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Authoritarian Deliberation and Government Control

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Abstract

China has introduced various deliberative experiments since the 2000s. Different from their counterparts in most liberal democracies, Chinese deliberative innovations are functionally driven by the government to maintain social stability and enhance public trust. “Authoritarian deliberation,” a term coined by Baogang He and Mark Warren, has been widely used to describe this specific form of deliberation. The existing literature on Chinese deliberative democracy has largely focused on local deliberative innovations such as deliberative polling and participatory budgeting, but has overlooked a form of nationwide deliberation: participatory pricing. This thesis aims to fill the gap by offering an empirical study on it. The thesis is presented in a three-article format. The first article explains participatory pricing’s emergence in the dynamics of state-market relations and clarifies its authoritarian essence as a cunning control mechanism. The subsequent two articles use quantitative methods with new data to reveal the mechanism that underlies the government’s motivation and the participants’ responses. The thesis concludes that, at least for the short term, this mechanism will successfully improve public support, strengthen authoritarian rule in China and reinforce the existing political system.

Introduction

The term “deliberative democracy” was first used in 1980 by Joseph Bessette (1980), and it was given impetus by Bernard Manin (1987) and Joshua Cohen (1989) in late 1990s (Dryzek, 2000, p. 2). Since then, the term has rapidly proliferated and a large number of articles and edited volumes (Benhabib, 1996; Bohman and Rehg, 1997; Elster, 1998; Macedo, 1999) have been published to examine its definition and content. In the realm of democratic theory, scholars have increasingly joined the movement and identified themselves as deliberative democratic theorists; these scholars include John Rawls (1993) and Jurgen Habermas (1996). Albeit with debate over the theoretical principles underlying this theory, a comparatively widely accepted explanation of deliberation at that time is rooted in the Habermasian logic of communicative action (Jürgen Habermas, 1981), later labeled “Type I deliberation” (Bächtiger *et al.*, 2010). This understanding of deliberation emphasizes rational discourse and deliberative intent. Actors must listen to and respect different standpoints, give and respond to reasons, and remain open to the “unforced force of better argument” (Habermas, 1990) to revise their opinions and preferences. In this way, deliberation is distinguished from other forms of communication such as mere talk, strategic conversation, and interest-based negotiation. Since the turn of the millennium, various deliberative experiments have been initiated and put into practice, ranging from deliberative polls designed by James Fishkin to participatory budgeting in Porto Alegre (Fung, 2003), thus indicating

that deliberative democratic theory has moved beyond a “theoretical statement” stage to become a “working theory” (Chambers, 2003). These empirical studies have motivated theoretical discussions that question the classic normative standards of deliberation (Mansbridge, 1999; Dryzek, 2000; Young, 2002; Markovits, 2006; Mansbridge *et al.*, 2010). A new type of understanding of deliberation, labeled “Type II deliberation” (Bächtiger *et al.*, 2010), has gradually become the focal center. It extends the narrow Type I definition of rational discourse and includes forms of communication that had once been excluded, e.g., storytelling, rhetoric, emotion, etc. This shift of type is a result of the theoretical focus moving from Habermasian language of “reasoned argument” to “mutual justification”. More specifically, compelling, acceptable and persuasive considerations, which can be justified to others who reasonably disagree with them, replace “reason” to be the central element of deliberation (Cohen, 1989, 1996; Bohman, 1998; Gutmann and Thompson, 2009). In this sense, communication forms such as storytelling, although they fail to meet the classic deliberative criteria, “establish credibility, create empathy, and trigger a sense of injustice, all of which contribute directly or indirectly to justification” (Mansbridge *et al.*, 2010, p. 67). As a result, they are included as a form of deliberation.

In a word, deliberative democracy is a fast-moving field. In the past three decades, deliberation has come in many varieties that present different claims to deliberative “purity”. It was in this background that Baogang He and Mark Warren proposed the conception of “authoritarian deliberation” (2011) in response to China’s introduction of various deliberative innovations by the government since the late 1990s. Considering

its long history of authoritarianism, China was not deemed a likely location for deliberations to take place. However, against all odds, more than 400,000 meetings with deliberative elements were held in China in a single year (He, 2007), including public hearings, consultative meetings, deliberative polling, and participatory budgeting. The settings for such experiments have spanned the whole country from villages to metropolises, and their topics have covered various aspects ranging from the governmental budget to community greening. The notion of “authoritarian deliberation” combines two familiar concepts, authoritarianism and deliberation, into one unfamiliar concept (He and Warren, 2011, p. 270) and leads us back to the theoretical debates. In this way, He and Warren’s work has gone beyond an empirical study and made a contribution to deliberative theory as a whole. More concretely, it breaks the conventional connection between democracy and deliberation and analyzes their distinctions. Democracy “involves the empowered inclusion of individuals in matters that affect them by means of votes, voice and related rights. Deliberation is mode of communication in which participants in a political process offer and respond to the substance of claims, reasons, and perspectives in ways that generate persuasion-based influence” (He and Warren, 2011, p. 270). Although “structural and institutional relations” between deliberation and democracy exist, it is possible for us to conceive that power holders adopt deliberative mechanisms without democratic empowerment during the decision-making process to serve the functional need for cooperation. China is a typical example. In China, the development of deliberations evolved against a backdrop of increasing public resistance to the government because of the lack of

legitimacy. Deliberative innovations are functionally driven by the government to maintain social stability and enhance public trust, and interest in democratic reform for its own sake is weak.

However, as He and Warren pointed out, there is a methodological issue. Although the standards of deliberation have largely been relaxed, coercive power remains an unacceptable element. Regardless of how we understand the core of the concept of deliberation as reason or mutual justification, actors must change their opinions and revise their preferences solely through their own will rather than any form of force, such as threats and sanctions (Habermas, 1996; Gutmann and Thompson, 2009; Mansbridge *et al.*, 2010). Nevertheless, considering China's authoritarian background, power from the government permeates the deliberation process in many ways, including topic determination, participant selection, information disclosure, etc. Thus, it is difficult to determine whether a process counts as deliberation in China. Are there subtle forms of interference? Do the organizers take advantage of the design to generate hidden control? Do the power holders cleverly direct conversations in their desired direction? In-depth case studies are required to answer these questions (He and Warren, 2011, p. 279).

To reach the goal set forth above, the literature on Chinese deliberative democracy is far from sufficient, as reflected in two aspects. First, most of the existing studies focus on introducing both the processes and the effectiveness of deliberative practices in China (Fishkin *et al.*, 2010; Wu and Wang, 2011; He and Wang, 2018). Their major research question is how well deliberations succeed, with evaluation criteria that

include public learning promotion, social justice improvement and so on. Little research has concentrated on the details and mechanisms of control and intervention during deliberations, which is related to the fundamental question of whether the events count as deliberation. Second, existing studies have not covered all of the major deliberations in China. Most of the studies focus on one-time deliberations such as deliberative polling (Fishkin, He and Siu, 2006; Fishkin *et al.*, 2010), participatory budgeting (He, 2011; Wu and Wang, 2011; Cabannes and Ming, 2014) and rural and urban community deliberations (He, 2014; Tang, 2015). However, they have largely overlooked participatory pricing¹, a nationwide form of deliberation. The very limited studies on this specific form of deliberation always understand it as a decentralized gesture and fail to notice its authoritarian essence (Zhong and Mol, 2008; Paltsev and Zhang, 2015). For example, Zhong and Mol held the view that the deployment of participatory pricing is “a turning point in China’s tradition of centralized bureaucratic decision making, toward more transparent, decentralized and participative governance” (Zhong and Mol, 2008, p. 899).

As a result, this thesis aims to fill the gap by offering an empirical study on participatory pricing, including the political and economic background of its emergence, the changes in its procedures due to the specific historical context, and its contemporary execution as a cunning control mechanism with significant effects on participants. More specifically, this thesis explores how the government and the participants react to each other in the dynamic process of participatory pricing. Through empirical evidence, it

¹¹ The Chinese name is “价格听证会,” whose literal translation is “public price hearing.” We call it “participatory pricing” to emphasize its correspondence with another participatory practice—participatory budgeting.

argues that participatory pricing practices are deployed as control mechanisms to alleviate social conflicts. The mechanisms, due to their sophisticated design, successfully increase participants' trust and decrease their political activism, reinforcing the existing political system.

The thesis is presented in a three-article format, which means that the articles are separate research papers, each of which is required to have a comprehensive logic, and thus there is a small degree of overlap between the articles. Nevertheless, the overlap has been kept to a minimum. The articles work collaboratively and systematically with a coherent structure to answer the research question about the interaction between the government and participants. The structure is as follows:

Article 1: Using quantitative methods to explore why and when government control interferes with participatory pricing.

Article 2: Using an in-depth case study to further explore the details and mechanism of government control in participatory pricing.

Article 3: Using quantitative methods to explore participants' responses to participatory pricing under government control.

More specifically, the first article aims to investigate the government's motivation for interfering in participatory pricing. This study uses data from 43 cities (65 cases with 1507 total participants) regarding the participatory pricing events held from October 2014 to October 2016 in China and provides city-level comparative results. Yingkou,

Sanya, and Shijiazhuang are the cities with the highest level of government control in participatory pricing, and Beijing, Shanghai, and Huangguang are those with the lowest levels. Additionally, when political instability increases, government control increases accordingly, supporting the hypothesis that the government introduces deliberative experiments for the functional purpose of alleviating social conflicts.

The second article explains participatory pricing's emergence in the dynamics of state-market relations and its authoritarian essence considering two aspects—the strategy of limited empowerment and the government's paradoxical role. Then, it uses a case study involving participatory pricing on taxi fares in 2015 to connect these features to illustrate how this mechanism works. The thesis concludes that these control mechanisms are much more sophisticated than previous control strategies. At least in the short term, this approach will successfully improve trust and strengthen authoritarian rule.

The third article continues the work of the first two studies but shifts the perspective from the government to the participants. It uses survey studies to investigate the influences of participatory pricing on the participants. After surveying all 109 participants in participatory pricing in Shanghai during the past five years, it concludes that the combination of high-quality deliberation and low-level empowerment actually reduces participants' political activism, which may impede the development of civil society and circumvent regime-level democratization.

