

Allies of the State: Democratic Support and Regime Support among China's Private Entrepreneurs*

Jie Chen and Bruce J. Dickson

ABSTRACT This article examines the intensity and sources of Chinese private entrepreneurs' support for the current political system. The study presented here is based on data from a representative sample of private entrepreneurs collected from five coastal provinces in late 2006 and early 2007. In general, China's private entrepreneurs tend to support the current party-state and to be in favour of the status quo. Subjective values are far more important than CCP membership and relationship to the state in determining which capitalists are regime supporters. Among all the factors analysed in this study, democratic values, life satisfaction, evaluation of government policy performance and perception of official corruption play the most decisive roles in shaping private entrepreneurs' support for the incumbent regime. Only red capitalists who are former cadres are likely to be reliable supporters of the regime when subjective values are also considered; other ties to the state do not create support for the regime. The degree of regime support also exhibits considerable regional variation. These findings have important implications for the survival of the regime and for the role of private entrepreneurs in a potential political change towards democracy.

The emergence and growth of the private sector has been one of the most profound socioeconomic changes in China since the onset of post-Mao reform. From the early 1990s, the number of private enterprises increased by 35 per cent annually and now totals over five million. The private sector is the main source of economic growth in China: as of 2007 it contributed 66 per cent of GDP and 71 per cent of tax revenues. It is also the main source of new jobs: between 2002 and 2006, the private sector created almost 44 million urban jobs, whereas employment in state-owned and collective enterprises shrank by nearly 11 million.¹ As the private enterprises have gained increased prominence in the

* Research for this article was made possible by a grant from the National Science Foundation (SES-0550518). It was originally presented at the 2007 annual meeting of the American Political Science Association. We would like to thank Li Lianjiang and Melanie Manion for their valuable comments and suggestions. For their research assistance, we would like to thank Jeffrey Becker, Lu Chunlong, Huhe Narisong and Frank Tsai.

1 Liu Jie and Tong Hao, "Private companies playing a bigger role," *China Daily*, 29 January 2008; "More Chinese find jobs in private sectors," *Xinhua*, 6 October 2007.

national economy, private entrepreneurs have begun to play an increasingly important role in China's political life. Their economic and political statuses have been further enhanced and institutionalized by the constitutional protection of private property promulgated in 2003 (later put into law in 2007) and the Chinese Communist Party's (CCP) lifting of its ban on recruiting private entrepreneurs into the Party in 2002.

Because of their growing economic and political clout, it has been commonly anticipated in the West that private entrepreneurs will begin to promote political change and eventually a democratic system. But thus far, empirical studies have not supported this optimistic view. The findings from these studies suggest that China's entrepreneurs are generally status-quo oriented and not supportive of fundamental political change.² However, these studies are not definitive. Some are based on a single city or industrial sector; others focus on relatively large-scale firms; still others infer conclusions indirectly but do not test the proposition directly and systematically.

In this article, we present data from a representative sample of private entrepreneurs collected from five coastal provinces in late 2006 and early 2007 (see Appendix). We hope that using more inclusive data collected from the owners of private enterprises of various sizes and in areas of different levels of development will produce more conclusive findings about Chinese private entrepreneurs' support for the current political system and their potential to promote political change. We first lay out the theoretical rationale for capitalists' role in political change and the empirical findings of previous research in China, and then introduce and explain the findings of our own research. Our study highlights the impact of capitalists' relationship to the CCP, their basic political beliefs – especially the extent of their democratic values – and the local economic context on their support for the current political regime.

The Theoretical Context: Economic Development and Political Change

There is a large body of literature on the relationship between economic development and political change, and in particular the role of new social classes emerging as a consequence of economic development. Research on these topics

2 Jonathan Unger, "'Bridges': private business, the Chinese government and the rise of new associations," *The China Quarterly*, No. 147 (1996), pp. 795–819; Christopher Earle Nevitt, "Private business associations in China: evidence of civil society or local state power," *China Journal*, No. 36 (1996), pp. 25–45; Margaret M. Pearson, *China's New Business Elite: The Political Consequences of Economic Reform* (Berkeley: University of California Press, 1997); David L. Wank, *Commodifying Communism: Business, Trust, and Politics In a Chinese City* (New York: Cambridge University Press, 1999); David S.G. Goodman, "The new middle class," in Merle Goldman and Roderick MacFarquhar (eds.), *The Paradox of China's Post-Mao Reforms* (Cambridge, MA: Harvard University Press, 1999); An Chen, "Capitalist development, entrepreneurial class, and democratization in China," *Political Science Quarterly*, No. 117 (2002), pp. 401–22; Bruce J. Dickson, *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change* (New York: Cambridge University Press, 2003); Bruce J. Dickson, *Wealth into Power: The Communist Party's Embrace of China's Private Sector* (New York: Cambridge University Press, 2008); Kellee S. Tsai, *Capitalism without Democracy: The Private Sector in Contemporary China* (Ithaca: Cornell University Press, 2007).

in the Chinese setting has become more common over the past decade. However, there is no definitive consensus in the general or China-specific literature on the causal nature of the relationships among economic development, social change and political change, and on the role of new social classes in these changes.

Relationship between modernization and democracy

Scholars have long noted the close correlation between wealth and democracy. Few have questioned this well-established relationship, but many have engaged in a long and sometimes heated debate over the theoretical links between economic development and democratization.

Modernization theory has had enduring appeal, in part because of its clear and intuitive explanation of how economic development leads to political change.³ In its most basic form, modernization theory argues that countries develop by moving from an agricultural economy to industrialization and then to the development of a large service sector. As a consequence of these structural changes, a greater share of the population moves to urban areas, education levels increase, incomes and standards of living rise, and traditional beliefs and practices are replaced by more “modern” ones based on scientific rationality. These economic, social and cultural changes in turn provide the basis for the emergence and durability of democratic political systems.

Despite its intuitive appeal, many have questioned whether modernization theory adequately explains the link between development and democracy. In their test of the main insights of modernization theory, Adam Przeworski and Fernando Limongi found that the level of economic development was not a good predictor of the timing of democratization. The transition to democracy has been attempted at all levels of development, but the prospects for a stable and long-lasting democracy increase in wealthier countries. However, even authoritarian regimes remain stable at high levels of economic development.⁴ Although modernization has been challenged on both empirical and theoretical grounds, it continues to guide the thinking of scholars and even policy makers. In particular, it has been the basis for promoting economic development as a precondition for democratization.

3 Seymour Martin Lipset, “Some social requisites of democracy: economic development and political legitimacy,” *American Political Science Review*, Vol. 53, No. 1 (1959), pp. 69–105; Gabriel Almond and Sidney Verba, *Civic Culture: Political Attitudes and Democracy in Five Nations* (Princeton: Princeton University Press, 1963); Ronald Inglehart, *Modernization and Postmodernization: Cultural, Economic, and Political Change in 43 Societies* (Princeton, NJ: Princeton University Press, 1997); Larry Diamond, *Developing Democracy: Toward Consolidation* (Baltimore: Johns Hopkins University, 1999).

4 Adam Przeworski and Fernando Limongi, “Modernization: theories and facts,” *World Politics*, Vol. 49, No. 2 (1997), pp. 155–83; see also Ross E. Burkhardt and Michael A. Lewis-Beck, “Comparative democracy: the economic development thesis,” *American Political Science Review*, Vol. 88, No. 4 (1994), pp. 903–10. Boix and Stokes present a spirited rebuttal, but their study is based mostly on first wave democracies, whereas Przeworski and Limongi focus on the period between 1950 and 1990. See Carles Boix and Susan C. Stokes, “Endogenous democratization,” *World Politics*, Vol. 55, No. 4 (2003), pp. 517–49.

