

This article analyzes why it is that China, an authoritarian political system, has managed to generate more popular support for the reform process than India, a democracy. The authors argue that when local politicians and bureaucrats are more supportive of the reform process, there is likely to be greater popular support for economic reform. Local political elite may be more supportive of reform in an authoritarian than in a democratic system because the level of local elite support for the reform process is influenced by the incentives faced by local elite. In China, institutional reform changed the incentives faced by local elite, whereas in India, reforms have not been accompanied by institutional changes that would encourage local elite to support reform to the same extent as in China. The argument is based on local elite and mass surveys conducted in China and India in 1990 and 1996, respectively. A logit model, controlling for a variety of alternative explanations, provides evidence that local elite support is critical for explaining whether reforms are popular.

LOCAL ELITES AND POPULAR SUPPORT FOR ECONOMIC REFORM IN CHINA AND INDIA

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Attempts at economic reform in the 1990s have been more successful in some countries than others. These differences are often attributed to political considerations. China and India, the world's two most populous countries, have undertaken economic reform. By any account, China's economic reform has been far more successful than India's. This variance could be attributed to the different political systems in both countries; the

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distinction between China and India supports interpretations that point to the key role played by authoritarian regimes in fostering the move to a market economy. India's slow pace at reducing state intervention could then be seen as a result of its democracy and China's spectacular success attributed to the more authoritarian one-party rule. Achieving economic reform is easier in authoritarian than in democratic systems because, among other reasons, the opposition of a variety of political interests can be stifled and controlled more easily. This view is not, however, universally accepted. It is suggested that democracy too can be conducive to the development of sustained economic liberalization and "the common view that democracy is hostile to (economic reform)" is not supported (Stokes, 1996b, p. 516). Because there are prime examples of authoritarian systems in which economic reform has failed, and democratic systems in which it has been successful (Geddes, 1995, pp. 60-63), "all generalizations about the political feasibility of economic liberalization should be treated as tentative at this time" (p. 72).

There is, however, consensus among analysts of reform that popular support is necessary for ensuring the legitimacy of and sustaining successful economic reform (Haggard & Webb, 1995; Przeworski, 1996; Rodrik, 1996; Stokes, 1996a, 1996b). It is here that China and India differ unexpectedly. In India, popular support for reform is extremely limited (Yadav, 1996), whereas in China, a large majority of the population supports reform (Kelliher, 1992; Lieberthal, 1995). How is it that an authoritarian political system such as China's is able to generate greater popular support for reform than India, a democracy? Although there are no explicit theories offered to explain the variance between the Chinese and Indian cases, a number of explanations have been offered to account for popular support for economic reform. The most common set of explanations is based on individual incentives and notes that support for reform is based largely on how an individual perceives the benefits and costs of the reform process. Within this class of descriptions are those that rely on sociological variables such as income and/or education but whose explicit assumption is that those with higher income or better education are more likely to be supporters of neoliberal policies because they are direct beneficiaries of the reform or can see the future benefits of reform. Support for reform also can be tied to the incentives offered by a regime. Popular support for neoliberal policies is linked to the ability of a government to use economic policies to create a populist coalition supportive of the changes.¹

1. Alternative accounts point to the role of ideological predispositions, with those favoring a smaller role for the government more supportive of reform (Pereira, Maravall, & Przeworski, 1993). The difficulty with explanations of this sort is that ideological preferences and support for reform are virtually indistinguishable attitudes.

Although these explanations have merit, they do not provide a full picture of who supports the reform process, especially when it comes to explaining the difference between China and India. In this article, we argue that the variance in popular support for economic reform between China and India also may be attributed to the extent to which local political elite (bureaucrats and politicians in India and the cadre in China) are supportive of the reform process. In particular, the article notes that when local elite are more approving of the reform process, there is likely to be greater mass support for economic reform. Local elite may be more encouraging of reform in an authoritarian than in a democratic system because the level of local elite support for the reform process is influenced by the incentives faced by local elite. In China, institutional reform changed the incentives faced by local elite, whereas in India, reforms have not been accompanied by institutional changes that would encourage local elite to support reform to the same extent as in China. The local political elite are more material in political systems, such as those of China and India, where, because of the absence of independent associations, they are the key link between state and society. The extent of local elite support, we argue, not only explains the differences in popular support for economic reform between China and India but also accounts for differences in support for economic reform across regions in both countries.²

The article unfolds as follows. The first section discusses theories of popular support for economic reform. We then suggest that the local elite can play a large role in generating popular support for reform in some political systems such as those of China and India. The next section describes briefly the reform process in China and India and maps the different incentive structures faced by local elite in both countries. A brief summary of the mass and elite surveys carried out in China and India precedes the analysis, which shows that mass support for reform is tied to the extent to which local elite favor reform. The article concludes with some reflections on the politics of economic reform.