Through its three articles, the thesis provides an introduction to participatory pricing in China and how it serves as a clever control mechanism to increase participants' trust

and decrease their political activism. Although the Chinese government is now nurturing participatory pricing on a national scale, these practices are deployed to improve public loyalty and voluntary servitude rather than to empower citizens and cultivate democratic spirit. As a result, participatory pricing is more likely to reinforce authoritarian rule than to lead to democratization.

However, it should be noted that the research objective in this thesis is merely participatory pricing. I do not intend to infer that all forms of deliberative practices in China influence participants in the same way. According to the literature, some forms of deliberations in China, especially in rural areas, have achieved considerable success in participant empowerment (Fishkin, He and Siu, 2006; Wu and Wang, 2011). However, participatory pricing is quite different. It differs from other deliberative practices in the following respects. First, the results of participatory pricing determine the prices of basic utilities and services such as water, gas, electricity, public transportation, and education, which affect everyone and naturally attract attention. In comparison, other forms of deliberations concentrate on public spending projects (participatory budgeting and deliberative polling in China), community programs such as greening and garbage collection (residents' meeting), and disputes among villagers (deliberative innovations in rural areas). These deliberations also influence ordinary people's interests, but not in a manner as direct as participatory pricing. The impact of price hikes in water, gas and taxi is much more strong and intuitive than that of a public spending project with a specific target audience and complex calculations. Additionally, participatory pricing is a nationwide deliberative practice that is legally required to take

place in every province in China, providing it with unparalleled coverage. As a result, although few people in China have heard of deliberative polling or participatory budgeting, let alone the deliberative innovations in specific villages for dispute resolution, most of them know about participatory pricing. This extensive public attention may explain why participatory pricing induces stronger government control and intervention compared with other forms of deliberations. In a word, China has introduced various deliberative practices with different motivations, organizers, participants and control mechanisms. Research findings for one form may not be applicable to another form. This study singles out participatory pricing. The connection and interaction between different forms of deliberation requires further study.

Article 1:

Government Control and Its Role in Chinese Deliberative Practices

Introduction

In China, deliberation as the major method of political participation has been institutionalized since the country's founding. However, the deliberative approach did not receive much attention or scholarly treatment until the arrival of the new millennium and the ensuing governmental impetus toward a deliberative model. Since the late 1990s, a wide variety of deliberative innovations organized by the government—from the local to the national scale on topics from the governmental budget to transportation prices and in locales from villages to metropolises—have thrived (He, 2006). Additionally, deliberative democracy and its effectiveness have become popular topics in academic studies, which have been selectively supported by generous government funding. In brief, the government plays the most important role in the development of Chinese deliberative democracy and functions simultaneously as its motivator, organizer and assessor.

Considering that China's metapolicy (the constitutive rules and characteristics of a specific policymaking system) is to ensure unitary command under the CPC (Communist Party of China) leadership, the Chinese government will not share its monopolized power with the citizenry "unless legitimacy of its leadership becomes a

compelling issue when massive scale rebellion surfaces” (Chow, 2010, p. 265). As indicated by various researchers (Lum, 2006; Tanner, 2010), the past two decades have seen a growing number of petitions and protests, strategies by which citizens try to participate in politics and force the government to respond to their claims. The rapid development of the Internet, even under surveillance and censorship, provides citizens with avenues to express their opinions, indignation and demands. Traditional sources of political stability such as patriotism and Confucianism are no longer sufficient for the state to obtain citizens’ allegiance and deference, and the government has been forced to find new ways to increase the regime’s legitimacy and avoid social instability. As a result, extensive deliberative innovations were introduced concurrent with other administrative reforms, such as limited elections at the village level (He and Thøgersen, 2010).

The above analysis is a common interpretation of authoritarian deliberation in China: the government developed local deliberative democracy because of its functional need to alleviate social pressure. However, little quantitative research has been done to statistically verify whether this interpretation is true. He and Wu’s work is close to this objective (He and Wu, 2017). They used data on the number of legal documents relating to deliberative practices from 36 cities in China to explore the relationship between social pressure and deliberative democracy institutionalization, and the statistical result shows a significant positive correlation. Nevertheless, the factor of government control, which is the most important characteristic of authoritarian deliberation, was dismissed in their work. As a result, I fill this gap by focusing on government control in this study.

Specifically, I intend to explore when and why “government control” interferes with participatory pricing and whether the policy is in accord with the logic of authoritarian deliberation: a response to social instability.

This article consists of six parts. The first two parts serve as theoretical analysis. They compare the differences between China and the West with regard to the impetus for deliberative democracy. The development of deliberative democracy in the West is theoretically driven by dissatisfaction with pre-existing solutions regarding the problem of pluralism, and the discussion is internal to democratic theory to remedy the deficiencies of electoral democracy. However, in China, deliberative democracy is functionally driven by practical purposes. He and Warren proposed the concept of “authoritarian deliberation” to describe this specific form of deliberation without a regime-level democratization in China, and they clarified theoretically that the connection between deliberation and democracy is contingent rather than necessary (He and Warren, 2011), but they did not explain the transformation of deliberation’s connotation in the history of modern China, during which the relationship between deliberation and democracy was gradually changed. This study argues that the development of deliberation in modern China experienced three stages (deliberation as political negotiation, consultation, and a demobilizing mechanism). The political meaning of deliberation had nothing to do with democracy in the first stage, and its democratic implication emerged beginning with the second stage. Through an analysis of the transformation of the meaning of deliberation, this study clarifies the impetus of Chinese deliberative democracy and its differences from its Western counterpart.

Moreover, this analysis fills the gap of theoretical studies on Chinese deliberative democracy's emergence and the historical changes in its connotation.

Part three gives an introduction to participatory pricing and explains why this study singles it out from other forms of deliberations in China to be the research objective.

Parts four, five and six move on to the quantitative analysis in regard to the hypothesis, variables and method. By using data from 43 cities (65 cases with 1507 total participants) regarding the participatory pricing held from October 2014 to October 2016, the study conducted linear regression to test the relationship between the extent of government control and predictor variables including political instability, collective activity, unemployment rate, economic condition, and population. The results show that the extent of political instability has a statistically significant impact on the government's control in participatory pricing. When a high level of instability is observed, the government's control will increase accordingly. This result supports the analysis of Chinese deliberative democracy in the previous section, which recognizes that it is functionally driven to alleviate conflicts and ensure social stability.

Theoretical Impetus in the Western Context

Democratic theory has taken a deliberative turn in the final decade of the second millennium (Dryzek, 2000). The aggregative model of democracy, which calculates and aggregates individuals' preferences through electoral mechanisms to make decisions,

caused vigorous criticisms, and deliberative democracy was deemed by many theorists as the remedy (Mansbridge, 1980; Cohen, 1989; Fishkin, 1991; Habermas, 1994; Knight and Johnson, 1994; Young, 1996).

Aggregative democracy considers democracy a process of registering one's preferences in a vote and making a decision by calculating the votes. Each individual defines his own interests, and the outcome of voting is considered to serve the greatest number of people. In this way, voting provides a simple and operable method to determine leaders and policies in the pluralist era when individuals have diverse views and stands. Since Arrow's important work on preference aggregation (1951a), voting theory has become the paradigm in social choice theory. Therefore, criticisms of aggregative democracy by deliberative theorists sometimes overlap with their criticisms of social choice theories (for example, Elster, 1986; Estlund, 1993).

These criticisms focus on the following two features. First, the aggregative arrangement takes the preferences of individuals as given and pays little attention to how they are shaped, and it leaves little opportunity for individuals to communicate and reassess their opinions. Deliberative theorists believe that deliberation can induce preference change. Individuals may leave their own subjective points of view through communication and refine their understanding of the issue concerned. What matters are not only the preferences but also the reasons behind them, which can only be clarified via discussion. Through discussion, arguments and reasons can be justified to all concerned, which provides the outcome with legitimacy. Although the aggregative arrangement develops an efficient procedure for making a decision, the opinions are merely aggregated but

never really interact with each other, since the antagonists are not given opportunities to truly understand each other. Additionally, conflicts could be worsened and polarized by either the hostility fostered via competition or the deliberate provocation of politicians, which may reinforce the existing distribution of power in society: “These distributions may or may not be fair, but aggregative conceptions do not offer any principles by which we can decide. Even more important, they do not provide any process by which citizens’ views about those distributions might be changed” (Gutmann and Thompson, 2009, p. 16).

Second, aggregative democracy loses the collective dimension of political life because citizens are reduced to passive sets of preferences and politics is reduced to calculation. Because each opinion in the political arena is regarded as a fixed and isolated stance competing for power, politics is viewed through the lens of a market competition model. In the process of voting, politicians express their positions and ideas in response to the desires and demands of the voters, similar to what producers do to attract consumers. The outcome of voting, rather than the reasonability of an argument, is of the greatest concern. Communication (if there is any) and exchange of information is advertising a specific candidate rather than seeking to develop a better argument. In this framework, the relationships between individuals are reduced to either friend or enemy by the opinions they hold; the political life is reduced to the market and the citizens to economic agents. The process of public will formation is nothing more than aggregation and calculation: “Success is measured by the citizens’ approval, quantified as votes, of persons and programs. In their choices at the polls, voters give expression to their

preferences. Their voting decisions have the same structure as the acts of choice made by participants in a market. They license access to the positions of power that political parties fight over in the same success-oriented attitude” (Habermas, 1994, p. 3).

Other complaints are that the aggregative arrangement does not provide any way for citizens to challenge the method itself (Gutmann and Thompson, 2009, p. 16), that the aggregate outcomes have “no necessary rationality” despite each individual having reason behind the best means to achieve his or her own interests (Young, 1996), that the outcomes are susceptible to social and cultural influences due to the lack of deliberation (Sunstein, 1988), etc. Based on dissatisfaction with the aggregative solutions, theorists argue that it is better to have a conception of democracy that involves deliberation and communication among individuals in a rational way to make collective decisions.