The role of new social classes

Scholars looking at democratic transitions tend to focus not only on general economic and social preconditions, but also more importantly on the actors who influence the process under certain conditions. These scholars have focused particularly on the formation and influence of new social classes, which are considered to foster political change towards democracy. Drawing on the experience of Europe and European settler countries, scholars have identified the emergence of the bourgeoisie and the urban middle class as key catalysts of democratization, as shown by Barrington Moore's oft-cited phrase "no bourgeois, no democracy."⁵ From a quite different perspective, Samuel Huntington made a similar observation. His analysis of the dynamics of authoritarian regimes found that their survival is threatened by the "diversification of the elite resulting from the rise of new groups controlling autonomous sources of economic power, that is, from the development of an independently wealthy business and industrial middle class."⁶ As these new elites acquired increased wealth and greater autonomy from the state, they were more inclined to demand greater involvement in the political system in order to protect and enhance their private interests. Indirectly, their increased political participation also created space for other groups to gain access to the political arena, further opening the political system.⁷

Other scholars, however, argue that democratization is not a natural result of economic growth; instead, it is a political process fraught with conflict and negotiations among major political forces and leaders. Most recent studies have found that capitalists are not inherently proponents or even supporters of democratization, but under certain sets of circumstances they can play a decisive role in either maintaining the status quo or facilitating political change. They tend to support authoritarian regimes when their material interests benefit from the regime's policies or when they fear that a new regime's policies would harm their interests, such as higher taxes to pay for new welfare programmes.⁸ But when they believe that the regime can no longer defend their interests or when they perceive that the strength of the opposition has reached a tipping point, their support for the status quo can change to opposition, thus helping trigger

5 Barrington Moore, Jr., *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World* (Boston: Beacon Press, 1996), p. 418.

6 Samuel P. Huntington, "Social and institutional dynamics of one-party systems," in Samuel P. Huntington and Clement H. Moore (eds.), *Authoritarian Politics in Modern Society: The Dynamics of Established One-Party Systems* (New York: Basic Books, 1970), p. 20.

7 See also Dietrich Rueschemeyer, Evelyne Huber Stephens and John D. Stephens, *Capitalist Development and Democracy* (Chicago: University of Chicago Press, 1992).

8 Leroy Jones and Il Sakong, *Government, Business, and Entrepreneurship in Economic Development* (Cambridge, MA: Harvard University Press, 1980); Guillermo O'Donnell and Philippe C. Schmitter, *Transitions from Authoritarian Rule: Tentative Conclusions about Uncertain Democracies* (Baltimore: Johns Hopkins University Press, 1986); Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman, OK: Oklahoma University Press, 1991); Sylvia Maxwell and Ben Ross Schneider (eds.), *Business and the State in Developing Countries* (Ithaca: Cornell University Press, 1997); Eva Bellin, "Contingent democrats: industrialists, labor, and democratization in late-developing countries," *World Politics*, Vol. 52, No. 2 (2000), pp. 175–205; Edmund Terence Gomez, *Political Business in East Asia* (London: Routledge, 2002).

political change. In countries such as South Korea, Brazil and Mexico, regime change was accompanied by the transfer of capitalists' support from the old regime to the new challengers.⁹

Private entrepreneurs and democratization in China

Based more or less on the aforementioned conceptual connection between economic modernization and democracy, some China scholars have offered optimistic predictions about the advent of democratization in China.¹⁰ Some have given quite precise timetables for such a transition. For example, Henry Rowen relied on straightforward projections of future economic growth to predict that China would be classified as “partly free” on the Freedom House scale of political rights and civil liberties by 2015, and then join the ranks of fully “free” countries by 2025.¹¹ Shaohua Hu expected China to be democratic by 2011 because most obstacles to democracy, primarily the underdeveloped economy, were breaking down.¹² Many scholars anticipate not only that economic development is leading towards democratization in China, but also that private entrepreneurs are likely to be agents of change in that process. Pointing to the fact that the number of private entrepreneurs and their economic and political influence has dramatically increased in recent years, these analysts argue that the entrepreneurs have become potential supporters or even advocates of democratization.¹³

Most recent empirical research (both survey and non-survey based) has not supported these hunches. These studies are less sanguine about the potential for economic development by itself leading to political change, or the potential of China's capitalists to support that change. While the economic reform policies promoted by the CCP have unquestionably fostered rapid and sustained growth, they have also created the kind of close, co-operative relations between state and business that tend to perpetuate authoritarian rule. As a result, these studies have found that China's private entrepreneurs are generally not supportive of efforts to bring about political change and do not hold demonstrably democratic values.¹⁴

9 Huntington, *The Third Wave*, pp. 67–68; Rueschemeyer, Stephens and Stephens, *Capitalist Development and Democracy*; Bellin, “Contingent democrats.”

10 See especially Bruce Gilley, *China's Democratic Future: How It Will Happen and Where It Will Lead* (New York: Columbia University Press, 2004).

11 Henry S. Rowen, “The short march: China's road to democracy,” *National Interest*, No. 45 (1996), pp. 61–70; “When will the Chinese people be free?” *Journal of Democracy*, Vol. 18, No. 3 (2007), pp. 38–62; see also the comments by Minxin Pei and Dali L. Yang in the same issue.

12 Shaohua Hu, *Explaining Chinese Democratization* (Westport, CT: Praeger, 2000).

13 Kristen Parris, “Local initiative and national reform: the Wenzhou model of development,” *The China Quarterly*, No. 134 (1993), pp. 242–63; Gordon White, “Democratization and economic reform in China,” *Australian Journal of Chinese Affairs*, No. 31 (1994), pp. 73–92; Gordon White, Jude Howell and Shang Xiaoyuan, *In Search of Civil Society: Market Reform and Social Change in Contemporary China* (Oxford: Oxford University Press, 1996); Baogang He, *The Democratic Implications of Civil Society in China* (New York: St Martin's Press, 1997).

14 Unger, “‘Bridges’”; Wank, *Commodifying Communism*; David S.G. Goodman, “The interdependence of state and society: the political sociology of local leadership,” in Chien-min Chao and Bruce J. Dickson (eds.), *Remaking the Chinese State: Strategies, Society, and Security* (London & New York: Routledge, 2001); Chen, “Capitalist development, entrepreneurial class, and democratization”; He Li, “Middle class: friends or foes to Chinese leadership?” *Journal of Chinese Political Science*, No. 8 (2003), pp. 87–100; Tsai, *Capitalism without Democracy*; Dickson, *Wealth into Power*.

Despite their valuable insights, these recent studies share several potentially serious limitations: most are not based on a representative sampling of private entrepreneurs; they do not take into account both regional variation in levels of development and differences in the size and scope of enterprises; their indicators of support both for the regime and for democracy are not theoretically comprehensive and methodologically robust; and they missed some key individual-level variables explaining entrepreneurs' attitudes towards both the current political system and a potential democratic future. In this study we introduce new survey data that are intended to address these theoretical and methodological issues.

