deputy to the NP and a member of the Chinese People’s Political Consultative Conference”. (Guan Qiancheng, 2009) However, consciousness of political participation among private entrepreneurs in Zhejiang Province is stronger, since some participants at an earlier period suffered from political attack and persecution in Zhejiang, an area in which private enterprises were developed earlier. The well-known “eight magnates” (Note 1) in private enterprises in Zhejiang Province were accused of the crime of illegal speculation and profiteering. Hence, private entrepreneurs in Zhejiang Province have deeply conceived the importance to maintain and express their interests demand through political participation, and their enthusiasm in political participation is stronger.

3.2 Utilitarian motive of political participation

Political participation refers to the behavior in which citizens participate in the national political life by certain methods and channels to attempt to influence political progress. The fundamental pre-condition that contributes to possible modern political participation is the highly developed economy. Thus, according to Weber, a highly developed nation in terms of economy was necessarily a “political nation”. That is to say, it would necessarily have to develop a relatively developed political process and political mechanism to enable all social public to take part in the national politics (Han Shuifa, 2000). Just as what Professor Cai Dingjian from China University of Political Science and Law emphasized, quite a lot of low-born private entrepreneurs had shared favor of “businessman with an official background” in practice and interests drove and stimulated them to long for the identity of “bureaucrat capitalist” in its real sense. (Zhang Jingping, 2004) In 2007, the United Front Work Department of Zhejiang Province conducted a questionnaire which showed that, there were 48% of subjects selected “quite obvious effect” when they were asked “whether your political identity has anticipated positive effect on the development of your enterprise”, 27% of subjects selected “yes, but not obvious”, and there were altogether 75% of the both. Similarly, in the questionnaire survey made by the United Front Work Department of Zhejiang Province to all private entrepreneurs in the province in July 2004, there were 47.6% of subjects selected “Adding to channels to reflect and realize the appeal to our own interests” when they were asked “What is the purpose of participating in non-governmental associations and organizations”, whereas only 32% of subjects selected “Improving our own political and social status”. In the questionnaire survey made by the United Front Work Department of Zhejiang Province in July 2004, most subjects selected “Helpful for development of the enterprise” when they were asked “What is the major purpose to participate in politics”, accounting for 59%. Thus, generally speaking, motive of private entrepreneurs in Zhejiang Province to take part in politics is of

strong utilitarian color. They take part in politics in the hope of protecting economic interests, improving social status and building a good environment for enterprise and individual development. This also fully proves that, at present, our standard on the opportunity, method and channel to express economic and political interests is still not perfect enough.

3.3 Limited functions of political participation

Generally speaking, although there are many methods for private entrepreneurs in Zhejiang Province to take part in politics and their enthusiasm in the participation is high, functions of private entrepreneurs to take part in politics are quite limited. Firstly, as for quite a large number of private entrepreneurs, political participation is not necessarily an urgent issue with respect to the economic development of enterprises. As what has been mentioned above, it has been discovered in the survey that what private entrepreneurs give priority consideration to is economic factor for their political participation, but has nothing to do with their longing for a democratic society. Secondly, political participation is not as directly or quantitatively reflected as economic development or production value of enterprises, and limited participation is lacking in essential impetus to private enterprises. Thirdly, there exists a certain gap between participation and democratic decision making, so some governmental departments cadres or principals not necessarily hold a supporting attitude towards that. Final is the cost issue of political participation by private enterprises. Many participants within the system hold a particular position, so they have to take part in all sorts of daily management affairs and with increase of the times to hold a meeting and complexity of democratic activity procedure, it will necessarily add to the working burden of private enterprises and may even beyond their capacity of the burden.

Of course, in China which has had a custom of feudal autocracy for more than two thousand years, for whatever reason, the value of political participation by private enterprises should not be underestimated. If the successful experience of developing economy of each private enterprise in Zhejiang Province as an elite, their style formed in democratic participation and their institutional innovation formed by their concentrating the public wisdom can be accumulated and institutionalized drop by drop, then contribution of political participation by private enterprises in Zhejiang Province to the democratic progress can be accumulated drop by drop too. This accumulative institutionalization is both an accumulative protection to democratic achievements and a basic route to establish socialism democracy.

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Note

Note 1. In the tide of "attacking serious economic crimes" in earlier 1982, the well-known "Eight magnates" incident occurred in Liushi Town, Leqing County, Zhejiang Province. "Eight magnates" refers to "catalogue magnate" (information specialized household), "second-hand goods magnate" (second-hand goods purchase and sale, specialized household of processing), "electromechanical magnate" (purchase and sale household in electric motors accessories), "magnate in mine accessories", "moulding magnate", "screw magnate", "coil magnate" and "purchase and sale magnate", and these eight people were individual operation specialized households most representative in Liushi Town. Among the eight specialized households, seven were sentenced with the crime of illegal speculation and profiteering and one was under the nationwide arrest warrant.

Table 1. Statistics of development condition of the number of private entrepreneurs over the years in Zhejiang Province (2001-2003)

Collected on December 31, 2003

Year	2001	2002	2003
Number of Enterprises (Ten thousand)	20.88	24.73	30.21
Annual growth rate (%)	117	118	122.16

Extracted from china Private Industry Yearbook (2002-200406)

Table 2. Occupational structure of private entrepreneurs before they initiated their business and their current educational degree (Unit: %)

Year		1993	1995	1997	2000	2002	2004	2006
Occupational structure before initiation of a business	Cadre, technician and supply and marketing clerk	34.1	37.2	28.1	37.4	44.9	63.1	67.5
	Farmer, worker and server	50.0	36.3	27.4	25.4	16.7	20.7	28.7
Current educational degree	College and above	17.2	18.4	20.2	38.4	38.4	51.8	49.3
	Junior high school and below	47.0	43.4	38.1	22.5	19.7	14.6	14.1

Data source: "Large-scale survey on China private enterprises (1993 -2006)" by National Association of Industry and Commerce, Beijing: China Industrial and Commercial Joint Publishing House, 2007.