Although the definition of deliberative democracy varies a great deal among theorists, there is considerable consensus on its ideals. Generally speaking, deliberation is debate and discussion among free and equal individuals who are affected by the decision. Participants should listen to their fellows’ opinions and be willing to revise their preferences in light of discussion and new information. Coercive power should be absent from deliberation, and changes occur because of the force of the better argument (Cohen, 1989; Dryzek, 2000; Chambers, 2003; Goodin, 2008; Gutmann and Thompson, 2009; Mansbridge *et al.*, 2010). In this light, “talk-centric democratic theory replaces voting-centric democratic theory... accountability replaces consent as the conceptual core of legitimacy” (Chambers, 2003, p. 308).

From the discussion above, we could see that deliberative democracy emerged in the Western context as a remedy for the problems of aggregative democracy. The theory of deliberative democracy is internal to democratic theory. In China, however, the connection between deliberation and democracy has been tenuous from the very beginning. Below, I will discuss these significant differences and introduce my hypotheses about authoritarian deliberation.

Chinese Deliberative Democracy

As discussed in the previous section, in the Western context, academic debates over the concept of democracy are the main factor driving the development of deliberative democracy. The bone of contention focuses on the ideals of democracy and how to institutionalize them in practice. In this sense, the deliberative turn, which is deemed as supplementary to the existing electoral democracy, is internal to democratic theory. However, in China, the connection between deliberation and democracy is theoretically contingent and historically absent.

The theoretical connection (or more specifically, disconnection) between deliberation and democracy has been fully discussed by He and Warren (He and Warren, 2011). In short, deliberation is a mode of communication, and democracy is a system of decision making. They are two different conceptions. Deliberation emphasizes reason-giving

and mutual justification². During deliberation, free and equal participants respect each other and provide reasons that can be justified to others, which causes reflection and reshaping of participants' opinions. In this way, deliberation distinguishes itself from other coercive mechanisms, such as threat and use of force. However, democracy is a way of empowerment that is in favor of the inclusion of all individuals concerned into the process of decision making. It is related to the ideal of equality: equal distribution of power to make collective decisions and equal participation in collective judgment (Warren, 2002, p. 173). The difference between deliberation and democracy opens up the possibility of nondemocratic forms of deliberations, such as "authoritarian deliberation", assuming the elites in authoritarian contexts deem it necessary and efficient to use deliberation as the means for cooperation and legitimacy. Authoritarian deliberation has been the central paradigm in Chinese deliberative study.

Although the differences between deliberation and democracy have been fully explained from the theoretical perspective, their changing relationship in China from the historical perspective is seldom mentioned in the literature. This relationship (from disconnection to connection) is also important since it explains the motivation and logic of the emergence of deliberation in China, which is entirely different from its Western counterpart. The political connotation of deliberation has changed at different stages in China's modern history. It was not developed within democratic theories, but was gradually connected with democracy. In this study, I intend to analyze authoritarian deliberation in modern China from the historical perspective to show its different

² Contemporary deliberative theorists have moved away from the language of "reason" to a focus on mutual justification (Mansbridge *et al.*, 2010).

impetus and purpose from the Western context.

The development of deliberative democracy in China can be divided into three phases: before 1949, 1949-2005, and 2005 onward.

Before 1949: deliberation as political negotiation

Although with a deep root in Confucian tradition (Chen, 2005), the modern meaning of deliberation in political terms in China was proposed by the CPC during the wars of national liberation against Japan beginning in the 1920s as a way to peacefully solve conflicts with different parties, especially Kuomintang (KMT), and organize united resistance against Japan (Li, 1993). Basically, the deliberative policy of CPC was driven by two factors: the multi-party context and a common external enemy. Multi-parties with close power (KMT) created a circumstance with political conflicts, and the existence of a common external enemy (Japan) excluded the option of internal fighting. Thus, the elites of the CPC were forced to consider cooperation for functional needs. This is an example of different parties driven toward deliberation by the dynamics of interests rather than good intention, when it is impossible for the “dominant parties to impose their wills without incurring costs they deem unacceptable” (Warren, 2002, p. 183).

The promulgation of the “August 1 Declaration” by the CPC in 1935³ said, “The

³ August 1 Declaration (八一宣言), also known as the Message to all Compatriots on Resistance Against Japanese and National Salvation (为抗日救国告全体同胞书), is a declaration made by the CPC under the Seventh World Congress of the Comintern on August 1, 1935 in Mexico. The keynote is to call upon the nation to establish a National United Front for resistance against Japan.

Communist Party of China is willing to deliberate and negotiate on the establishment of a national defense government with all of the parties, organizations, scholars, politicians and various local warlords who are determined to join the war of resistance against Japan.” It marks the attitude change of the CPC from closed-doorism against dissidents to united cooperation. This is functionally driven since the acceptance of political dissidents was not due to the endorsement of plural values but rather the instrumental good of the political dissidents fighting against the imperative enemy. This is reflected in Mao’s speech on the closed-doorism and united front in 1935, in which the justification of a united-front strategy is mainly based on utility: “The proponents of closed-doorism are politically naïve...they pushed the numerous potential cooperators to the enemies’ side, which will only win our enemies’ endorsement... The so-called ‘purity’ and ‘integrity’ of closed-doorism is not Marxism-Leninism; instead, they are what Japanese Imperialism wants. We do not adopt closed-doorism. We establish the National United Front.”⁴

Additionally, deliberation in this context has little to do with democracy as a way of collective decision making. The CPC intended to deliberate with the parties in power rather than the people, which is quite obvious in the *Resolution on the Current Situation and Our Party’s Task* (中共关于目前政治形势与党的任务的决议) that passed the Standing Committee of the Political Bureau of the CPC Central Committee in the Wayao Bao meeting on Dec 25, 1935, which stated, “Relying merely on political propaganda is not enough for our party to win the leadership.... We should learn how

⁴ *On the anti Japanese Imperialism strategies* (论反日本帝国主义的策略), a speech of Mao Zedong on Dec 27, 1935 in the Wayao Bao Meeting.

to negotiate, deliberate, and compromise with different parties, factions, and those with influence over the masses.... We should drive out the invaders with the power of the populace.” As a proletarian party, the CPC was well aware of the importance of solidarity and unity with the populace, but the populace was not their target of deliberation.

The deliberative and cooperative relationship between the CPC and KMT broke down following the end of the wars of national liberation when the functional impetus disappeared. On August 15, 1945, Imperial Japan announced its surrender and brought World War II in Asia to a close. The resolution of external conflicts led to internal conflicts becoming the focus again. After 43 days of negotiation (Yang, 1998) on the collaborative establishment of a united government, the CPC and KMT made an agreement—the *Double Tenth Agreement*⁵, followed by the first Political Consultative Conference⁶. The conference was held on January 10-31, 1946, between the representatives of the CPC, the KMT, the Chinese Youth Party, the China Democratic League, and independent delegates. However, despite the agreement and the organization of the conference, authentic deliberation never happened. In November of the same year, the KMT pulled out of the agreement, and civil war soon erupted.

In brief, the emergence of deliberation in modern China had specific political source in the cooperative strategy between the CPC and other parties. It was driven by the functional need for national liberation rather than by any theoretical consideration of

⁵ It is also known as the *Summary of Conversations Between the Representatives of the Kuomintang and the Communist Party of China*.

⁶ Both consultation and deliberation are the translations of the same Chinese word “Xieshang” (协商).

democracy.

1949 to 2005: deliberation as consultation

After the CPC gained control of almost all of mainland China in the civil war against the KMT, the meaning of “deliberation” in the Chinese context changed. The end of the multi-party balance implied the end of the need to negotiate, since negotiation requires the existence of negotiators with comparable power. The political implication of deliberation as negotiation ceased to exist, and a form of consultation supplanted the concept.

Although the KMT had pulled out, the institution of consultative conferences remained with another name. On Sep 21, 1949, the first CPPCC was held in Peiping, which is also referred to as the new Political Consultative Conference. It prepared for the founding of the nation the following October. Topics discussed included the national flag, the anthem, and the capital. Several highly important laws were passed, and the national committee members of the CPPCC were elected ⁷. A total of 662 representatives participated in the conference, and they represented different parties and organizations, including the CPC, the Revolutionary Committee of the Chinese Kuomintang (those who broke with the main KMT during the civil war), the China Democratic National Construction Association, the Chinese Peasants' and Workers'

⁷ According to the government archives in regard to the history of CPPCC:
<http://www.cppcc.gov.cn/2011/09/26/ARTI1317001118843705.shtml>;
<http://www.cppcc.gov.cn/2011/09/27/ARTI1317102198751744.shtml>

Democratic Party, other legally recognized political parties in China and various nationalized organizations⁸. The keynote involved as many groups as possible to ensure diversity and assemble various opinions and voices for consultation rather than decision-making. Zhou Enlai, the first Premier of the People's Republic of China, mentioned, "The spirit of new democracy is not the final voting but the deliberation and discussion before it... we should not only pay attention to the result in terms of the 'majority or minority'. The resolution of important bills should be discussed and deliberated in advance. The word deliberation embodies the spirit of new deliberation" (Zhou, 1991, p. 129).

In addition, the linkage between deliberation and democracy in the Chinese context was established during this period. At first, the CPPCC exercised the power to act as the national legislature until the first NPC was held in 1954⁹. After that, the NPC took over the legislative power, and the CPPCC became an institution of consultation and a united front. Since then, the Chinese democratic system has been generally fixed: elections and deliberations have collaboratively served as the two major mechanisms of political participation through the NPC and the CPPCC, which are commonly known as the "Two Assemblies". However, due to the one-party system and the opaqueness of the elective process, the NPC continues to act as a "rubber stamp" with little *de facto* power, and through the CPPCC, deliberation exists independently as one of the only avenues for non-CPC personnel to participate in politics, although in a consultative way rather

⁸ According to the government archives in regard to the history of CPPCC:

<http://www.cppcc.gov.cn/2011/09/26/ART11317001118843705.shtml>;

<http://www.cppcc.gov.cn/2011/09/27/ART11317102198751744.shtml>

⁹ According to the government archives in regard to the legislative procedure in China:

http://www.npc.gov.cn/npc/sjb/2012-02/17/content_1688979.htm

than actually having a say in decision making.