Level of Regime Support among Chinese Capitalists

To evaluate the potential for China's capitalists to serve as agents of change, we must first understand their attitudes towards the current regime. In order to do this, scholars have identified several major components of the concept of regime support (or regime legitimacy). For Lipset, regime legitimacy is tied to affect for the prevalent political institutions in a society.¹⁵ David Easton sees regime legitimacy (or "diffuse support" in his original term) as affect *primarily* for values, norms and institutions of the regime.¹⁶ Combining these two approaches, Muller and Jukam locate three major operational components for the concept of regime legitimacy or regime support: "affect tied to evaluation of how well political institutions conform to a person's sense of what is right"; "affect tied to evaluation of how well the system of government upholds basic political values in which a person believes"; and "affect tied to evaluation of how well the authorities conform to a person's sense of what is right and proper behavior [or conduct]."¹⁷ In general, therefore, support for the current regime represents citizens' value conviction that the existence and functioning of the regime conform to their moral or ethical principles about what is right in the political sphere. Consequently, we believe that support for the current regime indicates the value congruence between private entrepreneurs and the regime. Furthermore, we believe that this value congruence serves as the foundation of the tie between the current party-state and private entrepreneurs in China.

Following Muller and Jukam's definition of regime legitimacy,¹⁸ we measure support for China's current political regime among private entrepreneurs by asking our respondents to assess seven statements as follows:

15 Seymour Martin Lipset, *Political Man: The Social Bases of Politics* (Garden City, New York: Doubleday and Co., 1981).

16 David Easton, *A Systems Analysis of Political Life* (New York: John Wiley & Son, 1965); David Easton, "Theoretical approaches to political support," *Canadian Journal of Political Science*, No. 9 (1976), pp. 431–48.

17 Edward N. Muller and Thomas O. Jukam, "On the meaning of political support," *American Political Science Review*, Vol. 77 (1977), p. 1566.

18 Their operationalized measure of regime legitimacy or diffuse support has been used in several cross-national and single-nation studies of political support, including some studies of political support in China. See, for example, *ibid.*; Edward N. Muller, "Behavioral correlates of political support," *American Political Science Review*, No. 71 (1977), pp. 454–67; Edward N. Muller, Thomas O. Jukam

1. I believe that the Communist Party represents my interests.
2. I believe that the National People's Congress represents and articulates the interests of the majority of the population.
3. I believe that the military is capable of defending the country.
4. I trust the police are able to enforce laws impartially.
5. I believe that the courts are impartial.
6. I support my country's political institutions.
7. I feel that my personal values are the same as those advocated by the government.

Respondents were asked to assess each of these seven statements on a five-point scale, where 1 represents strong disagreement with the statement and 5 strong agreement with it. These seven items were combined to form an additive index of a respondent's support for the current regime.¹⁹

Table 1 shows the distributions of these seven items. The overall results revealed that a clear majority of our respondents supported the current political regime. While it may seem these questions would elicit pre-programmed and politically correct responses, in fact the responses were not uniform. The percentages of those who either agreed or strongly agreed with the seven individual statements (which collectively measure regime support) ranged from a low of 63 per cent for item 5 regarding the court impartiality to a high of 94 per cent for item 2 about confidence in the armed forces; 86 per cent of the respondents expressed overall support for the current political institutions (item 6), but only 69 per cent felt their personal values were shared by the government (item 7). These results were reinforced by the fact that the mean score of this regime support *index* was 28, well above the midpoint of the 7–35 scale (21). This summary score for the index suggested that the respondents offered quite strong support for the political regime as a whole, or most of them considered the current regime legitimate. All in all, the results support those from recent empirical studies, as mentioned above, which suggest that in general China's private entrepreneurs tend to be supportive of the party-state and in favour of the status quo, but also that this support was not uniform. Our goal in the remainder of this article is to explain that variation in the level of regime support.

Sources of Regime Support among Chinese Capitalists

What explains the level of regime support among Chinese capitalists? To answer this question, we focus on two primary explanatory (independent) variables:

footnote continued

and Mitchell A. Seligson, "Diffuse political support and antisystem political behavior: a comparative analysis," *American Journal of Political Science*, No. 26 (1982), pp. 240–64; Jie Chen, *Popular Political Support in Urban China* (Stanford: Stanford University Press, 2004); Wenfang Tang, *Public Opinion and Political Change in China* (Stanford: Stanford University Press, 2005), ch. 3.

19 The mean of the interitem correlations of this set of items is .45; the reliability coefficient among these items is .83.

Table 1: Distribution of Regime Support among Private Entrepreneurs

	Positive responses ^c (%)	Mean	SD	No.
1. I believe that the Communist Party represents my interests (1–5) ^a	75.7	4.01	.834	2,055
2. I believe that the National People's Congress represents and articulates the interests of the majority of the population (1–5) ^a	84.4	4.16	.724	2,057
3. I believe that the military is capable of defending the country (1–5) ^a	93.7	4.40	.618	2,063
4. I trust the police are able to enforce laws impartially (1–5) ^a	64.5	3.80	.924	2,060
5. I believe that the courts are impartial	63.3	3.79	.916	2,059
6. I support my country's political institutions (1–5) ^a	86.0	4.17	.697	2,059
7. I feel that my personal values are the same as those advocated by the government (1–5) ^a	68.6	3.88	.825	2,029
Entire index (7–35) ^b	–	28.17	4.503	2,006

Notes:

^a Respondents were asked to assess each of these seven statements on a 5-point scale, where 1 stands for strong disagreement with the statement and 5 for strong agreement with it.

^b The seven items above were combined to form an additive index to capture a collective profile of respondent's regime support, ranging from 7 (indicating the lowest level of regime support) to 35 (indicating the highest level of regime support).

^c The percentage of positive responses is the combination of the percentages of those who "agree" and "strongly agree" with the questionnaire statement.

private entrepreneurs' political embeddedness in the party-state and their subjective orientations towards several important political issues. In general, we assumed, first, that regime support among private entrepreneurs is influenced by both their relationship to the party-state and certain key subjective orientations, and, second, that these political ties and subjective orientations influence capitalists' regime support even independently of some key demographic and socioeconomic contextual factors.

Political embeddedness

As the ruling party of China, the CCP is determined to maintain its monopoly on power and either co-opt or repress potential political threats. Our first hypothesis therefore is that the closer capitalists are tied to the state, the more likely they are to support the incumbent regime. We measure political embeddedness in three ways. First and most importantly is membership in the CCP. Rather than view the effect of Party membership as strictly dichotomous, we further distinguish between red capitalists who were formerly Party and government officials, state-owned enterprise (SOE) managers, or regular rank and file members; we also include those who have applied to join the CCP but have not yet become members. As Table 2 shows, about 6 and 8 per cent of our respondents were Party members who were former officials and former SOE

Table 2: **Distribution of CCP Membership among Private Entrepreneurs**

CCP membership	Percentage	No.
CCP members, former officials	7.9	161
CCP members, former SOE managers	10.3	211
Other types of CCP members	21.0	430
Applied to join CCP	8.4	172
Not CCP member	52.4	1,074
Total	100	2,048

managers, respectively. In addition, 21 per cent were rank-and-file members, while a little more than 8 per cent had applied for Party membership but had not joined the Party.

In general, we expect that red capitalists (CCP members) are more likely to support the regime than those who are neither CCP members nor interested in joining the Party. Furthermore, we expect that regime support will be higher among the Party members who were previously employed by the state – either as Party and government officials or as SOE managers – than those who were not employed by the state, since the former tended to have stronger and more extensive connections with the state apparatus. However, Kellee Tsai found that former SOE managers were more likely to be demanding of the state and less inclined to support the status quo.²⁰ This finding will be cross-examined against our survey data collected from five coastal provinces.