POPULAR SUPPORT AND ECONOMIC REFORM

Rodrik (1996) posed a key puzzle surrounding efforts at economic reform: If reforms are good for most people, why do they still generate widespread

2. Support for economic reform in China and India is geographically dispersed. Some locales in both countries are more supportive of reform than others. A more detailed discussion of this phenomenon appears later in the article.

resistance? Two sets of responses have been offered to this question. The first is that Rodrik's question is inappropriate insofar as it is not the masses but special interests that derail legislation dealing with economic reform (Haggard & Webb, 1995). Alternatively, it has been suggested that citizens could be myopic (Stokes, 1996b). Because economic reform carries with it short-term costs such as rising unemployment, falling wages, and higher prices on state subsidized goods, citizens do not focus on the long-term benefits of reform. The poor focus on short-term losses associated with economic changes and ignore long-term benefits. In a similar vein, sectors of the bourgeoisie may focus on short-term pains caused, for instance, by increases in interest rates. As a result, it is often difficult to generate popular support for economic reform. When citizens are myopic, as things get worse they will oppose both the reforms and the government that instituted the reform even further. Because no government, especially a democratically elected one, can afford such popular discontent, the reform process may be delayed or even abandoned altogether.³

Yet, despite the short-term pain associated with economic transformations, reform has been able to generate widespread support in many nations. A large class of explanations has been developed to account for this unexpected popular support for neoliberal policies. The common thread among these explanations is that support for reform is based largely on the economic benefits that the regime offers to social groups. Gibson (1997), in an examination of the Argentine and Mexican cases, and Moore (1997), in an extension to Sri Lanka, attribute popular support for reform to the ability of the government to build coalitions across social groups in the metropolitan and peripheral sectors of the economy through targeted policy measures. The peripheral component delivers electoral support to the government because the regime buys their support through patronage policies, whereas the metropolitan component offers the regime ideological and organizational resources precisely because of neoliberal reforms (Gibson, 1997; Moore, 1997). In Peru, the Fujimori government drew popular support in its successful reelection efforts of 1995 because it was able to offer targeted economic incentives to various segments of the population (Roberts & Arce, 1998).

Stokes (1996b) offers a different explanation for the extent of popular support for economic reform by suggesting that public support for reform is not simply a matter of myopia and that citizens have a range of responses to the economic issues raised by the reform process. In addition to myopia, three

3. Ellman (1997) offers a discussion of how populist pressures can derail reform. Because popular pressure can derail reform, it is important for the state to build support for its policy changes.

other kinds of economic responses are possible that can affect mass support for the government instituting the reforms. First, if the economy shows some improvement and if things are getting better but could soon improve even further, the masses support both reforms and the government in power. This response is dependent on an individual's perceptions about his or her present or future economic well-being. Two other responses that are not based solely on assessments of one's own economic position also are possible. In one such scenario, the masses blame all problems on the past and despite pessimism about the future they still support the reform program and the government—the antidotal posture. The populace may be concerned not only about itself but also about others, and this other-regarding attitude can influence whether there will be popular support for economic reform.

These formulations, particularly the latter two, offer a valuable extension to the myopia model of the extent of support for economic reform. However, they rest on a series of assumptions about the masses: that there is adequate information available on the economy to most voters; that voters rely on that information to make their judgments on whether economic reform should be supported; and finally, that support for economic reform is seen as primarily an economic question in which voters respond directly to the economic conditions, either their own or someone else's. More important, however, most of the arguments that are offered to explain the popular basis of economic change also rest on a very particular understanding of state-society relations. These arguments presuppose that the masses interact directly with the national state and hence their responses to national policy are not influenced by the interest of political actors, such as the local political elite, who may be critical in linking the state to society.

POLITICAL ELITE AND POPULAR SUPPORT FOR ECONOMIC REFORM

Economic reform in most cases is initiated by national-level political elite and most often without any mass pressures (Bates & Krueger, 1993).⁴ In the case of China, however, there is debate within the scholarly community on who initiated reform in China. There is evidence that in certain areas, reforms were initiated by peasants, tacitly approved by local cadres, and that these efforts came to the notice of national leaders (Kelliher, 1992; Zhou, 1996). The decision to move to an open market economy was, however, a result of a series of independent decisions made by the national elite (Shirk, 1993). A

4. A fuller discussion of the debate in China appears later in the article.

key element of the reform, regardless of its origins, is an alteration of the state's role in the economy. This entails a reconfiguration of the political relationships that embody the state. Because ruling politicians wish to remain in power, any changes in economic policy would have to meet the interests of particular political actors. First, political changes associated with the reform should be acceptable to major political actors, such as the bureaucracy, military, business interests (insofar as they rely on the state for rent seeking), labor unions, and agricultural interests (Haggard & Webb, 1995). Second, mass political support has to be obtained if reforms are to be sustained (Evans, Kaufman, & Haggard, 1992; Nelson, 1990). Third, the local elite—politicians and bureaucrats—who wield authority at the local level and can thwart economic reform also must be brought on board. A large body of research has examined the first and second set of criteria that are associated with economic reform (Cassen & Joshi, 1995; Evans et al., 1992; Haggard & Webb, 1995; Kohli, 1989; Nelson, 1990, 1994). In this article, we concentrate on the largely neglected role of local elite in sustaining the reform process and in influencing the extent of mass support for the reform process.

WHY LOCAL POLITICAL ELITE?