In general, from the country's founding to the late 1990s, the concept of deliberation indicated the public consultation that was institutionalized through the CPPCC. Nevertheless, due to reasons such as tokenism, weak involvement and policy-related neglects, deliberation was out of the public spotlight for a long period until gaining government impetus in the new millennium.

2005 to the present: deliberation as a demobilizing mechanism

Deliberation lost vitality as the political picture changed from multi-party to single-party in the 1940s. People held homogeneous political convictions under the communist order in Maoist era, which removed the necessity of deliberation. In the late 1990s, social and political lives profoundly changed as a result of economic reform. A significant indicator was the increasing petitions and protests that peaked in 1989 with the Tiananmen Square Event (Strand, 1990). The event caused a period of authoritarian suppression, which did not last for long, since the CPC elites "were keenly aware of the damage wrought by Tiananmen, and quite consciously sought ways of channeling dissent even as they engaged in repression" (He and Warren, 2011, p. 276).

The widespread unrest led to the resurgence of deliberation, which was, once again, functionally driven by practical needs. In 2005, the Central Committee of the CPC issued the *Decision on Further Strengthening the Establishment of Multi-party Cooperation and Deliberation Institutionalization* (中共中央关于进一步加强中国共产党领导的多党合作和政治协商制度建设的意见); one year later, in 2016, it issued

the *Decision on the Reinforcement of Work of Chinese People's Political Consultative Conference* (中共中央关于加强人民政协工作的意见). These two decisions, as programmatic documents, played a vital role in the development of deliberative democracy. After that, various deliberative innovations thrived nationally with the promotion of policies, and deliberative democracy became a popular topic in academic research (Chen, 2005, 2007; Zhuang, 2006; Lin, 2007). A widely accepted interpretation is that the government introduced deliberative practices to involve citizens and provide them with avenues through which they could express opinions, indignation and demands. In this way, deliberation is expected to serve as a demobilizing mechanism to alleviate social pressure and improve legitimacy. An empirical study is required to determine whether this interpretation is true. In the rest of the article, I will use quantitative methods to analyze the extent of government control and its predictors in participatory pricing. The next section provides an introduction to participatory pricing in China and explains why I choose it to be the objective of this research.

Participatory Pricing

Participatory pricing is one of the most important nationwide deliberative innovations in China. It is used by the government to collect stakeholders' opinions before the ratemaking of utilities and specific public services (water, gas, electricity, public transportation, etc.). In the West, the prices of utilities and public services are

determined by the market or the oligopolistic collusion between large energy companies, and citizens have limited access to the pricing process. Although there are economic regulatory authorities, such as the Office of Gas and Electricity Markets (Ofgem) in the UK and the Public Service Commission in New York, their roles concentrate mostly on market supervision and the delivery of governmental schemes; they are not directly involved in the process of pricing¹⁰. The Essential Services Commission in Australia states that consumers should be involved during the ratemaking process¹¹, but the form and extent of that involvement are left to the discretion of businesses. Most Western countries have no nationwide, periodic consumer engagement in ratemaking. In China, however, the government monopolizes utilities and public services, and rates are determined entirely by the government. In response to pressure from citizens' concerns about utility prices, the Chinese government has introduced public consultation on prices to improve legitimacy. This deliberative innovation is called "participatory pricing".

China first introduced legislation on participatory pricing in the late 1990s. In December 1997, Article 23 of the Law on Price passed by China's National People's Congress required the price of public utilities and services to be discussed in participatory pricings. In the following four years, more than 1000 participatory pricings were held across China.¹² By 2004, more than eleven provinces had developed local regulations on participatory pricings. Now, all 31 provinces in mainland China

¹⁰ Detailed information can be viewed on their official websites: <https://www.ofgem.gov.uk>; <http://www.dps.ny.gov>.

¹¹ <https://www.esc.vic.gov.au>.

¹² Hangzhou Municipal Office of Legislative Affairs 2007a.

hold participatory pricings before making policy regarding prices.

The regulations on participatory pricing embody the idea of transparency and the spirit of democracy. For example, detailed information regarding the issue must be provided to the participants before the deliberations, and there must be at least one moderator during the process to ensure that every participant has an equal opportunity for expression. To guarantee diversity, various groups—including consumers, sellers, nongovernmental organizations (NGOs), experts and government representatives—are legally required to participate. Moreover, the news media are invited to take part in the process, and the results of the deliberations must be published on government websites for reference, through which transparency is achieved.

This study singles out participatory pricing from the numerous deliberative processes in China for the following reasons. First, other forms of public consultation in villages and townships have been covered by many scholarly studies, whereas participatory pricing has not been systematically examined. Second, participatory pricing is held periodically and nationally, providing a relatively large population for sampling. Third, the prices of basic utilities such as water and gas affect everyone. Therefore, problems such as the participant indifference that may exist in other forms of deliberations are not serious in this case. Moreover, having been improved and refined for more than 10 years since it was first legislated in 1997, participatory pricing now operates according to detailed procedures and is well-organized to ensure the implementation of the fundamental principles of inclusion, representativeness and equality. However, despite these advantages, participatory pricing cannot represent all forms of deliberative

practices in China. One-time deliberations such as participatory budgeting may produce a different outcome. Deliberative innovations at the village level likely provide participants with a higher level of empowerment (He, 2018). The issue being discussed in the deliberations may also affect the outcome.

Governmental Control and its Predictors

Government control

In this study, the proportion of governmental officers to the total number of participatory pricing participants is used as an indicator of “government control”. Normally, there are 20-40 participants in a participatory pricing. Different interest groups must be involved in these hearings, including consumers, enterprises, third parties (NGOs and scholars), NPC and CPPCC members, and government representatives. Consumers must comprise at least 40% of all the participants¹³. According to the *Public Price Hearing Regulation* of December 2008, consumers and enterprise representatives must be determined through voluntary enrollment plus random selection or through a recommendation by a government-commissioned association (for example, the Consumers’ Association, the China Gas Association, the All-China Federation of Trade Unions, etc.), and the government representatives are

¹³ According to *Methods on Organizing Participatory Pricing for Governments to Set Prices* (政府制定价格听证办法) by the NDRC in 2008.

recommended by relevant government departments and hired by the price authorities. Normally, the government representatives come from the Finance Bureau, the state-owned Assets Supervision and Administration Commission, and the Civil Affairs Bureau. Specific government departments may be involved according to the topics of the events. For example, the Water Supplies Department may recommend an officer when the participatory pricing is about water tariff adjustment.

A specific proportion of each interest group is left to the discretion of the local government, which provides approaches to measure government control. I use the proportion of government representatives as an indicator of government control for the following reasons. First, participants will be asked to vote on pricing plans in the final stage of participatory pricing. A higher proportion of government representatives leads to a higher weight of the government in the voting result. Second, during the event, each participant is given the same time (normally five minutes) for a short report regarding his or her opinions on price adjustment. Thus, if a certain group is allowed to have more participants, they will have more time to claim their own interests and express their opinions. Therefore, more government representatives result in more opportunities for propaganda and manipulation as well as fewer opportunities for the dissidents to voice their opinions. As a result, the proportion of government representatives from the total number of participants could be regarded as an indicator of the extent of government control.

Then, the question arises: Do city-level differences exist in the extent of government control in the public price hearings? If yes, what are the factors that impact the

differences?

Political instability

In addition to a descriptive analysis of “government control”, a deeper exploration into its inner causation is needed.

As discussed in the previous sections, the main motivation for the Chinese government to enact deliberative reforms is the pursuit of a more stable social network. Deliberative innovations serve as mechanisms to keep social order through alleviating the tension between citizens and the government. Citizens with different opinions are encouraged to voice them and interact, as long as it promotes a harmonious coexistence. In this light, instability and the subsequent social unrest can be reasons for the government to introduce political controls. Notably, stability indicates the political stability of the regime rather than the security of the society; the former describes the dissatisfaction with the government or the authoritarian rule, while the latter describes social unrest among the citizens. As a result, I use the amount of administrative cases per year as an indicator of social instability. Unlike criminal cases and civil cases, administrative cases are between the state authority and a person. It is a legal venue for ordinary citizens to file a complaint against the state’s action (民告官). In China, most of the administrative cases are about the problems of land ownership, house expropriation, government information disclosure, etc. The number of administrative cases, which are directly observable by the local government, can be interpreted as a potential danger to social stability and therefore results in government control.

Hypothesis: *A large number of administrative cases is related to greater government control.*

Data and Variables

Dependent variable: government control

(The proportion of governmental representatives to the total number of participants)

In this study, “government control” is measured by the proportion of governmental representatives to the total number of participatory pricing participants.

Participatory pricing has been held nationwide by local governments in China since early 2000. Since the enactment of the new *Public Price Hearing Regulation* in December 2008, different interest groups are required to be involved as participants. A list of the participants must be announced on government websites,¹⁴ with information including gender, occupation and age, which makes the raw data obtainable.

In this study, 65 cases of participatory pricing from October 2014 to October 2016 were chosen to measure the extent of government control. The selection of the cases was based on data obtainability. Normally, one participatory pricing will be held per year in one city, but the number varies from zero to three, according to the situation. I searched for name lists of participatory pricings from government websites (websites of the local

¹⁴ Specific website of announcement vary from city to city. It could be the website of the local Development and Reform Commission, the website of the Price Bureau, or even the website of local CPPCC.

Development and Reform Commission, Price Bureau and CPPCC) and local newspapers to include as many of the cases as possible.

The 65 cases span 43 cities in total. Topics include the prices of water, power, tuition, public transportation, etc. For those cities that organized more than one participatory pricing during this specific time period, the mean value is calculated to measure the extent of government control.