Our second measure of political embeddedness is membership in the All-China Federation of Industry and Commerce (ACFIC), an officially sponsored business association. Membership in this association is voluntary, and includes state-owned, privately owned and mixed ownership firms. Its members are considered the economic elite. This organization is embedded “within the system” (*tizhi nei* 体制内), and treated by the state as the core of the institutionalized connection between the party-state and private entrepreneurs. Thus, we expect members of the ACFIC to be more likely to support the regime than non-members. Among our respondents, 64.5 per cent belonged to this organization.²¹

In sum, we expect that the closer capitalists are tied to the state, the more likely they are to support the incumbent regime. This has also been a key rationale for the recruitment of entrepreneurs into the CCP and CCP-controlled organizations, and for its encouragement of Party members to “take the lead in getting rich” by going into private business.²²

20 Tsai, *Capitalism without Democracy*, p. 173.

21 Another measure of political embeddedness could be access to state bank loans. Lending to the private sector has not kept pace with its expansion and remains a sore point with many private entrepreneurs. Our questionnaire included several questions regarding bank loans (the percentage of start-up capital that came from bank loans, whether they had received bank loans to expand their businesses and the perceived difficulty in borrowing from a bank), but none was statistically significant.

22 Dickson, *Wealth into Power*.

Subjective orientations: political and social values

Drawing on earlier studies of both Chinese and non-Chinese settings, we examine whether certain political and social values enhance or undermine regime support. Specifically, we expect that respondents' satisfaction with their economic and social status and their evaluation of the state's policy performance will be positively related to regime support, while the strength of democratic values and perceptions of the severity of official corruption will be negatively related.

It has been argued by many scholars of democracy that individuals' satisfaction with their social and material lives is related to the stability of established democracies. As Samuel Barnes and his colleagues note in their empirical study of five democracies, "it is widely believed that a happy people give rise to a tranquil polity, and that the roots of political violence are often to be found in individual frustration."²³ Ronald Inglehart further points out that personal life satisfaction, as a cultural variable, is necessary for the development as well as maintenance of a democratic system.²⁴ More importantly, this argument has been supported by the finding from a study of an urban area in China that those who were satisfied with their social and material lives tended to be more likely to support democratic values and institutions.²⁵

Overall life satisfaction not only creates stability in democratic regimes, it can have a similar impact on authoritarian regimes. In his discussion on the link between life satisfaction and democratic stability, Inglehart also argues that "the same cultural factors that stabilize and sustain democracy can also stabilize authoritarian regimes," but he does not test this possibility.²⁶ Following a similar logic, Finifter and Mickiewicz found that "higher satisfaction with one's own life resulted in decreased receptivity to change" in their empirical study of the former Soviets' attitudes towards political change in 1989. Specifically, the results of their analysis showed that people who were more satisfied with their life tended to be more likely to support the current political regime but less likely to support democratic changes in which such key democratic norms as free speech and competitive elections were advocated.²⁷

While the argument by Inglehart and the findings by Finifter and Mickiewicz concern different types of regimes, they agree that high levels of life satisfaction

23 Samuel H. Barnes, Barbara G. Farah and Felix Heunks, "Personal dissatisfaction" in Samuel H. Barnes and Max Kaase (eds.), *Political Action: Mass Participation in Five Western Democracies* (Beverly Hills: Sage Publications, 1979), p. 381; see also Jacques J. A. Thomassen, "Economic crisis, dissatisfaction, and protest," in M. Kent Jennings, Jan W. van Deth *et al.* (eds.), *Continuities in Political Action: A Longitudinal Study of Political Orientations in Three Western Democracies* (New York: Walter de Gruyter, 1989), pp. 3–134.

24 Ronald Inglehart, *Culture Shift in Advanced Industrial Societies* (Princeton, NJ: Princeton University Press, 1990); Inglehart, *Modernization and Postmodernization*.

25 Jie Chen and Yang Zhong, "Defining the political system of post-Deng China: emerging public support for a democratic political system," *Problems of Post-Communism*, Vol. 45 (1998).

26 Inglehart, *Modernization and Postmodernization*, p. 166.

27 Ada Finifter and Ellen Mickiewicz, "Redefining the political system of the USSR: mass support for political change," *American Political Science Review*, No. 86 (1992), pp. 857–74.

are correlated with support for the incumbent regime, regardless of whether it is democratic or authoritarian. Accordingly, we expect that the level of life satisfaction among China's capitalists will be positively related to their level of regime support.

As seen in Table 3, most respondents in our survey were either satisfied or very satisfied with their material lives (80 per cent) and social status (64 per cent). If life satisfaction causes an attitudinal tendency to support the status quo regardless of whether the regime is democratic or authoritarian, we expect to find that those who are currently satisfied with their material and social lives will have stronger support for the current regime and therefore be less likely to support political change.

Several recent studies of policy evaluation in China suggest that citizens' evaluation of government policy performance is significantly and positively associated with their support for the current regime.²⁸ From this finding, we can infer that those private entrepreneurs who have a high evaluation of the government's policy performance are more likely to have favourable views towards the current regime.

The evaluation of the government's policy performance here refers to the assessment of the "outputs and performance of the political authorities."²⁹ To measure our respondents' level of satisfaction with the government's policy performance, we used eleven items linked to the following specific policy areas: controlling inflation, providing job security, narrowing the gap between rich and poor, improving housing conditions, maintaining social order, providing adequate medical care, implementing fair tax policy, providing welfare to the needy, combating pollution, protecting entrepreneurs' legal rights, and promoting growth of enterprises. A summary variable of policy support was derived from the respondents' answers on all eleven of these items. For each, respondents were asked to "grade" government policy performance based on the scheme commonly used in China's schools: that is, on a five-point scale, where 1 stands for failure and 5 stands for excellence. In order to capture a

Table 3: **Life Satisfaction among China's Capitalists (%)**

	Very satisfied	Satisfied	Not sure	Dissatisfied	Very dissatisfied	Total % (no.)
Are you satisfied with your material life at present?	7.9	73.0	11.5	6.8	0.9	100 (2,060)
Are you satisfied with your current social status?	3.1	61.2	25.4	9.4	0.9	100 (2,052)

28 Tang and Parish, *Chinese Urban Life under Reform*; Chen, *Popular Political Support in Urban China*.

29 David Easton, "A re-assessment of the concept of political support," *British Journal of Political Science*, Vol. 5 (1975), p. 437.

collective profile of the respondents' evaluation of government performance, the eleven items were then combined to form an additive index, ranging from 11 (indicating very poor policy performance) to 55 (indicating excellent policy performance).³⁰

Table 4 presents the results. These indicate that in general, private entrepreneurs were quite positive about government policy performance. Specifically, the mean scores for nine of the eleven items were above the "so-so" level (or point 3) (combating pollution and narrowing the gap between rich and poor were the two with mean scores below that level). This general finding was further confirmed by a mean score of 36 for the entire index, above the midpoint (33) of the index scale. These findings contrast with those from an earlier survey using similar survey items and measurement scale, which shows that ordinary people gave mediocre "grades" (below the "so-so" level) for most government policies.³¹ Such a contrast apparently reinforces a common observation that private entrepreneurs have benefited more from the current party-state's policies and hence tend to have more favourable views about the government than ordinary people.