In some political systems, the actions of local elite are of considerable importance and can influence mass acceptance of, and involvement in, economic reform.⁵ Local elite are able to exercise greater influence in political systems such as China's and India's not only on account of their occupation of key positions in the bureaucratic and political structure (which is true in many nations) but because their position is enhanced by the absence of well-organized interest groups representing economic interests; hence, they are the key link between state and society. In China, local elite are very important in the day-to-day life of most Chinese because the party and bureaucratic structure provides them with influence over local areas (Montinola, Yinqi, & Weingast, 1995; Nee, 1991; Oi, 1992, 1995; Shue, 1988). Local elite in India also play a large role, especially in determining the beneficiaries of government benefits and in implementing state policy at the local level (Echeverri-

5. Economic reform is also introduced in conditions of uncertainty. In circumstances when "economists who advocate changes in macroeconomic policies are unable to determine their precise impact on specific interests . . . it is therefore to be expected that persons subject to economic policy reforms would themselves remain uncertain" (Bates & Krueger, 1993, p. 456). A consequence of this "uncertainty is that people can be persuaded as to where their economic interests lie; wide scope is left for rhetoric and persuasion" (p. 456). Zaller (1992) provides the clearest exposition on the role played by elite in influencing mass perceptions.

Ghent, 1993; Kohli, 1987; Mitra, 1992). In addition, the electoral process provides local politicians a key role in the political system insofar as they are critical to the mobilization efforts of political parties (Weiner, 1967).

In both China and India, the weakness of interest groups further enhances the power of the local elite as they become the key link between state and society. In China, the authoritarian political system, as in other authoritarian contexts, did not permit the organization of independent interest groups and there is little evidence that the reform process has in any way led to the emergence of independent interest groups as significant political actors (White, Howell, & Xiaoyuan, 1996).⁶ India, despite its democratic lineage, has not developed strong independent interest groups. Few Indians belong to associations. A 1991 postelection survey revealed that only 13% of the respondents were members of an association. Furthermore, whatever associations do exist—notably trade unions—are tied to political parties. Thus, despite the multiplicity of interest groups found in India, most are not very large or do not act as independent interest groups as in other settings. Independent business groups do exist in India in the large and medium to small sectors but they rarely operate as interest groups lobbying the government for policy change. Most policy decisions are still made on the basis of individual contacts (Kochanek, 1974, 1987; Namjoshi & Sabades, 1967).⁷ The absence of well-organized interest groups in both countries imparts the local political elite with greater importance than in societies with better organized interest groups, such as the United States, where interest groups lobby the national government directly for policy changes. These interest groups play an important role in linking the masses to the national state. In China and India, there are no such groups that link the populace to the national government. Any linkage between the national government and the masses occurs through the local political elite, cadres in China and politicians and bureaucrats in India.

Local political elite, then, are important political actors in China and India. Their support for state policy affects whether masses support economic reform. For instance, local elite in one area can actively promote policies that would bring about sufficient economic change so that the masses come to support reform. In another area, the local elite, wary of neoliberal

6. State employees, especially those belonging to state-owned enterprises (SOEs), are politically powerful but they do not yet constitute what would be understood as an independent interest group.

7. Rudolph and Rudolph (1987) point to the ephemeral nature of interest groups in India and characterize associational life in India in terms of demand groups. There is one exception in contemporary India—the Confederation of Indian Industry (CII). But the presence of one active interest group of industrialists does not imply that it can have a major influence on generating mass support for reform.

reform, do not support policy changes. Hence, there would be less reason for the masses to support reform. Because the local political elite can be so important, mass support for economic reform in both China and India, not surprisingly, varies by geographic region, with some regions in both countries less supportive of reform. In China, local elite support for economic reform in 1990 across townships varied with between 50% to 75% supportive of reform.⁸ Popular support ranged from 50% to 90% and was closely associated with the level of support expressed by the local elite. In India in 1996, the numbers fluctuated from 45% expressing support for reform in some districts to almost no one favoring reform in others. This pattern closely mirrored the attitudes of the local elite. In other words, the geographic basis of support for reform in both countries is tied to the extent to which local political elite are supportive of reform. In areas where the local elite are more supportive of reform, so are the masses. Although local elite are important in China and India, there is a key difference between the two countries on the role played by local elite in the reform process. Despite the fact that local elite are critical for mobilizing mass support in both countries, only in China were the incentives faced by local elite changed so that they too would be supportive of reform.⁹ Once the local elite came to be supportive of reform, the masses came on board.

ECONOMIC REFORM IN CHINA AND INDIA

China and India have undertaken well-publicized economic reform. India began its reforms in 1991 when the country faced a severe crisis: a 19% devaluation of the rupee, a serious credit squeeze, a sharp drop in foreign exchange reserves, 12% inflation, foreign private lending greatly reduced, and large fiscal deficits. As a result, gross domestic product (GDP) growth dropped to 0.8% per annum. Recovery measures were instituted, abetted by

8. Data on elite and mass perceptions of reform were drawn from the 1990 elite and mass survey conducted in China and the 1996 elite and mass surveys undertaken in India.