Independent variable: political instability

(Administrative cases settled per year/population)

Political stability is measured by the number of administrative cases settled per city in 2014 divided by the population. Cities with a large population are inclined to incur a large number of administrative cases. Considering this impact of population on this variable, I divide the amount by population to normalize the data. A large number indicates a low level of political stability. The time range (2014) is set one year earlier than the dependent variable (October 2014 to October 2016) to explore the causality. Data are obtained from the 2015 yearbooks published by the government of each city.

Control variables

- **Collective activities**

(Number of social organizations/population)

A study in 2013 (King, Pan and Roberts, 2013) shows that the censorship program in China is aimed at curtailing collective action by silencing comments that represent,

reinforce, or spur social mobilization, regardless of content. This finding suggests that the extent and potential of collective activity may be an indication of government control. Thus, I include this variable in the model to reduce bias. Collective activity is measured by the number of social organizations per city in 2014 divided by the population. Similar to the independent variable, the time range here (2014) is set one year earlier than that of the dependent variable (October 2014 to October 2016) to explore causality. Data are obtained from the 2015 yearbook of each city.

- **Unemployment rate**

The unemployment rate is associated with crime and social unrest (Raphael and Winter - Ebmer, 2001; Edmark, 2005), which may prompt the exercise of government control. As a result, I control for the unemployment rate in 2014 in the model. Data on the unemployment rate is obtained from the 2015 yearbook of each city.

- **Population and economy**

In addition, I control for city-level demographic and economic variables of population and GDP per capita in 2014 of each city to reduce bias. Data are obtained from the Local Bureau of Statistics.

Method

Descriptive analysis of government control

The results of city-level descriptive statistics are shown in Table 1. According to the mean value of the proportion of government representatives, the three cities with the highest government control in public price hearings are Yingkou, Sanya and Shijiazhuang, with 26.7%, 25.4% and 24.0%, respectively. On the other hand, the three provinces with the lowest government control are Beijing, Shanghai and Huanggang. The results show that the proportion of governmental representatives for these provinces is 8%, 8.3% and 9.5%, respectively.

It is unexpected that Beijing and Shanghai have such a low level of government control in participatory pricing considering that they are the political and economic centers of China with a higher motivation to avoid instability. The result of Shanghai can be explained as a consequence of its long history as an open and free market

Table 1: Descriptive statistics for government control in each province

economy, which causes an improvement in citizens' political awareness and bargaining

power. The result for Beijing may be due to bias in the measurement of government control. In addition to the consumers, enterprises, scholars and government representatives, NPC and CPPCC members will also be invited to participate in the event. Nominally, they represent the people and various interest groups, but in most of the cases, they have a connection with the government due to the opaque selection process. Among all of the 43 cities in this study, 34 of them have only one NPC member and one CPPCC member in the participatory pricing, while Beijing has six members in all, comprising 24% of its total participants. Thus, a proportion of government representatives of 8% may not reflect the authentic level of Beijing's government control, considering a 24% proportion of NPC and CPPCC members.

Although bias exists, I continue to measure government control by the proportion of government representatives rather than the sum of government representatives and the assembly members for the following reasons. First, though less common, cases exist in which assembly members oppose the political agenda of the government. Second, and what is more important, 79% of the cities have the same number of assembly members (two), and 95% of the cities have less than four members in total. This makes the bias affordable.

As can be observed, the government representative proportion of Yingkou (26.7%) is more than three times that of Beijing (8%). In the following section, I explore the reasons for the difference by testing the relationship between variables.

Table 2: Descriptive statistics for all the variables

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Dependent Variable:					
Government Control	43	0.08	0.27	0.16	0.05
Independent Variable:					
Political Instability	43	0.16	7.39	1.75	1.58
Control Variables:					
Unemployment Rate	43	1.20	4.10	2.96	0.81
Collective Activities	43	0.93	8.85	2.23	1.40
Population	43	58.60	2991.00	717.29	585.98
DGP	43	19211.00	163982.00	64689.88	29514.27

Linear regression to test the hypothesis

Descriptive statistics of the variables are shown in Table 2. The dependent variable here (government control) is a continuous variable ranging from 0.08 to 0.27. The mean value is 0.16, which means that government representatives comprise 16% of the participants on average. The distribution of the dependent variable obeys normal distribution according to the result of the Kolmogorov-Smirnov Test¹⁵. Considering that the K-S test may not be sufficiently sensitive to small samples, I also generated a P-P plot to double-check the distribution, and the result indicates a normal distribution as well.

I then performed the correlation test pertaining to the hypothesis. Since the dependent variable is continuous and obeys the normal distribution, we use ordinary least squares

¹⁵ It retains the null hypothesis with a p-value of 0.908.

(OLS) regression.

Model 1 in Table 3 shows the results of the regression. The coefficient of the predictor of political instability is positive and statistically significant at the 0.05 probability level. This result supports the hypothesis. In participatory pricing, government control is positively associated with political instability. Considering the one-year difference between the dependent variable and independent variable in the data collection time period, it could be deduced that the change in the dependent

Table 3: Results of the OLS regression

Variable	Model 1		Model 2	
Independent Variable:				
Political Instability	0.012*	(0.005)	0.02***	(0.005)
Control Variables:				
Unemployment Rate	0.001	(0.009)	-0.005	(0.008)
Collective Activities	0.005	(0.006)	0.005	(0.005)
Population	0.000	(0.000)	0.000	(0.000)
GDP	0.000	(0.000)	0.000	(0.000)
R Square		0.256		0.429
Adjusted R Square		0.156		0.349

*p < .05; **p < .01; ***p < .001

variable is caused by the independent variable, which means that the extent of government control will increase if a high level of political instability is observed. The variables of unemployment, collective activities, population and GDP fail to predict the independent variable.

Considering the aforementioned bias in the measurement of government control in the case of Beijing, I generated a scatter plot to determine its impact on the relationship.

Table 4 shows the scatter plot of government control and political instability. The plot indicates that the case of Beijing is the only one that deviates from the main data, which provides support for the notion that the measurement of government control in Beijing is lower than it really is. Thus, I regard it as extreme data and exclude it from the model to decrease bias and then run the regression again. The results are shown in Model 2 in Table 3.

Table 4: Scatterplot of government control and political instability

Comparing the regression results in Model 1 and Model 2, it is observed that the adjusted R-square increases from 0.16 to 0.35, and the p-value decreases from 0.012 to 0.000, which means a considerable increase in both explanation and correlation. As a

result, the hypothesis fits well with most of the data, but the case of Beijing needs more explanation.

Conclusion

This study compares the differences between China and the West with regard to the impetus of deliberative democracy. The West developed deliberative democracy to remedy the problems of aggregative democracy, which is internal to democratic theory. However, in China, deliberation and democracy were disconnected when the term “deliberation” first emerged in China’s modern history. This paper argues that the political connotation of “deliberation” has evolved through three stages in the Chinese context: negotiation, consultation, and a demobilizing mechanism. Before the PRC’s founding in 1949, deliberation referred to political negotiation among the parties in power, especially the CPC and KMT. Its emergence was driven by the purpose of national liberation rather than the consideration of democracy. After the PRC’s founding and the establishment of the one-party system, the connotation of deliberation shifted toward consultation. It was at this stage that the democratic implication emerged. Since then, deliberation has become an avenue for non-CPC personnel to participate in politics, and the CPPCC has been an important part of China’s democratic system. However, deliberation lost vitality during this stage due to the homogenous political environment, and its resurgence started after the turn of the new millennium as a

demobilizing mechanism with various government impetuses. It is driven by the functional need to maintain social stability, and government control plays an important role in contemporary Chinese deliberative democracy.

As a result, this paper then moves on to explore the extent and causation of government control by statistical methods to obtain a further understanding of Chinese deliberative democracy. Results show that there is a significant difference in government control in participatory pricing among different cities in China. Yingkou, Sanya, and Shijiazhuang have the highest levels of government control, and Beijing, Shanghai, and Huangguang have the lowest. The level of government control in Yingkou is 26.7%, which means that more than one-fifth of the participants are government representatives, whereas this value in Beijing is 8%. Using a regression model to test the correlation between government control and political instability, the results show that there is a statistically significant correlation at a level of 0.05. When political instability increases, government control increases accordingly, which supports the hypothesis. Nevertheless, a deviation in this result was found for Beijing. In Beijing, government control stays low despite a high level of political instability, which might be due to the bias in the measurement of government control. After the exclusion of this extreme data, the explanation of the model is increased, as is the correlation between the variables.

This article uses quantitative methods to answer the question of when and why government control interferes in participatory pricing. However, it requires an in-depth case study to further explore the details about how the control mechanism functions in the process of deliberation. In the next article, I use a case study in Shanghai to address

this question and improve the research.

Article 2:

An Empirical Study on Participatory Pricing in China

Introduction

Enormous changes have occurred in China since the economic reform of 1978. On the one hand, the government introduced market principles and opened the country to foreign investment. Price controls and protectionist policies were gradually lifted, accompanied by the decentralization of the previously highly centralized management and regulation systems. Since the 1990s, the reform has expanded from the private to the public sectors, with one important indicator being the transformation of pricing into a participatory process in which various stakeholders (consumers, enterprises, and the government) take part. This process is the prototype of participatory pricing. Furthermore, the communist order of the Maoist era has begun to collapse, and individualist and consumerist values have permeated different sections of the country. Since the traditional political sources is no longer sufficient for the state to obtain citizens' deference, and new approaches are needed. As discussed in the first article, driven by this functional requirement, the government has introduced various deliberative practices—among them, participatory pricing—to respond to the changes in the reform era.

Therefore, participatory pricing is an excellent starting point that combines economic

and political perspectives to explore the interactions between the government, participants, and enterprises in the changing state-market-society relationship. More specifically, this study focuses on how participatory pricing is introduced by the government as a control mechanism to obtain participants' support. First, it examines the emergence of participatory pricing within its historical and social contexts and explains from the economic and political perspectives why China, a regime with a long history of authoritarianism, introduced this participatory approach into their centralized management. On the one hand, participatory pricing imposes restraints upon enterprises and improves their accountability, which is advantageous to the government in the reform era, when enterprises have gained considerable autonomy and independence. On the other hand, participatory pricing accords with the logic of authoritarian deliberation, and its emergence is driven by the government's functional need to respond to changing state-society relations.