There is a broad consensus among China scholars that the party-state has to a large extent relaxed its control over citizens' private lives during the post-Mao reform era, but also that this post-Mao regime remains far from democratic. The

Table 4: Evaluations of Government Policy Performance by Private Entrepreneurs

	Mean	SD	No.
1. Controlling inflation (1–5) ^a	3.55	.795	2,047
2. Providing job security (1–5) ^a	3.23	.806	2,063
3. Narrowing the gap between rich and poor (1–5) ^a	2.87	.914	2,061
4. Improving housing conditions (1–5) ^a	3.28	.852	2,054
5. Maintaining social order (1–5) ^a	3.40	.926	2,046
6. Providing adequate medical care (1–5) ^a	3.02	.937	2,049
7. Implementing tax policy (1–5) ^a	3.28	.835	2,054
8. Providing welfare to the needy (1–5) ^a	3.21	.834	2,049
9. Combating pollution (1–5) ^a	2.87	.975	2,061
10. Protecting legal rights of private enterprises (1–5) ^a	3.42	.816	2,052
11. Promoting enterprise development (1–5) ^a	3.62	.803	2,056
Entire index (11–55) ^b	35.78	6.63	1,979

Notes:

^a 1 to 5 are the numerical scores assigned to responses to each items in the government performance index: 1 = very poor, 2 = poor, 3 = so-so, 4 = good, 5 = very good.

^b The seven items above were combined to form an additive index to capture a collective profile of respondent's evaluation towards government performance, ranging from 12 (indicating the lowest level of government performance) to 60 (indicating the highest level of government performance).

^c The percentage of positive responses is the combination of the percentages of those who evaluated government performance as "good" and "very good" in the survey.

30 The mean of the interitem correlations of this set of items is .43; the reliability coefficient among these items is .81.

31 See Chen, *Popular Political Support in Urban China*, ch. 2.

CCP has by no means given up its insistence on one-party rule nor ceased its harsh repression of political dissidents.³² Overall, the current Chinese regime's norms and practices have thus far worked against most democratic norms and principles investigated, such as elections with multi-party competition and rights of free speech, demonstration and assembly. Thus, we hypothesize that those who support democratic norms and institutions are less likely to support the current undemocratic regime.

In this study, we conceptualize democratic values based mainly on the conceptualization developed by Gibson and his associates.³³ They suggest that the “democratic citizen is one who believes in individual liberty and who is politically tolerant, ... who is obedient but nonetheless willing to assert rights against the state, who views the state as constrained by legality, and who supports basic democratic institutions and processes.”³⁴ Following this conceptualization and drawing upon our field observations, we utilize a multi-dimensional variable to measure democratic support among China's private entrepreneurs. This variable has three subdimensions of democratic values that we believe are critical for democratization: support for competitive elections; support for a multi-party system (not the current one-party rule); and the valuation of individual liberty (rather than order).

To measure support for competitive elections, we employed two items. One refers to the multi-candidate election of key government leaders at various levels, while the other relates to expansion of competitive elections of leaders at the local level (governing committees in villages and urban neighbourhoods) to higher levels, such as governments of townships and counties. To measure views of multi-party competition, we used two items. One was designed to gauge respondents' support for multi-party competition; the other was intended to detect their views of the current one-party rule. Finally, to gauge the valuation of individual liberty, we fashioned three questions: two postulated a conflict between individual freedoms – such as rights to demonstration and organization – and social order, and one probed the absolute obedience to authority.

The results from these seven items are reported in Table 5. In terms of support for competitive elections, over 76 per cent of the respondents supported multi-candidate elections, while 80 per cent of them were in favour of electoral expansion. However, only a small minority were in favour of the existence of

32 Nathan, *China's Crisis*; Nathan, *China's Transition*; Suzanne Ogden, *Inklings of Democracy in China* (Cambridge, MA: Harvard University Asia Center, 2002); Wenfang Tang and William L. Parish, *Chinese Urban Life under Reform: The Changing Social Contract* (New York: Cambridge University Press, 2000); Chen, *Popular Political Support in Urban China*.

33 James L. Gibson, “A mile wide but an inch deep(?): the structure of democratic commitments in the former USSR,” *American Journal of Political Science*, No. 40 (1996), pp. 396–420; James L. Gibson and Raymond M. Duch, “Emerging democratic values in Soviet political culture,” in Arthur H. Miller, William M. Reisinger and Vicki L. Hesli (eds.), *Public Opinion and Regime Change: The New Politics of Post-Soviet Societies* (Boulder, CO: Westview Press, 1993), pp. 69–94; James L. Gibson, Raymond M. Duch and Kent L. Tedin, “Democratic values and the transformation of the Soviet Union,” *Journal of Politics*, No. 54 (1992), pp. 329–71.

34 Gibson, “A mile wide but an inch deep (?),” pp. 348–49. While this conceptualization is consistent with Robert Dahl's two criteria of contestation and participation, it is broader.

Table 5: Measuring Democratic Support

	Pro-democratic (%)	No.
<i>Support for competitive elections</i>		
Elections to governmental positions at all levels should be conducted in such a way that there is more than one candidate for each post (Agree)	80.4	2,053
Elections for local government at the village level could be expanded to townships/towns and districts/counties (Agree)	76.6	2,039
<i>Support for multi-party competition</i>		
A one-party system promotes economic, social and political development in China and is most suitable to China's current circumstances (Disagree)	13.2	2,062
If a country has multiple parties, it can lead to political chaos (Disagree)	28.4	2,061
<i>Support for individual liberty and sovereignty</i>		
Public demonstrations can easily turn into social disturbances and impact social stability, and should be forbidden (Disagree)	17.3	2,064
Social harmony will be damaged if people form non-governmental organizations (Disagree)	31.9	2,057
Government leaders are like the head of a family; we should all follow their decisions (Disagree)	39.9	2,053

Note:

The nature of the "pro-democratic" responses is shown in parentheses after each statement.

multiple political parties (28 per cent) and opposed the current one-party dictatorship (13 per cent). Finally, with respect to the valuation of individual liberty, less than one-third favoured individual liberties such as the right to demonstrate (17 per cent) and the right to organize (32 per cent) over the need for social stability. These findings indicate that when political freedom is pitted against potential social order, Chinese entrepreneurs decisively choose the latter. Similarly, a majority of the respondents (60 per cent) were willing to defer to the decision-making authority of government leaders almost unconditionally, reinforcing the findings from the other two questions in this category.

How strongly do private entrepreneurs in China support basic democratic values and institutions? The answer to this question according to our analysis is two-fold. On the one hand, private entrepreneurs support competitive elections of leaders. On the other hand, most do not support multi-party competition in Chinese politics or the rights to engage in public demonstrations and form non-governmental organizations (even though many enterprises have formed their own organizations) if asserting those rights would disrupt social order. The contradiction between these two findings prompted us to suspect that questions about support for competitive elections actually measured a political value dramatically different from or even unrelated to the other questions designed to measure democratic support. To verify this suspicion, we ran a factor analysis of all seven questions in Table 5. The results of the analysis indicated that there

Table 6: **Factor Analysis of the Questions for Support on Competitive Elections, Multi-party Competition, and Individual Liberty and Sovereignty**

Items	Factor 1: Multi-party competition and individual liberty	Factor 2: Competitive election
A one-party system promotes economic, social, and political development in China and is most suitable to China's current circumstances (Disagree)	.732	
Public demonstrations can easily turn into social disturbances and impact social stability, and should be forbidden (Disagree)	.703	
If a country has multiple parties, it can lead to political chaos (Disagree)	.678	
Forming various kinds of non-governmental organizations can easily damage social stability (Disagree)	.663	
Government leaders are like the head of family, and their decisions should be obeyed (Disagree)	.612	
Elections for local government at the village level could be expanded to townships/towns and districts/counties (Agree)		.861
Key leaders of the government at various levels should be elected through multi-candidacy election (Agree)		.853

Note:

Figures are factor loadings of .25 or larger from the varimax rotated matrix for all factors with eigenvalues greater than 1.0.

were two separate factors among these seven questions (see Table 6): one includes the two questions about competitive elections, while the other consists of the remaining five questions (two for multi-party competition and three for individual liberty).