9. This is not to deny that the reform process can create a constituency across the nation that favors reform. Jackson, Jachlick, and Poznanska (1996) suggest that the reform process itself can enable economics and politics to occur simultaneously. For this to happen, however, reform has to generate a constituency supportive of the reform process. In China and India, despite the presence of this reform-minded constituency, local elite still play a large role for two reasons. First, in both states, it is still the local political elite who control access to state resources and hence play a large role in the extent of popular support for reform. Second, in India, the single-member, simple-plurality, electoral system forces local politicians to mobilize support within a limited geographic area. In China, because elections are still only local, that prevents the formation of significant cross-local coalitions so as to alter the preferences of the cadres.

governmental policies liberalizing the economy; the balance of payments improved; credit reestablished; the fiscal deficit reduced; and the economy restabilized. The government introduced a variety of measures to open up the economy, decontrolling foreign trade to some extent, reducing tariffs, and welcoming new investments, foreign and domestic. By 1992-1993 the annual GDP growth rate for India had increased to 5% and to more than 6% in succeeding years (Joshi & Little, 1996, p. 17). With the defeat of the Rao Congress government in 1996 and the transition to the left-of-center National Front, there has been some slowing of the reform process, although by the end of 1996, the growth rate stood at 6.5%.

In China, the central government's move to a market economy began in 1978 when Deng Xiaoping and other leaders reemerged after Mao's death and planned a new strategy of economic development aimed at sustained economic growth (Dernberger & Eckhaus, 1988, pp. 12-27). As a result, in the 1990s, China has had phenomenal growth ranging from 9% to 12%, a record that has meant that in the 1980s and the 1990s "China has been the world's fastest growing major industrial economy" (Lieberthal, 1995, p. 244). Although there are certain parallels between China and India (such as the high level of poverty, earlier erratic developmental eras, centralized control of the economic system, inefficiencies in public enterprises, and similar liberalization objectives), China's experience with economic liberalization seems clearly more purposive, comprehensive, sustained, and effective.

The question of who initiated the reforms in China, however, is a matter of some debate. Naughton (1995) suggests that in 1979 the central government decided to encourage rural enterprise so as to strengthen the rural collectives that were about to be demolished (pp. 147-148). Central policy makers did not, according to Naughton, see the far-reaching implications of this reform on the rest of the economy. Fiscal restructuring, which is the cornerstone of the success of the reform in China, was, according to Shirk (1993), a result of national initiative and national level politics, a position subscribed to by Yang (1996). This role ascribed to the central government squares with interpretations that see the state in China as operating "on the promise that it must dictate the terms of political activity . . . the people of China have not . . . experienced meaningful, sustained political participation . . . they have often been mobilized by political authorities to exert themselves for state-directed ends" (Lieberthal, 1995, pp. xv-xvi). Policy making in this line of thinking is exclusively the domain of China's leaders. Once the path of economic reform was chosen, however, the masses were informed about the policies and exhorted to take advantage of them (Deng Xiaoping told them that "getting rich is glorious") and were urged to invest in, or create, new enterprises and allowed to

keep their profits.¹⁰ In notable dissents, Kelliher (1992) and Zhou (1996) attribute the emergence of reform to the role of the peasantry. They observe that reforms were initiated by the peasants; the national government observed the success of those economic reorganizations and, as a result, adopted the well-known widespread economic changes. What is common to both positions, however, is the role of the local elite in the reform process. For Kelliher (1992) and Zhou (1996), the local elite were critical players in taking the reform to the national level, whereas for Naughton (1995), Shirk (1993), Oi (1992), and others, the local elite were crucial partners in successfully translating national policies to the local level. Not surprisingly, there is consensus in the scholarly community on China that the success of the economic changes is regional and this geographic basis to reform is a result of the role played by the local elite (Montinola et al., 1995).

India was a democracy before it moved toward economic reform. It has undergone different periods of economic development, ranging from strong state control with heavy emphasis on industrialization to sporadic relaxation of controls under Indira Gandhi, and later also under Rajiv Gandhi, which evoked opposition from the Congress Party's rank and file, Leftist intellectuals, the working class, and certain rural groups. This caused Rajiv Gandhi to abandon reform policies in the late 1980s and to return to his "socialist rhetoric" (Kohli, 1990, pp. 307-338).

With the establishment of parliamentary democracy and a competitive party system, elite were required to compete for public support. Leaders were supposed to keep in touch with the people (and Nehru even required national ministers to be rotated to the countryside periodically). Voting turnout by the 1960s was relatively high—60% or more in national elections. Gradually, however, observers of Indian politics began to be critical, even cynical, about the relevance of the public's role in the decision-making process. In 1976, Kothari wrote a long scholarly attack arguing that power had become centralized, the bureaucracy too entrenched, the party system undermined, and that a crisis of both distributive justice and system legitimacy had developed. Un-

10. In 1992, Deng's famous journey to the south "touched off an explosion of economic activity throughout China" (Lieberthal, 1995, p. 144). China has, however, emphasized the "mass-line" doctrine of Mao, which demanded that the cadres keep in constant contact with the masses and on all major policy shifts, such as the Great Leap Forward and the Cultural Revolution; more recently, with economic reform, local elite were incorporated as integral to the policy reform. In India, there was never any pressure to incorporate either the local elite or the masses in major policy shifts. Even the adoption of state-controlled, heavy-industry-led, economic development policy adopted in 1956 was a national-level decision reached without input from the local political elite.