Then, this paper explicates two aspects of the authoritarian characteristics of participatory pricing: the strategy of limited empowerment and the government's paradoxical role. Even participants are partially empowered, but the government makes the ultimate decision. Participants are allowed to participate in the pricing process and express themselves, but such participation occurs within hidden boundaries. In theory, they have voting power, access to relevant information, and opportunities for voluntary enrollment, but in practice, the framework is predetermined to suit the government's political agenda. Additionally, the government plays a paradoxical role in its relationships with enterprises and its citizens. The government represents the

people and should make policies for the common good, but simultaneously, it is financially aligned with and administratively inseparable from state-owned enterprises, which makes its service as an examiner questionable.

Finally, this paper uses a case study to combine the previously discussed features and explain how this control mechanism works and how consumers respond to it. Through the pricing plan announcement and the event's arrangement, participants are guided to remain and think within pre-established frameworks. Attention is directed to trivial problems, and there is no opportunity to discuss matters of concern. Meanwhile, the conflicts are presented as between labor and consumers; government and enterprise are seldom mentioned, and their performance is never assessed. However, due to the strategy of limited empowerment including freedom of expression, a high level of representation, and the encouragement to ask questions with patiently given answers, trust in and reliance on the government is improved. As a result, this paper concludes that the introduction of participatory pricing as a control mechanism is sophisticated, efficient, and helps to strengthen authoritarian rule, at least for the short term. Nevertheless, the effectiveness of the device relies largely on citizens' relatively low expectations regarding political empowerment in China, and its long-term potency remains to be explored in this dynamic context.

Emergence of participatory pricing

Before the 1979 economic reform in China, natural monopolies, such as water, gas, and

electricity, were managed and provided by the central government at a very low price or even free of charge. Since the 1980s, utilities prices have gradually increased as a result of the market-oriented reform of their management and sale. The pricing transformation has played an important role in the reform, particularly in terms of two dimensions: “decentralization and participation” (Zhong and Mol, 2008, p.901). Pricing power is decentralized from the central government to local levels; stakeholders, including consumers and businesses, are involved in the pricing process along with the government. In this context, participatory pricing emerged as a democratic pricing method in this authoritarian regime and soon became a legal requirement nationally in utility pricing. In this section, I review the history of participatory pricing’s emergence through its economic and political incentives.

1. Economic Incentives: The social and historical contexts

The emergence of participatory pricing should be understood as part of the changing state-market relations of contemporary China, which passed through three main stages. These changing relations provide the government with economic incentives to introduce participation into the pricing process.

1.1 First Stage: Prior to the economic reform of 1978

From the founding of the People’s Republic of China in 1949 to the economic reform of 1978, the government held a monopoly on utilities and public services through direct

investment and management. China had a weak economy at that time, with a low industrialization level and a materials shortage after the wars of national liberation. Thus, a centrally planned economic system was selected for rapid recovery. The earliest state-owned enterprises were developed in the background and covered traditional natural monopolies, including water, gas, and electricity. These sectors were essential to people's basic livelihoods and provided upstream products for the development of heavy industry. Therefore, their management and pricing were strictly controlled by the central government. These public utilities provided services at very low prices to ensure the provision of basic essentials, with some of the prices lower than not only the average but also the marginal cost (Nian, 2015). For example, residential water was free before 1965. The first law on residential water price¹⁶ was instituted on October 13, 1965, and it stipulated a reform in the water-supply model from free to fee. However, due to the Cultural Revolution from 1966 to 1976, this law existed only nominally, and residential water in most regions of China remained free.

To balance the policy-related losses caused by low-priced utility provision, the government granted high levels of subsidies and financial support to the relevant state-owned businesses, which resulted in great fiscal burdens. The lack of financial incentives for businesses to make profits also led to low production efficiency. All of these factors called for comprehensive reform in the management and pricing of utilities and public services.

¹⁶ *Administrative Method on Water Price* (水利工程水费征收使用和管理办法) by the State Council in 1965.

1.2 Second Stage: 1978-2001

Along with the Chinese economic reform that began in 1978, transformations occurred in the management of utilities and services. These transformations focused on two domains. First, market access was opened to attract investment and alleviate the fiscal burden¹⁷. Second, a new pricing policy was adopted to produce profit and motivate businesses¹⁸. In this way, pricing power was partly decentralized to local levels and businesses. Unlike the situation prior to 1978, utility enterprises began to make profits by increasing tariffs and expanding investment sources, which relieved the fiscal burden and lessened the enterprises' dependence on the government. Market principles were introduced, and pricing criteria were gradually transformed from central government policies to the market principles of supply and demand. In this context, the first wave of utility price increases occurred. From 1983 to 1984, industrial coal prices increased by 52%, and industrial oil prices increased by 62% (Ye and Liu, 2007). In China, 80% of the cities increased water tariffs to a greater or lesser degree during the late 1980s (Qing 2001, as cited in Zhong and Mol, 2008). The price increases in natural monopolies were much larger than those in industrial products during that time, which made utilities highly profitable businesses (Nian, 2015).

The sharp increases in utilities resulted in recurring government intervention. Several legal mandates were enacted during 1983 to 1987 to control the situation¹⁹, and the

¹⁷ According to the *Stipulations on Increases in Managerial Autonomy of State-Owned Enterprises* (关于扩大国营工业企业经营管理自主权的若干规定) by the State Council in 1979

¹⁸ According to the *Provisional Administrative Method on Price Reform* (关于改革价格管理的试行办法) by the National Price Bureau in 1984

¹⁹ According to the *Announcement on the Prevention of Over-increases in Prices of Products and Charges on Institutional Organizations* (关于坚决制止乱涨生产资料价格和向建设单位乱摊派费用的紧急通知) by the

PRC Price Law (中华人民共和国价格法) was passed on December 29²⁰, 1997, by the Standing Committee of the National People's Congress; this law was a significant milestone in pricing institutionalization in China. The law stipulated a new method of pricing that jointly involved the government, enterprises, and the public. More specifically, relevant enterprises must first provide information and documents regarding costs and profits to the local price authorities to assist pricing. Second, local price authorities are responsible for organizing participatory pricings to collect opinions from stakeholders, including consumers and businesses, before decision making. Third, after a decision is made, consumers and businesses must still be allowed to give advice and feedback. In this way, the basic framework and structure of the participatory pricing system in modern China was established. Although the government remained the ultimate decision-maker concerning utility prices, public participation was introduced, and the government's power was been decentralized to a certain extent.

1.3 Third Stage: 2001-Present

When China entered the World Trade Organization in 2001, immense investment flowed into the Chinese market, and utility sectors were also affected. The National Development and Reform Commission (NDRC) has issued several important policy papers²¹ since 2001 to improve the procedures and methods of pricing. Among them,

State Council and the Central Commission for Discipline Inspection in 1983, the *Stipulations on the Prevention of Over-increases in Prices of Products* (关于制止乱涨生产资料价格的若干规定) by the State Council in 1982, and the *Stipulation on the Reinforcement of the Prevention of Over-increases in Prices of Products* (加强生产资料价格管理制止乱涨价、乱收费的若干规定) by the State Council in 1987.

²⁰ The *PRC Price Law* was passed on Dec 29, 1997 and was enacted on May 1, 1998.

²¹ These policy papers include *Code of Conduct for Governments to Set Prices (Trial)* (政府制定价格行为规则

the two most important documents concerning participatory pricing are the 2002 *Methods on Organizing Participatory Pricing for Governments to Set Prices* and its 2008 revision, *Methods on Organizing Participatory Pricing for Governments to Set Prices*.

Unlike the *PRC Price Law*, which provides only a rough idea of participatory pricing, the 2002 Method and its 2008 revised version detail the procedures for participatory pricing. A catalog is made specifying the products and services²² that must be subject to participatory pricing. Additionally, rules are set, including the selection methods for delegates (volunteer and recommendation), composition of participants (consumers, enterprises, governmental representatives, experts, scholars, and NGOs), procedures (mediator's introduction of pricing plans, government representative's reports on supervision and examination results, participants' presentations, and Q&A), and responsibilities of stakeholders.

A comparison of the 2002 method to its 2008 revised version leads to some interesting conclusions. Although the main structure and principles remained the same in the revised version, some significant changes appeared. The changes appear to have been based on the empirical experiences of participatory pricing organization during the

(试行) by the NDRC in 2001, *Provisional Methods on Organizing Participatory Pricing for Governments to Set Prices* (政府价格决策听证暂行办法) by the NDRC in 2001, *Methods on Organizing Participatory Pricing for Governments to Set Prices* (政府价格决策听证办法) by the NDRC in 2002, *Code of Conduct for Governments to Set Prices* (政府制定价格行为规则) by the NDRC in 2006, and *Methods on Organizing Participatory Pricing for Governments to Set Prices* (政府制定价格听证办法) by the NDRC in 2008.

²² Catalogs must be made by the pricing authorities, including the National Development and Reform Commission (NDRC) and the Local Development and Reform Commission (LDRC). For example, products and services whose pricing must include participatory pricing in Beijing are a combination of the items on the NDRC and LDRC catalogs. LDRC catalogs vary from region to region. For Beijing, the LDRC catalog includes six categories: miscellaneous fees of compulsory education, basic medical costs, basic utilities (water, gas, electricity, and heat), main forms of transportation (train, bus, and taxi), public rental housing, and ticket prices for the main scenic spots (the Imperial Palace, the Ming Tombs, Badaling, and the Summer Palace).

intervening years.

First, the openness and transparency of participatory pricing are enhanced. In the revised method, local price authorities must invite reporters and journalists from different media to audit the event. Participatory pricing decisions should be publicized online with detailed feedback for each participant's questions. Moreover, methods of participant selection must be announced at least 30 days before the event to ensure the opportunity for voluntary registration. Selection results and participant name lists must be posted online for reference.