These results confirmed our suspicion: that is, what the two questions about competitive elections actually measured was significantly different from the other questions on democratic support. Given the recent trends in local elections in China, it is easy to see why. The current electoral system is “competitive”³⁵ in that there is supposed to be more than one candidate for each government and people's congress post, but nominations are firmly controlled by the CCP and most candidates are CCP members.³⁶ However, the law allows single candidate elections for the most important government leaders, and this escape clause is the norm throughout China. Asking respondents if they supported competitive elections prompted them to consider the current policy, rather than a hypothetical democratic system. In contrast, the other five questions clearly

35 The terms, such “multi-candidate election” (*cha'e xuanju*) and “competitive election” (*jingxuan*) are also used in various government documents to regulate elections under the one-party system.

36 Roderick MacFarquhar, “Provincial people's congresses,” *The China Quarterly*, No. 155 (1998); Kevin J. O'Brien, “Agents and remonstrators: role accumulation by Chinese people's congress deputies,” *The China Quarterly*, No. 138 (1994); Melanie Manion, “Chinese democratization in perspective: electorates and selectorates at the township level,” *The China Quarterly*, No. 163 (2000).

directed respondents to think about political norms and systems (such as multi-party competition and individual liberty) that are dramatically different from the incumbent one-party authoritarian system. Thus, in the Chinese context, questions about competitive elections are conceptually and empirically different from questions about multi-party competition and individual liberty. To measure private entrepreneurs' democratic values, therefore, we combine only the five questions about multi-party competition and individual liberty to form an additive index.³⁷ This index is used in the multivariate analysis that follows.

Overall, these findings suggest that while private entrepreneurs like to check the individual leaders through competitive elections under the current one-party system, they do not support fundamental political change towards a democratic system characterized by multi-party competition and individual liberty. Moreover, the findings seem to support the arguments from some earlier studies that private entrepreneurs are not ready to support and participate in political changes favouring democracy.³⁸ Accordingly, we expect that democratic values will be negatively related to the respondents' regime support.

The rapid expansion of the private sector in China and the high economic growth rates it has fostered has also been accompanied by increasingly severe official corruption. Corruption has ranked at or near the top of the list of China's worst problems in most public opinion polls.³⁹ The general perception is that corruption among China's Party and government officials is widespread and getting worse, both in terms of the monetary value of the cases and the level of officials involved.⁴⁰ Although some businessmen view bribes and other forms of official corruption as a regular part of doing business, others find it unacceptable, because they are less able to afford the bribes, have less access to decision-makers or believe corruption is morally objectionable. More fundamentally, if capitalists come to believe that the state's commitment to economic development and the accumulation of private wealth is outweighed by the predatory demands of local officials, their support for the current regime may drop. As has been the case in other countries, growing discontent with corruption is likely to compel China's capitalists to withdraw support for the current regime.⁴¹

Many theorists of democracy suggest that while a democratic system does not guarantee the eradication of official corruption, it does provide citizens with some effective mechanisms to hold officials accountable. A democratic system in

37 The index of democratic values has a range of 5–25, a mean score of 13.5 and a standard deviation of 3.5. The mean of the interitem correlations of this set of items is .33; the reliability coefficient among these items is .74.

38 Pearson, *China's New Business Elite*; Tsai, *Capitalism without Democracy*; Dickson, *Wealth into Power*.

39 See, for example, Tang, *Public Opinion and Political Change in China*; Chen, *Popular Political Support*.

40 Andrew H. Wedeman, "The intensification of corruption in China," *The China Quarterly*, No. 180 (2004), pp. 895–921; Dali L. Yang, *Remaking the Chinese Leviathan: Market Transition and the Politics of Governance in China* (Stanford: Stanford University Press, 2004); Minxin Pei, *China's Trapped Transition: The Limits of Developmental Autocracy* (Cambridge, MA: Harvard University Press, 2006).

41 Bellin, "Contingent democrats"; Stephan Haggard and Robert Kaufman, *The Political Economy of Democratic Transitions* (Princeton: Princeton University Press, 1995).

China, as Yan Sun argues, could offer at least two meaningful mechanisms to check and prevent official corruption: “media exposure and periodic removal of corrupt officials through democratic processes [such as free election of leaders and impeachment].”⁴² Moreover, as Melanie Manion has recently found in her study of local democracy in rural China, the existence of democratic institutions such as democratic elections is associated with less perceived corruption, because these institutions “can be expected to constrain leaders.”⁴³ Since the current regime operates against these democratic principles and institutions, we expect that those who perceive that official corruption is widespread and getting worse are less likely to support the current regime.

As seen in Table 7, the capitalists in our survey were relatively sanguine about the severity and prevalence of corruption in their communities. Most respondents thought corruption was less severe than in the past, at least locally, and almost two-thirds thought only some officials were corrupt. Given the conventional wisdom that corruption is widespread and getting worse, these may seem unusual findings, but they are consistent with responses to a separate question in the survey. Asked to evaluate the government’s performance at combating official corruption, about 36 per cent answered poor or very poor, 40 per cent answered fair, and 24 per cent answered good or very good (this question is left out of the index evaluating the government’s performance to avoid multi-collinearity).

In summary, we expect that respondents’ subjective values will have contrasting effects: satisfaction with their material and social lives and the government’s policy performance will enhance their support for the regime, but stronger democratic values and dissatisfaction with official corruption will weaken it.

Table 7: **Perceived Severity of Corruption (%)**

	Getting better	About the same	Getting worse	Total (no.)
Compared to the past, is corruption in your county or city:	52.8	34.5	12.5	100 (2,066)
	Hardly anyone is involved	Some officials are corrupt	Most officials are corrupt	Total (no.)
How widespread do you think corruption and bribe-taking are in your county or municipal government? Would you say:	17.6	63.1	19.0	100 (2,066)

42 Yan Sun, *Corruption and Market in Contemporary China* (Ithaca: Cornell University Press, 2004), p. 213.

43 Melanie Manion, “Democracy, community, trust: the impact of elections in rural China,” *Comparative Political Studies*, Vol. 39 (2006), p. 305.

Sociodemographic attributes and socioeconomic contextual factors: control variables

Do private entrepreneurs' political embeddedness and subjective orientations, specified above, influence their attitudes towards the regime independently of some key demographic and contextual factors? To answer this question, we examine the potential impact of two sets of control variables. One set includes sociodemographic variables, such as gender, age, education and firm characteristics, and the other concerns the local economic context.

A large body of literature has found that sociodemographic variables may affect people's political attitudes.⁴⁴ This is mainly because, in both democratic and non-democratic societies, sociodemographic attributes affect political socialization processes, which in turn have a strong and lasting impact on people's attitudes towards the political regime. We therefore control for the age, gender and level of education of the capitalists in our sample. In addition, we include three other variables regarding the respondents' firms that may also be related to their support for the regime. The first is the size of the firm, measured by its sales revenue, which previous research in China has found to be a significant factor influencing the political behaviour and attitudes of firm owners.⁴⁵ This is largely because corporate issues (such as corporate tax, market expansion, relationship with the government and employment responsibility) vary with the size of the firm. Such issues may have an impact on firm owners' views about important political matters, including support for the current political system.⁴⁶ The second firm characteristic is the percentage of sales from exports. Higher levels of exports integrate capitalists into the global economy, making them more dependent on contracts with foreign customers than on the state. If they are less dependent on the state for their success in business, they should exhibit less regime support. The third characteristic is whether the firm was originally part of an SOE, which indicates a close connection to the state and should enhance regime support.⁴⁷ In our sample, 30 per cent of the firms were former SOEs, half of their owners were CCP members, and of them half were former SOE managers.⁴⁸

44 Chen and Zhong, "Defining the political system of post-Deng China"; Tang and Parish, *Chinese Urban Life under Reform*; Gibson and Duch, "Emerging democratic values in Soviet political culture"; Gibson, Duch and Tedin, "Democratic values and the transformation of the Soviet Union"; Chen, *Popular Political Support in Urban China*.