der Nehru, he claimed the people had "a stake in the system." He said this was replaced by a "representative system [that] has become one of mere manipulation of electoral politics, which has no entry points for the really poor and needy" (pp. 13-29). Where the public fits into the economic reform process today, as in the past, is difficult to assess. Critics of the recent reforms note that the reforms have contributed little to the reduction of poverty and that the social benefits of reform have not been realized. Indeed, there is little evidence that the government has attempted to explain the reforms to the public. In an official paper put out in 1993, the government itself said,

The government needs . . . to educate the public continually . . . to put the rationale and importance of the reforms before the public. If this is not done, the reforms are likely to lose support as misunderstandings multiply and acquire cogency simply because no coherent rationale and defense of reforms is available. (Joshi & Little, 1996, p. 5)

Similarly, former Finance Minister Manmohan Singh, who was called the architect of India's new reforms in the Rao government, was quoted as admitting that the economic reform program had been launched in haste and "we did not have time to educate people about them" (*India Abroad*, 1996, p. 33). Similar observations were made by Myron Weiner, who noted that "when the economic reforms were introduced . . . the Central Government made no special effort to explain the new policies to the state governments . . . to members of the ruling Congress party, the opposition parties, or for that matter to the wider public. . . . To say [economic reform policies] were adopted by stealth is too strong" but they were viewed as "politically risky" and thus were not clearly explained (Weiner, 1996, p. 6). Above all, many have noticed that in the recent national election of 1996, the Rao government appeared to have done little to appeal to the public for electoral support on the basis of its economic reform achievements (Yadav, 1996).

LOCAL ELITE AND ECONOMIC REFORM

As far as local elite are concerned, key differences emerge between China and India. The differential role played by local elite, particularly their relationship with the publics in their villages, townships, counties, or districts, may provide a large part of the answer to the puzzle of why support for economic reform in India is lower. Indian scholars have long referred to local leaders as important cogs in the Indian democratic system—as "link men" linking locality to state and national parties (Kothari, 1970; Weiner, 1967) or

as "crucial hinge groups" (Mitra, 1992, p. xiv) between the state and rural society. In India, however, local elite have often focused their mobilization efforts along community lines and issues of national economic policy have rarely, if ever, played a central role in the mobilization of mass support. Furthermore, economic policy has often been made at the center without any concerted effort to include either local elite or the masses. Local elite in India are less supportive of reform than those in China because the incentives that they face are different.

In China, the decentralization of fiscal authority and the ability of local elite to retain the revenues obtained through township and village enterprises (TVEs) led local elite to become active supporters of reform (Montinola et al., 1995; Oi, 1992, 1995).¹¹ This is not universal and there are areas in China where local governments have focused on trade barriers and aggressive anti-market policies (Montinola et al., 1995, p. 53). With the political decentralization that accompanied economic reform, the powers of local government have been enhanced (p. 52). Not only are local elite politically more powerful but they still retain control over resources at the local level, especially at the commune and brigade levels (Putterman, 1997, p. 1645).

In India, despite Mohandas Gandhi's emphasis on local government, local governments are not accorded any independent status; their existence as well as any power they may exercise is dependent on the state and national governments. State governments have not ceded authority to the local governments. For instance, in the southern Indian state of Karnataka, a local government act adopted by the state legislature in 1993 replacing a 1983 act reduced the local government's autonomy drastically (Krishnaswamy, 1993, p. 2185). At the national level, the government is also unwilling to cede authority and power to local governments. A constitutional amendment adopted in 1992 allows village assemblies to "exercise [only] such powers and perform such functions at the village level *as the Legislature of the State may by law, provide* [italics added]" (Lok Sabha Secretariat, 1992, p. 2).

A 1996 survey of local elite corroborates that the responsibility for local development devolved primarily to the central and state governments, not to the local government in India.¹² Only 28% of the respondents felt they had enough power to solve the problems faced by their block or *taluk*. Respondents also were asked if they had undertaken any projects or initiatives. Of the respondents, 70% said that they did not have the autonomy or initiative to take actions for the development of their block; 46% had also never participated in

11. Putterman (1997) also attributes the success of the township and village enterprises (TVEs) to the role of rural officials.

12. Details on the design of the survey appear in the next section.

discussions with senior officials or leaders about economic policy or economic development. When asked who made decisions in their area, less than 20% (72 out of 450) mentioned the district government either by itself or in conjunction with the state and central governments. Yet, 345 of the respondents (almost 80%) referred exclusively to state or central programs when asked who made decisions about the programs to be implemented in their area. Local elite, then, have little power or authority in most issue areas, and they have few discussions with central or state officials on local matters. The attitude of local elite, insofar as they see higher levels of government as key for local issues, is understandable given the minimal financial and political autonomy they have with respect to the state government.

This discussion points to a key difference between the role played by local political elite in China and India. In China, with the devolution of real authority to lower levels, the local political elite can initiate policy reform. In India, on the other hand, the power of the local politicians and bureaucrats is definitely more circumscribed, but they play a critical role in the implementation of the policies adopted by either the national or state governments. Local political elite can thwart reform insofar as they can intervene in the setting up of and operations of private enterprises.¹³

There thus appear to have been two contrasting strategies adopted by the national government in the involvement of the local elite in the economic reform process. In China, local elite were brought on board through a concerted effort at changing their incentive structures and ensuring that they saw the benefits of reform. In India, local elite were provided no incentives such that they would come to be as supportive of the reform process. They did, however, have the ability to thwart reform in their areas. One key question, then, is whether local elite influence the extent of popular support for economic reform.