Second, the deliberative procedure is improved regarding information accessibility and diversity. Information²³ relevant to the issue considered must be distributed to participants at least 15 days before the event to provide sufficient time for contemplation. In addition, participants must involve different interest groups to ensure diversity and representativeness, with consumers comprising at least 40% of all participants.

Last, but not least, compared to the 2002 method, the revised method centralizes the power of initiating participatory pricing in the hands of price authorities. According to the 2002 method, consumers were allowed to initiate participatory pricing via the Consumers' Association when they thought it necessary, but this process is no longer valid in the revised version.

The above changes indicate that the procedures of participatory pricing are becoming increasingly explicit, transparent, and involvement-oriented, but they do not imply the

²³ Relevant information involves pricing plans, examination results on businesses costs and benefits, and participatory pricing procedures.

achievement of a highly decentralized model with fully empowered public participation. The government remains the ultimate arbiter of the pricing process' initiation and decision making, and public empowerment is limited. The introduction of participatory pricing is more of a trade-off in the irresistible trend of marketization. On the one hand, considering the improved autonomy and independence of enterprises in the era of the market economy, the government is motivated to introduce participatory pricing to impose restraints upon enterprises and push them to improve accountability. On the other hand, participatory pricing can enhance legitimacy and public trust, another reason the government may wish to adopt it. I discuss this factor in detail in the next section.

Table 1: Main stipulations regarding participatory pricing from 1997 to the present

Time	Name
1997	<i>People's Republic of China Price Law</i>
	Standing Committee of National People's Congress
2001	<i>Code of Conduct for Governments to Set Prices (Trial)</i>
	National Development and Reform Commission
2001	<i>Provisional Methods on Organizing Participatory Pricing for Governments to Set Prices</i>
	National Development and Reform Commission
2002	<i>Methods on Organizing Participatory Pricing for Governments to Set Prices</i>
	National Development and Reform Commission
2006	<i>Code of Conduct for Governments to Set Prices</i>
	National Development and Reform Commission
2008	<i>Methods on Organizing Participatory Pricing for Governments to Set Prices</i>
	National Development and Reform Commission

2. Political incentives: Logic of authoritarian deliberation

Economic changes in China led to political and social changes as well. Since the 1980s,

China has seen the gradual emergence of phenomena that mark a capitalist society (Wang, 2002), and individualist ideology has permeated different sections of the country. Although a developed civil society is absent and human rights protections are relatively poor, the logic of individual “right” as rhetoric or as a way of thinking is not unusual. In some cases, a “right” even serves as a weapon for individuals to defend themselves against the government when confronted with unfairness and unjustness: empirical evidence for this can be found in both urban and rural areas (Fu and Cullen, 2008; Paik, 2012). The government even has to institutionalize the mass political participation in specific forms to mitigate conflicts. For example, petition, as a legally protected mechanism, allows the citizens to send letters and pay visits to designated government institutions for economic and political claims. The emergence of participatory pricing is another example.

Not long before the enactment of the *Provisional Methods on Organizing Participatory Pricing for Governments to Set Prices* by the NDRC in 2001, two lawsuits attracted wide public attention and accelerated the enactment of the method. One of them was filed by Qiao Zhanxiang against the Ministry of Railways in China, and the other was filed by Li Jinsong against Foshan Bus Company. Both lawsuits concern pricing.

Qiao Zhanxiang was a lawyer in the Sanhe Shidai law firm in Hebei. On Dec. 21, 2000, the Ministry of Railways announced a price hike in train tickets during the Chunyun period²⁴. Qiao Zhanxiang opined that this decision offended his property right, consumer right, and right to know; therefore, it was invalid according to the *PRC Price*

²⁴ The Chunyun is the increase in the volume of passenger traffic for transportation during the Spring Festival.

Law of 1998 because no participatory pricing was held before the price hike was announced. Additionally, he argued that a 30% price increase during the Spring Festival, when everyone needed to go home, was unjust. As a result, he filed the suit in Beijing No.1 Intermediate People's Court. According to the court's judgment, the Ministry of Railways made the price adjustment decision after a market survey, a plan assessment, and a State Development Planning Commission examination. In addition, rules regarding participatory pricing in the *PRC Price Law* are advisory rather than compulsory. Therefore, the law was not violated when the Ministry of Railways adjusted the prices (Yin, 2001; Su, 2007; Li, 2013).

Another lawsuit was filed by Li Jinsong. Li Jinsong was a lawyer in Foshan. In 2011, he filed a suit against Foshan Bus Company for reasons similar to those of Qian Zhanxiang, namely, the unreasonable price hike during Chunyun. Li Jinsong held that only a few franchise holders were allowed to access the Chunyun market, which created a transportation shortage. Because the shortage resulted from a government monopoly rather than inevitable natural factors, the price hike violated the fairness principle. Additionally, he mentioned the lack of participatory pricing. He argued that a pricing decision without public participation was procedurally and substantively unjust. However, the court's judgment was similar to that in the Qian Zhanxiang case, and Li Jinsong lost (Ding, 2001; Huang, 2001).

Although neither of the plaintiffs prevailed, the cases identified an ambiguity in the *PRC Price Law*, and they reflected citizens' concerns about pricing and willingness to participate. These two cases received wide social attention and greatly accelerated the

institutionalization and formalization of participatory pricing. The *Provisional Methods on Organizing Participatory Pricing for Governments to Set Prices*, which details the procedure and principles of participatory pricing, was enacted on July 2, 2001, only four months after the Li Jinsong case.

These two cases indicate the political incentives to introduce participatory pricing. In addition to the economic consideration discussed in the previous section, the government was politically motivated to engage the public and involve them in the pricing process for the sake of social stability. This functionally driven policy in a top-down format accords with the logic of authoritarian deliberation (as discussed in the first article) and plays a role in China's rapid deliberative development since the new millennium. In the next section, I detail its authoritarian characteristics.

Authoritarian characteristics of participatory pricing

1. Dilemma of empowerment and government strategies

Due to the single-party system, the Communist Party of China (CPC) monopolizes policy-making and administrative power, and it has neither the need nor the incentive to fully democratize China (Chow, 2010). What it seeks is a greater capacity to cope with social unrest and turbulence. However, in an authoritarian regime with a top-down implementation style, governmental agencies are accountable only to their upper echelons, which inevitably results in ignorance or even the cover-up of grass-roots

discontent and dissatisfaction, finally leading to the deterioration of social unrest. Moreover, in the reform era, when the communist order is gradually being eroded by individualist and consumerist values, people are becoming accustomed to challenging political authorities to defend their private interests through the media, the Internet, and public pressure. Therefore, the only way to maintain stability is to open legal avenues for citizens' political expression and to address their problems before they worsen. In short, citizens should be empowered to participate politically, but the extent of empowerment should not be so much as to incur the risk of losing central control. This is the dilemma of empowerment in the Chinese context. Using the example of participatory pricing, we can see from the aspects discussed below how the participants are granted limited empowerment by the government as a means of appeasement.

1.1 Final Decision: A nonbinding voting result

Normally, participants will be asked to vote on pricing plans in the final stage of participatory pricing. According to Article 26 of the NRDC's 2008 *Methods on Organizing Participatory Pricing for Governments to Set Prices*, "price authorities must fully consider the result of the participatory pricing when making a final decision on the prices." However, "fully consider" is unverifiable and untestable, and it implies that the result of the participatory pricing could be rejected provided that the decision is "fully considered." In other words, the voting result of the participatory pricing is advisory rather than compulsory, and it is not binding on the pricing authorities.

For example, on August 29, 2005, a participatory pricing event for a water tariff was

held in Fengdu County in Chongqing. Of the 19 participants, 17 opposed the proposal for a price increase, but the local Price Bureau nevertheless announced a price hike. Similarly, during a participatory pricing event for an electricity tariff held in Gansu on August 8, 2006, 15 out of the 19 participants opposed the rise in price, but the proposal was still passed by the Price Bureau. On June 24, 2002, a participatory pricing event for a bridge toll was held in Chongqing. Only 4 out of the 21 participants supported the price increase, but it still passed. One of the participants said during the event, “The participatory pricing is held on June 24, but the new price rule will be enforced on July 1 with only one week in between. We know that the decision may have already been made, and we only hope that the price authorities could bring our thoughts to the government”²⁵.

Although cases exist where the voting results are rejected, participatory pricing decisions are adopted in most of the cases according to the data. But the force of the voting decisions comes more from public pressure rather than from the law. In principle, the government holds final decision-making power, which limits the participants’ empowerment.

1.2 Pricing Plans: Freedom of choice within a pre-existing boundary

When a price adjustment is made, two aspects of the price are adjusted: in a specific direction and to a specific extent. As a result, strictly speaking, two different decisions need to be made in participatory pricing: an increase or decrease, and by how much.

²⁵ According to the Sohu News: <http://news.sohu.com/79/06/news202200679.shtml>

Furthermore, these two decisions are sequential, because a person can move on to the second one only after the first has been made.

Participatory pricings held in the early 2000s, such as the cases mentioned above when the voting results were rejected, were more likely to ask the participants to vote on the first decision: Do you agree with the increase/decrease in price? But with time and experience, the government less frequently asked this question and shifted attention to the second question.

For the second decision (by how much should the price increase/decrease), price authorities create pricing plans (normally two) prior to the participatory pricing event for the sake of efficiency, and the plans are distributed to participants in advance. However, in nearly all of the cases, the plans share the same price-change direction: all of them indicate either a price increase or decrease. In this case, participants lose power over the first decision (rise or drop) and can only make a choice from the predetermined plans with the same change direction.

We take the following cases as examples. On October 29, 2015, a participatory pricing event regarding a gas tariff was held in Shenzhen, a major financial center in south China. Two plans were given to the participants, and both supported a price increase. Slight differences existed between the two plans with regard to how the price would be increased. Shenzhen employs a ladder pricing on gas tariff: consumers are divided into three groups according to their total consumption per year, and different prices are applied to different groups. Plan A proposed an increase of 3.77 CNY²⁶ per month on

²⁶ The exchange rate for CNY to USD is about 0.16 in 2015.

group two and an increase of 11.2 CNY per month on group three, whereas Plan B suggested an increase of 15.56 CNY per month only on group three. According to the meeting record²⁷, the participants were asked to vote on the plans in the final stage of the event, and the result showed that 40.9% of the participants supported Plan A, and 59.1% of them supported Plan B.