45 Dickson, *Wealth into Power*; Scott Kennedy, *The Business of Lobbying In China* (Cambridge, MA: Harvard University Press, 2005).

46 Guangjin Chen, "The class of private entrepreneurs in 1992–2004: growth of a new social class," in Zhang Houyi *et al.* (eds.), *A Report on The Development of China's Private Enterprises* (Beijing: Social Sciences Academic Press, 2005); Yuanqi Wang, "Understanding private entrepreneurs' political participation," *Journal of School of Socialism Studies* (July 2007).

47 However, Tsai's research found that former SOE managers were even more demanding than other capitalists, so it may be that familiarity with the regime is counter-productive in creating support for the regime. See Tsai, *Capitalism without Democracy*.

48 These figures correspond to the percentages of former SOEs among private firms and CCP members among SOE managers. According to a 2002 survey of the private sector sponsored by the All China Federation of Industry and Commerce, the Chinese Academy of Social Sciences, and other groups, 25.7% of private firms were former SOEs, and the heads of 50.7% of them were Party members. See http://www.acfic.org.cn/acfic/12_xw/xxzk/708_8.htm, and Xinhua, 13 November 2003.

The local economic context is measured in two separate ways: per capita GDP and the provincial setting. The central argument of modernization theory is that political values are directly related to the level of economic development: as societies become more prosperous people are less willing to accept an authoritarian regime and more likely to support democratic change.⁴⁹ Following this argument, we expect that the local level of economic development should influence private entrepreneurs' attitudes towards the status quo, with those in more developed regions being less likely to support the regime. We also include dummy variables for the five provinces in our study to capture local contextual factors not captured by GDP alone.

Results of the multivariate analysis

Table 8 presents multiple regression (OLS) models to capture the impacts of the independent variables specified above on private entrepreneurs' attitude towards the current regime. The first column shows the results when measures of political embeddedness alone are considered. As expected, CCP members and those who have applied to join have significantly higher levels of regime support than do capitalists who are not CCP members and are not interested in joining. The group with the biggest impact (as seen by its beta coefficient) is former cadres. Red capitalists who were formerly SOE managers and those who were regular Party members also have higher regime support than non-CCP members, although the difference is not as large as for former cadres.⁵⁰ Those who have applied to join the CCP but have not yet become members have a significantly higher level of regime support than the capitalists who are outside the CCP: even the aspiration to be embedded is correlated with regime support. Membership in the ACFIC, the official business association, is also positively correlated with regime support. However, the amount of explained variance (adjusted R^2) is rather small: these measures of political embeddedness account for less than 3 per cent of the variation in regime support.

The second column shows the results when subjective values are added in. The results show that all the subjective values have large and statistically significant impacts. Together, the subjective orientations increased the amount of explained variance in regime support by 33.8 per cent. Those with higher levels of life satisfaction are more likely to support the regime. This is consistent with the findings of Inglehart, and Finifter and Mickiewicz in other contexts, namely that life satisfaction correlates with regime support regardless of regime type. Similarly, those who have a positive evaluation of the government's performance

49 Lipset, "Some social requisites of democracy"; Inglehart, *Modernization and Postmodernization*.

50 Ideally, we should distinguish capitalists who were in the CCP before joining the private sector from those who were co-opted into the Party afterwards. Our questionnaire did include a question on this point, but because of unclear wording, one-third of Party members did not answer it. If we look only at the red capitalists who did answer this question, they were more likely to support the regime than non-CCP members, but there is no significant difference between those who were already in the CCP before going into business and those who were co-opted; however, the large number of non-responses may make this finding unreliable.

Table 8: Predictors of Regime Support among China's Capitalists

	Model 1			Model 2			Model 3		
	b	s.e.	beta	b	s.e.	beta	b	s.e.	beta
<i>Political embeddedness</i>									
CCP member, former official	1.686***	0.429	0.092	0.918*	0.316	0.050	0.780*	0.362	0.043
CCP member, former SOE manager	1.142**	0.387	0.070	0.657*	0.321	0.041	-0.326	0.347	-0.021
CCP, other	1.063***	0.297	0.086	0.254	0.247	0.021	-0.319	0.253	-0.026
Applied to join CCP	1.759***	0.420	0.098	0.777*	0.344	0.044	0.056	0.346	0.003
ACFIC	0.757**	0.242	0.072	0.076	0.202	0.007	0.306	0.220	0.030
<i>Subjective values</i>									
Life satisfaction				0.579***	0.078	0.149	0.586***	0.081	0.149
Government's policy performance				0.212***	0.016	0.285	0.138***	0.018	0.184
Democratic values				-0.425***	0.029	-0.298	-0.423***	0.030	-0.293
Corruption				-0.625***	0.092	-0.142	-0.738***	0.095	-0.169
<i>Individual and firm characteristics</i>									
Age							-0.009	0.014	-0.014
Gender							-0.176	0.315	-0.011
Education							-0.091	0.144	-0.013
Sales revenue							0.005	0.066	0.002
Exports (as % of total sales)							-0.010**	0.003	-0.063
Ex-SOE							0.256	0.218	0.024
<i>Local economic and political context</i>									
Level of development (per capita GDP)							0.000	0.007	0.001
Jiangsu							-1.195***	0.312	-0.105
Zhejiang							-2.893***	0.313	-0.245
Fujian							-4.006***	0.462	-0.226
Guangdong							-3.420***	0.345	-0.280
Constant	31.390***	0.206		28.326***	1.029		34.406***	1.323	
No. of observations	1888			1777			1537		
R ²	0.031			0.369			0.457		
Adjusted R ²	0.028			0.366			0.449		

Note:

* $p < .05$, ** $p < .01$, *** $p < .001$.

in specific policy areas are also more likely to support the regime. On the other hand, those who feel that corruption is widespread and serious are less likely to do so. This reinforces the CCP's concern with the plague of corruption: even when other variables are held constant, dissatisfaction with corruption undermines support for the regime. Most importantly, democratic values also reduce regime support: the higher the respondents' level of democratic values, all else being equal, the less likely they are to support the regime. The impact of this one variable is the largest among all the subjective values. In short, to the extent that the regime's pro-growth strategy has made capitalists satisfied with their overall life situation and the government's policy performance, it has also generated increased regime support; but those who supported democratic principles and who perceived severe and rampant corruption were more likely not to support it.

In contrast, when political embeddedness and political values are considered together, the impact of political embeddedness is reduced, as can be seen from the smaller standardized (beta) coefficients. Moreover, rank and file CCP members are no longer significantly different from non-CCP capitalists in terms of regime support, and ACFIC members are also not significantly different from non-members. These results suggest that the effect of these embeddedness variables is muted by the overwhelming impact of subjective values. In other words, subjective orientations are likely to play a more decisive role than embeddedness in shaping capitalists' attitudes towards the current regime.