DATA: ELITE AND MASS SURVEYS IN CHINA AND INDIA

To test this argument, we analyzed data drawn from two mass and elite surveys conducted in China and India.¹⁴ In India in 1996, we selected six states with considerable variation in economic indicators and party strength.

13. Businessmen and industrialists who were trying to set up new industry were quite clear that reform policies had not percolated to lower levels of the bureaucracy.

14. The design of the studies in India and China permits us to describe comparatively the state of public opinion because of the close similarity of the questions used. Furthermore, it permits a similar analysis of the factors that may explain the variance in levels of public support.

These were Maharashtra, Gujarat, West Bengal, Andhra Pradesh, Karnataka, and Uttar Pradesh. Together, they included 53% of the Indian population in 1991. These states ranged in per capita income (1990-1991) from 7,316 to 3,516 rupees, in per capita domestic product (1986-1987) from 1,039 to 607, and in percentage of population below the poverty line (1987-1988) from 52.2% to 43.6%; they also differed on a variety of other relevant indicators. In party strength in 1996, the percentage of parliamentary seats won by Congress ranged from 82% to 6%. Within each state we randomly selected from five to nine districts and within these districts 96 assembly districts, in which 2,851 successful interviews were conducted. In three of these states, we also interviewed a sample of local elite (presidents and vice presidents of blocks, elected members of local assemblies, local party organization leaders, and local administrators), a total of 450 respondents.

The China survey was done in 1990 in four counties (two in the north and two in the south) in which a probability sample of 20 townships was selected from different population and income strata, and within these townships a sample of 60 villages was selected. Local cadres from government and party were interviewed at the three levels of county, township, and villages in all 252 leaders. In addition, a mass sample of 1,270 respondents in these villages also was interviewed with questions identical to those used in the survey of cadres. The counties varied in population from 280,000 to 750,000. They also varied in the state of economic development. The total value of production (in 10,000 yuan) in 1986 ranged from 23,078 to 121,390. The annual per capita income (yuan) ranged from 544 to 919. The sample thus contained counties with considerable differences in economic status and income.

ELITE AND MASS SUPPORT FOR REFORM

An examination of the data on mass support for economic reforms identified a key difference between China and India. Popular support for the government's policies of economic reform is far more limited in India—less than 10% say reforms are a major success, compared to more than one third in China (numbers, we have noted earlier, vary by locale in both countries). A similar magnitude of difference appears in the attitudes of the respondents, in the mass sample, on the role of the government in the economy. Of the respondents in India, 80% favored direct government control, whereas 70% of the Chinese respondents opted for greater indirect government control. Although these differences in mass attitudes are large and significant, what is striking is the degree of congruence between the attitudes of the masses and the local elite.

Table 1 reports the data on mass and elite attitudes drawn from the Chinese and Indian surveys. Among those who had some knowledge of changes in government policy, approximately 50% of the respondents in the Indian mass and elite samples appraised the economic reform as successful compared with more than 90% (both the masses and the local elite) in China who supported the reform. This symmetry replicates itself across a whole set of issues. When asked if the reforms had beneficial or negative effects popular and elite support for reform was more limited in India. Attitudes on whether the reforms had led to rising prices and provided opportunity to a few to get rich also followed a similar pattern. Consonance between the masses and elite but dissonance across the two countries also appeared in ideological predispositions, especially as far as support for direct economic intervention by the government was concerned (see Table 1).

The data reveal two distinct differences between India and China. First, mass support for economic reform is lower in India and Indian elite are less supportive of reform than those in China. More important, however, the data provide explicit and unambiguous support for the large degree of congruence in the attitudes of masses and elite toward reform in both nations. What explains this lack of support for reform among Indians? One explanation would point to citizen orientations to politics. Those with low political interest and/or cynicism about political leaders and their programs, based at least in part on past experiences, may well have been turned off from politics, despite opportunities to be informed. There is some evidence of such low interest and high cynicism in our surveys but no clear evidence that the systems are very different in these respects. For example, only 22% of Indians are "very" interested in local elections, whereas 27% of the Chinese say they "pay a lot or some attention to government." A more appropriate measure may be the public's view of corruption in the two systems. A vast majority of Indians (80%) say that "hardly any" of the leaders are honest (compared with 57% in the Chinese study). This suggests that the Indian public may be far more suspicious of policy changes introduced by the political elite.

Do these differences, however, explain the extent of mass support in both countries or is it that mass support for economic reform is more limited in India because of the role of the local elite? We estimated a logit model to test whether the attitudes of local elite do indeed account for the extent of mass support for economic reform, especially in the face of other well-developed theories that link support for economic reform, such as the economic benefits associated with economic reform that accrue to an individual, the social class of the respondents, the ideological predispositions of people, or the extent of exposure to the mass media and the level of corruption identified by the respondents.

Table 1

Mass-Elite Congruence on Economic Reform Attitudes in China and India (in percentages)

	India ^a		China	
	Mass	Elite	Mass	Elite
Knowledgeable about reforms	15	63	77	100
Appraisals of success of reforms				
Major success	7	13	39	42
Some success	43	43	56	56
Evaluations of reforms				
Beneficial effects?				
Many or some	44	53	93	100
Negative effects?				
Many	25	23	5	2
Some	55	66	43	65
Impact of reforms (agree)				
Causes rising prices	65	53	62	46
Provides opportunity for only a few to get rich	83	72	48	34
Ideology				
Favor direct government control	70	84 ^b	29	25

Note: Items 2, 3, and 4 are based on the knowledgeable only. The other items are based on the total samples.

a. Based on data from the three states for which we have both mass and elite data.

b. 52% favor "major, direct control" and 32% favor "limited direct control."

EXPLAINING MASS SUPPORT FOR REFORM IN CHINA AND INDIA

The key independent variable for explaining the extent of mass support in our analysis is the extent of elite support for economic reform. The townships in China and districts in India in which the elite survey was carried out were arrayed along a dimension that ranked them on the extent of elite support for reform. The key assumption was that in townships (districts) in which elite were more supportive of economic reform, the masses too would favor reform. This ranking of townships (districts), from the most supportive elite to the least supportive elite, was incorporated into the mass survey as an independent variable. This was made easy by the fact that the surveys were designed such that masses and elite were sampled from the same townships (districts).

Support or opposition to economic reform is not only a function of elite attitudes and mass attitudes toward the elite but is also linked to a set of other

attitudes, values, and beliefs. A prominent determinant of attitudes toward reform is the perceived costs or benefits of reforms. A myopic public that sees hardships and is unwilling to pay the costs will take a negative position on reforms. A measure of hardship is whether the respondent is better or worse off over the period since the initiation of reform. Those who see themselves as worse off should be less supportive of reform. In China, respondents were asked if there had been a change in their living standard, whereas in India, the question asked whether they were better off or worse off.

Support for economic reform has been tied to the economic and social status of the respondents. It has been noted in diverse contexts that the economic status of the respondents, particularly their income level, education, age, and occupation, would influence support for economic reform. As Stokes (1996a) notes, class has an impact on economic reform for three reasons: the less educated and poorer feel they would lose more during the process of reform, liberalization is seen as little more than a veil for redistributing income in favor of the rich, and the less well educated are less likely to think more retrospectively. Consequently, the income and education of the respondents were included in the model as controls.¹⁵

The influence of the occupation of respondents is a little more complex and can cut across class lines. There is no *a priori* prediction available for which occupational category would be more likely to support reform. In China, do peasants see themselves as losing out or winning with the reform process? It is important to isolate the peasants not only because their support is critical for the government to obtain popular legitimacy for its policies but also because the peasants have been cited as the initiators of reform (Kelliher, 1992; Zhou, 1996). In India, on the other hand, the opposition of government employees and the unemployed to reform is well-known because the former can derail reform and the latter provide an issue for political parties that would wish to slow the reform process. Occupation is a categorical variable that takes the value of 1 when the respondent is a Chinese peasant or in India is either a government employee or unemployed. Age too should affect attitudes because the older respondents, who were socialized in a different era, are less supportive of the reform process. In addition to these variables, the caste of a respondent (whether the respondent was forward or backward caste) was included in the model explaining support for reform in India because most of the business in India is in the hands of the forward castes and they could therefore be more supportive of reform.¹⁶

15. Education can have an impact similar to that of income on attitudes toward reform, especially insofar as education mirrors the class position of respondents.

16. See Goyal (1990) for the role of forward castes in the business world in India.

Given the sensitivity of inflation, respondents were asked whether the price rises were due to the introduction of the market economy; those who answered in the affirmative would be less supportive of reform. This question was, however, asked only in the Chinese survey. Because there was a large emphasis placed in Communist China on income equalities, attitudes toward reform could be influenced by whether the masses perceived income inequalities as tolerable. Once again, those who thought differences in income were acceptable also would be more supportive of economic reform.

A key variable that could influence the predisposition of the respondents toward reform is their perception of the extent of corruption. It could be argued that if respondents felt there was too much corruption, they could see the economic reform as a policy change that was introduced to favor the "political class" and not a policy shift that would be beneficial to society at large. Corruption can have an especially salient impact in China and India because much of the corruption is institutional or "involves the pursuit of institutions acting collectively and relying on the authority or resources of the organization to generate or extract income improperly" (Wedeman, 1997, p. 806).¹⁷ To this end, the question on the extent of corruption was included in both models as an independent variable.

A final set of variables included was the degree of media exposure of the respondents. In both China and India, respondents were asked whether they watched television, listened to the radio, or read newspapers. Those who had greater media exposure could be expected to be more supportive of economic reform. This could be especially true in India where there has been an explosion of television channels coinciding with the initiation of economic reforms. In China, because the media are subject to more controls, media exposure should have less of an influence on attitudes toward reform.