The third column shows the results when the political embeddedness, subjective values and control variables are all combined together. The addition of the control variables increases the amount of explained variation in regime support by another 8.3 per cent, and the combined model explains almost half of the variation. Among the measures of political embeddedness, only one – Party members who used to be cadres – continues to have a significant but weak effect on regime support. This group of red capitalists was most embedded in the party-state before going into the private sector, and its previous relationship with the state continues to pay big dividends in generating regime support. In contrast, the other measures of embeddedness do not have any significant impact. However, all the subjective values remain significant predictors of regime support even when all else is constant: life satisfaction and approval of the regime's policy performance enhance regime support, while democratic values and discontent with corruption undermine it. Democratic values again stand out as the most important explanatory variable among the subjective values: even in the combined model, it has the largest standardized coefficient. In short, whereas the introduction of control variables watered down the impact of political embeddedness, subjective values remain strong predictors of regime support, with democratic values having the most important – and negative – effect.

Among the control variables, the individual and firm characteristics are not significant in the full model, with one exception: the more a firm relies on exports, the less its owner supports the regime. But the local context has a

dramatic effect: compared to Shandong, capitalists in other provinces exhibited lower levels of regime support. The farther south a province is – in other words, the farther it is away from Beijing – the lower the level of regime support, with the respondents in Guangdong having the lowest levels. We suspect, however, that the proper interpretation of the strong and significant impact of the local context is not simply about geography. Alan Liu has argued that the political culture in north China is more traditionalist and more supportive of the state, whereas in south China it is more modern, more oriented towards the outside world and therefore less attached to the state.⁵¹ An alternative explanation may be the level of foreign investment in Fujian and Guangdong, which makes the firms less dependent on the state for needed capital, and by extension may make them less beholden to the regime as a whole. Our data cannot directly address this question, and further research will be necessary to determine why provincial characteristics have such a dramatic effect on regime support. Finally, among the contextual variables, the level of local economic development does not have an independent effect on regime support, and falls just short of statistical significance even when the provincial dummies are omitted.

In sum, it is private entrepreneurs' subjective orientations that play the most critical role in determining their support for the regime. If the CCP can continue to generate high levels of life satisfaction and support for its policy performance, it will enhance capitalist support. But if capitalists become less satisfied with their own social and material lives and the ability of the government to deliver public goods, if discontent with the prevalence and severity of corruption deepens, and especially if democratic values become more commonplace, support for the regime is likely to decline. How well the CCP balances these countervailing trends will help determine whether China's capitalists remain supporters of the status quo or raise the potential for them to support the proponents of change. When subjective orientations, along with the control variables, are held constant, being former cadres has significant yet weak impact on the level of regime support, while other embeddedness variables fail to do so. This suggests that the Party's strategy by itself of co-opting capitalists and encouraging its members to go into the private sector has had only a marginal success in generating political loyalty among capitalists.

Implications and Conclusion

The results presented in this article address two critical and much debated questions among scholars. First, are China's capitalists, the major beneficiaries of economic reform, likely to support changes in the political system, or even serve as agents of political change? Our survey data are consistent with most previous empirical work on the topic, and make us pessimistic about this

51 Alan Liu, "Provincial identities and political cultures: modernism, traditionalism, parochialism, and separatism," in Shiping Hua (ed.), *Chinese Political Culture, 1989–2000* (Armonk: M.E. Sharpe, 2001).

outcome. The capitalists surveyed in this project showed a high level of regime support, and registered low levels of support for most measures of democratic values and institutions. Although strong majorities favoured multi-candidate elections of government leaders, they apparently prefer such elections to be confined within the current one-party system; most respondents did not support multi-party competition or expanding political participation to non-state actors. It is quite obvious that elections without other supporting institutions, such as the opening of multi-party contests and the guarantee of individual political rights, do not constitute a democracy. Thus, it could be said that most private entrepreneurs in China want a political system similar to what Larry Diamond calls a “politically closed authoritarian” regime, which resembles the current CCP regime.⁵² In this type of non-democratic system, elections may exist at various levels but are firmly controlled by the single, ruling party. In short, China’s private entrepreneurs support the current regime and hence are less likely to support any fundamental political change towards democracy.

The other main question addressed in this article concerns what factors influence capitalists’ orientation towards the incumbent regime. The more the capitalists are satisfied with the government’s policy performance and their material and social lives, the more they are likely to support the status quo. This is the wager the CCP is making: improved governance and living standards are designed to enhance popular support and as a result dampen demands for more fundamental political reform. However, as corruption continues to plague China, resentment towards it – even among the capitalists who help fuel the problem – may undermine support for the regime. Above all, it is the strength of support for democratic norms and institutions that predict the level of regime support. As these views become more prevalent, support for the CCP and its regime is likely to diminish. More importantly, it is the individuals’ subjective values far more than their CCP membership and relationship to the state that determines whether they are regime supporters. Only red capitalists who are former cadres are likely to be reliable supporters of the regime when subjective values are also considered.

Finally, the findings about the impacts of the control variables also provide some useful insights. We have found that none of the sociodemographic attributes, including gender, age and education, was significant. This finding suggests that, at least among this privileged sub-group of capitalists, socio-economic variables were nowhere near as influential as attitudinal factors in shaping their attitude towards the regime. Similarly, the size of their firms and the local level of economic development were not significant predictors of regime support when other explanatory variables were controlled for. But the local political and economic context did matter: regime support fell as the distance from Beijing grew. We have suggested this may be due to differences in the

52 Larry Diamond, “Thinking about hybrid regimes,” *Journal of Democracy*, Vol. 13 (2002), pp. 21–35.

overall political culture in the provinces in our sample or the presence of foreign capital, but more research will be necessary to determine why such a strong relationship exists between provinces and the level of regime support.

Without a fundamental change in their political values – particularly their level of democratic values – and a sharp deterioration in the government's policy performance, China's capitalists do not seem prepared to support political change. Rather than present a challenge to the CCP's continued domination of the political system, China's capitalists may prove to be a key source of support. But the conditions under which their support for the regime could waver are also clear: a decline in their overall life satisfaction, evaluation of the government's policy performance, assessment of the severity and prevalence of official corruption, and above all an increase in their support for democratic values and institutions. Whether they continue to be allies of the CCP in promoting continued economic development or transfer their support to new challengers, or even be agents of change themselves, will be a key element in the survival of the current regime.

Appendix: **Research Design**

The survey was conducted in five coastal provinces in China where the private sector is most developed – Shandong, Jiangsu, Zhejiang, Fujian and Guangdong – between late 2006 and early 2007. It was designed to capture firms of different sizes and types of operations, and in areas of different levels of development. Respondents were chosen through a multi-stage random sampling strategy. In the first stage, all county-level units (counties, county-level cities and urban districts, hereafter referred to collectively as counties) within each province were stratified according to their level of economic development (per capita GDP). The counties were divided into categories of high, medium and low levels of development, and then an equal number of counties from each stratum was randomly selected for the sample. In this sampling stage, a total of 40 counties was selected. In the second stage, the registered private enterprises within each selected county were ranked according to their level of fixed assets and grouped into industrial/commercial sectors (such as manufacturing, transportation, retail, food service), and then a roughly equal number of large, medium and small-scale enterprises in each major sector was randomly selected. A total of 2,300 enterprises was selected from the second sampling stage. At the final stage, one representative of each selected enterprise was interviewed. This representative had to be either the owner or one of the major investors. In this survey, 2,071 out of 2,300 questionnaires were completed, with a response rate of 90 per cent.

The survey questionnaires were administered in face-to-face meetings with the owner or main shareholder of the enterprise by officials of the local Industrial and Commercial Federation, a state-organized business association. The

surveyors were trained by faculty of the department of sociology of Renmin University, which was in charge of the overall implementation of the survey. The questionnaire was assembled by the authors in consultation with the research team of Renmin University.