RESULTS

To determine the influence of each of these variables on mass support for reform, a logit model was estimated separately for each country (see Tables 2 and 3). The results confirm that mass support for reform is indeed positively and significantly influenced by elite attitudes (the coefficient for the elite attitudes variable is positive and significant). In both China and India, the

17. Wedeman (1997) offers a keen discussion of the differences between bureaucratic and institutional corruption. The former refers to corruption by individual bureaucrats, whereas the latter refers to acts committed by bureaucrats acting as collective institutions.

educational level of the respondents has, as expected, a positive impact on attitudes toward reform (the coefficient for education in China and education in India is significant and in the right direction). Mass support for economic reform in India also was influenced by the caste of the respondent, with those belonging to the forward castes more likely to support economic reform. And as expected, media exposure had a positive impact on whether a respondent favored economic reform only in India. In the Chinese sample, those who believed that it was the economic reform that was responsible for rising prices were less likely to prefer economic reform.¹⁸

More compelling evidence for the influence of elite attitudes on mass support for economic reform in China and India comes from the probabilities of mass support for economic reform associated with different levels of elite support for economic reform. These probabilities were generated from the logit models reported in Tables 2 and 3. In Chinese townships where elite support for economic reform was low, the probability of mass support was .33. In those townships where the elite were favorable to the process of reform, the probability of mass support reached more than .9. A similar pattern was noticed in India. In those blocks where the local elite did not endorse reform, the probability of mass support was .004, whereas in those blocks where the elite were really behind the reform effort, the likelihood of mass support increased to .66.

In addition to providing some convincing evidence for the role played by the local elite in generating mass support for neoliberal policies, the results also offer two unexpected outcomes. First, in both China and India, perceptions of changes in living standards (or the personal economic situation of the respondents—the myopia model) did not affect attitudes toward reform. This suggests quite clearly that if we control for a number of alternative explanations, the myopia hypothesis advocated by believers in the impact of short-term economic benefits does not hold. In other words, the extent of myopia is not as important an indicator of mass support for economic reform as Rodrik (1996) suggested, and a more nuanced interpretation of the economic logic that drives mass support for reform may be more appropriate. The other surprising element in the analysis was that perceptions of the extent of

18. It could be argued that objective economic conditions by themselves could explain the variance in mass support for economic reform. We reestimated the models in Tables 2 and 3 with regional dummies (state for India and county in China) because each state/county is characterized by different levels of wealth. Neither the direction nor the significance of our key independent variable, elite support, showed much change even after the introduction of these regional dummies.

Table 2

Popular Support for Economic Reform in China (logit model with robust standard errors)

Variable	Coefficient	Standard Error
Age	-0.003	0.014
Occupation: peasant or not	-0.156	0.454
Elite support	0.375*	0.179
Do markets raise prices?	-0.329*	0.154
Higher incomes acceptable	0.290	0.182
Education	0.409*	0.179
Change in living standard	-0.229	0.124
Media exposure	-0.166	0.062
Extent of corruption	0.008	0.219
Party membership	-0.267	0.199
Income	0.424*	0.160
Constant	4.193	1.840

Note: $N = 496$, $\chi^2(11) = 38.42$, Prob. $> \chi^2 = 0.0001$, log likelihood = -160.1906, Pseudo $R^2 = 0.124$, percentage correctly predicted = 88.31.

* $p < .05$.

Table 3

Popular Support for Economic Reform in India (logit model with robust standard errors)

Variable	Coefficient	Standard Error
Age	0.002	0.165
Occupation	0.011	0.079
Elite support	0.079*	0.026
Education	0.617*	0.090
Change in living standard	0.405	0.288
Media exposure	0.321*	0.145
Extent of corruption	0.152	0.179
Caste	-0.408*	0.206
Income	-0.201	0.204
Constant	-7.501	1.249

Note: $N = 859$, $\chi^2(9) = 82.78$, Prob. $> \chi^2 = 0.0000$, log likelihood = -155.09554, Pseudo $R^2 = 0.2509$, percentage correctly predicted = 93.48.

* $p < .05$.

corruption did not affect support for the reform process. In both China and India, the coefficient for the corruption variable is not significant.

CONCLUSION

This article has argued that the difference in the extent of mass support for economic reform in China and India may be attributed to the variance in the extent of local elite support for the policy changes in both countries. Local elite are more supportive of economic reform in China because the Chinese government has reformed its institutions so as to change the incentives faced by local elite. In India, local elite are still by and large not supportive of reform because the government has not made a concerted effort to bring them on board, neither has it made any institutional changes such that the incentives faced by local elite would be sufficiently altered for them to support reform.¹⁹ Mass support for reform in India is therefore limited.²⁰

This is not to say that other factors are not important in determining the popularity of reform. Our analysis has shown, for instance, that education, income, and media exposure are all critical in determining the extent of mass support for neoliberal policies. A more important finding is that not only are the politics of economic reform rooted in the relationship of national elite to other national political actors, such as interest groups, or in the association of national politicians and the populace but in some situations bringing the local elite on board can play a critical role in obtaining popular support. In countries such as China and India where interest groups are weak and local elite play a large role in linking state to society, local elite become important players in the reform process.

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19. Another implication of this study is that notions of market-preserving federalism (Weingast, 1995) may explain mass support for reform as well, but only in some circumstances.

20. Can these differences between China and India be explained by the fact that China's reform started well before India's? In our opinion, there is no a priori way of knowing the exact influence that the length of the reform period has on the extent of mass support for reform. It is conceivable that reform that started only a short while ago but was hugely successful could generate enormous mass support. Furthermore, if the length of time for which the reform had been in place was the only critical variable in explaining support for reform, why would significant regional differences in support for reform still exist within China and India?

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