Another example was a participatory pricing event for gas tariffs on October 15, 2015, in Foshan. Foshan also employs ladder pricing for gas tariffs. Before the participatory pricing, the local price authorities announced two plans regarding the price adjustment. Both indicated a price decrease. Similar to the case in Shenzhen, the differences between the two plans were very slight.

It can be seen from the above two cases that participants are given the freedom of choice in participatory pricing, but the freedom is restricted within a pre-existing frame. If a participant in the case of Shenzhen opposes the price increase, his opinion will not be empowered, because there is no relevant option in the voting. This institutional design allows for the pricing authorities to exclude undesirable options in advance, so all of those options left are acceptable to the government regardless of which one wins the vote. Participants are empowered to express an opinion, discuss the plans, and vote, and authentic deliberations may take place, but their empowerment is limited from the outset.

²⁷ Meeting Report on the participatory pricing regarding the ladder pricing institution on the residential gas tariff by the Shenzhen Development and Reform Commission (深圳市发展和改革委员会关于深圳市完善居民用气阶梯价格制度听证会的听证报告)

1.3 Pre-meeting: Disclosure of information in an asymmetrical manner

In some cities, a pre-meeting is held before the participatory pricing among the same participants for the purpose of information disclosure. This meeting is much more casual than the formal one. During the pre-meeting, the organizers distribute documents and materials to the participants, give some short reports about the pricing plans, give brief introductions about the procedures of a formal participatory pricing, answer participants' questions, and guide them in becoming familiar with each other. The pre-meeting organization meets the requirement of a deliberative democracy (Gutmann and Thompson, 2009; Fishkin, 2011) that the participants should be given access to sufficient information that is relevant to the issue concerned before deliberation. However, the information provided comes from a single source without analysis, assessment, or examination from diverse perspectives.

During the participatory pricing for taxi fares in 2011 in Shanghai, the only document provided was the report²⁸ from the Shanghai City Transportation Bureau. The report consisted of basic information about Shanghai's taxi sector in four parts: cost and profit, major reasons for a taxi fare increase, proposed plans for fare adjustment, and planning for future works. All four parts justified the price increase. However, the report lacked an explicit financial statement (balance sheet, income statement, cash flow statement, and statement of change in equity), and the information disclosed focused on the income gap between a taxi driver and the average income level in Shanghai. The company's business performance and management capacity were not evaluated.

²⁸ *Pricing Plan on the Adjustment of Taxi Fares* (关于调整本市出租汽车运价结构的方案)

Because information is asymmetrical between companies and consumers, consumers have trouble assessing service quality and making a sound judgment, allowing businesses to maximize their own benefits. Thus, financial assessment, supervision, and examination from a third-party auditor are of crucial importance but remain absent in most cases.

Therefore, although participants are empowered to access relevant information through pre-meetings, the commonly existing problems of information asymmetry and limited disclosure prevent them from exercising sound judgment, which weakens the constraint on businesses.

1.4 Participant Selection: Explicit procedure and opaque process

Participant selection procedures are stipulated in the NDRC's 2008 *Methods on Organizing Participatory Pricing for Governments to Set Prices*. First, consumer representatives must be determined through voluntary enrollment plus random selection or through a recommendation by the government-commissioned association (for example, the Consumers' Association). Second, business representatives must be determined through voluntary enrollment plus random selection or recommendation by the government's commissioned associations (for example, the China Gas Association, the China Taxicab and Livery Association, the All-China Federation of Trade Unions, etc.). Third, representatives including experts, scholars, governmental agencies, and NGOs must be selected and hired by price authorities. Additional requirements include the opening of a voluntary registration system 30 days before the event, the

announcement of a participant name list 15 days before the event, etc.

Although the rules are explicit, the selection processes are opaque due to the considerable discretion left to the local government authorities. Information about participant names, gender, occupations, and ages can be obtained through the government announcement, but how they are selected remains unknown. Considering that no quota is set on the association-recommended participants, in theory, the number of volunteers can be compressed to zero. In addition, the relationship between the government and these commissioned associations is delicate. Although the associations are announced as independent organizations according to the law, they are financially supported by the government, which allows room for manipulation.

Through the four features discussed above, we see how the citizens are empowered and why their empowerment is limited. They are allowed to participate voluntarily, to vote on the decisions, to obtain relevant information, and to express their opinions, but the government always holds the ultimate power to say no.

2. The government's paradoxical role

The previous sections explicate the authoritarian strategies adopted by the government during participatory pricing; in this section, I explain the complicated relationships between the government, enterprises, and the public, and their driving motivations.

The government plays a paradoxical role in the relationship between consumers and

enterprises. On one hand, the government represents the people and should make policies for the common good. On the other hand, the government and state-owned enterprises are financially aligned and administratively inseparable, which motivates partiality.

Economic regulation is justified by maximizing consumers' interests in circumstances of "market failure." This is the reason behind China's establishment of state-owned enterprises in the domains of infrastructure and natural monopolies in the era of centrally planned economies. The business monopoly granted by the government's administrative departments is called an "administrative monopoly." The most important difference between an administrative monopoly and other types of monopolies (natural monopoly and market monopoly) is that an administrative monopoly is endowed by the government with favorable rules or administrative regulations (Guo and Hu, 2004). By operating state-owned enterprises with an administrative monopoly, the government promises to properly protect consumer interests, because monopoly prices will be controlled within a reasonable and affordable range that reflects the efficient costs of providing ongoing and reliable services without a market impact. In this light, participatory pricing serves as a device for the government to collect public opinions to better protect consumers' interests.

However, the high level of state ownership causes the government's and the enterprises' interests to coincide in most cases, which makes it unsuitable for the government to supervise and examine the enterprises. These state-owned enterprises are important sources of fiscal revenue, and how well they operate is highly related to the local

government's performance. As a result, when the enterprise's profit decreases due to poor management, the government is motivated to cover up that fact and shift the losses to the customers due to financial and bureaucratic considerations. In addition, the government may set barriers to market entry or issue regulations with policy slants that work to the advantage of the state-owned enterprises and that further harm consumers' interests.

This mixture of government administration and enterprise management has been common since the era of centrally planned economies and makes corruption possible. The mixture is well reflected in the government's considerable power over various aspects of enterprise management, including personnel, financial policies, interest distributions, supply of raw materials, production output, etc. In this case, enterprises may seek to "capture" the regulatory government agencies (Stigler, 1971) to increase profit and obtain policy protections, and the regulatory capture allows for rent-seeking behaviors, which cause welfare loss while reinforcing the interest-based relationship between the enterprises and the government. In this way, enterprise interests will be prioritized over those of the consumers and the public, ultimately resulting in a loss to all of society.

As a result, the expectation that governmental regulatory agencies will protect consumer interests against enterprises in cases of market failure equates to the expectation of people supervising themselves. The alignment of interests between the government and state-owned enterprises makes questionable the government's role as an unbiased examiner.

In the following section, I use a case study of a participatory pricing event held in Shanghai to further explicate the interaction among the government, enterprises, and consumers. Through the case, we also see how the previously discussed characteristics combine into a coherent control mechanism and how consumers respond to it.

Case study

On January 9, 2015, the Shanghai Development and Reform Commission (SDRC) held a participatory pricing on taxi fares at the Shanghai Science and Technology Museum. Twenty-four citizens participated in the event, including ten consumer representatives, five enterprise representatives, two scholars, a representative of the Shanghai Labors' Union, a representative of the Shanghai Consumers' Association, a representative of the Taxicab and Livery Association, two representatives of the government authorities, a National People's Congress (NPC) member and a Chinese People's Political Consultative Conference (CPPCC) member²⁹. In September 2016, I spent four weeks in Shanghai to survey the participants in this event by door-to-door interviews. I asked them to complete a questionnaire³⁰ first, and then conducted in-depth interviews with them to explore their perspectives on the participatory pricing that they had taken part in. Before the survey, I asked them to read the meeting records to ensure accuracy and

²⁹ NPC is the national legislature of China, whose members represent the people; CPPCC is a consultative body, and its members represent various social groups. The NPC and CPPCC are often referred to as "the Two Assemblies." Normally, there will be at least one NPC member and one CPPCC member among the participants of a participatory pricing.

³⁰ More information about the questionnaire can be found in article 3.

tried my best to convince them of the guarantee of confidentiality.

The participatory pricing was held to discuss a price increase for taxi fares. The administration of the taxicab sector in China is a combination of licensed operation, government pricing, and corporate management. According to the data, there were 94 licensed enterprises, 3056 individual businesses, 44,871 vehicles, and approximately 84,000 taxi drivers in Shanghai in 2013. In 2013, the average daily passenger volume was 2.53 million. The average daily mileage operation per car was 364 km, and the average daily revenue per car was 988 CNY³¹.

Taxi fares in China are calculated by the initial charge plus the mileage rate. Surcharges such as fuel, night, waiting, and long distance may apply depending on the city. Historical records for taxi fares in Shanghai before the participatory pricing in 2015 are listed in Table 2.

Table 2: Taxi fares in Shanghai from 1991 to 2015³²

Year	Initial Charge (CNY)	Mileage Rate (CNY)	Surcharge (CNY)
1991-1995	16.25 (within 5 km)	1.8/km	Long-distance ³³ charge: 50% of the total charge Night charge: 30% of the total charge Waiting charge: 1.8/5 minutes
1995-1998	14.40 (within 5 km)	1.8/km	Long-distance charge: 50% of the total charge Night charge: 30% of the total charge Waiting charge: 1.8/5 minute
1998-2006	10	2.0/km	Long-distance charge: 50% of the total charge

³¹ According to the 2015 *Pricing Plan on the Adjustment of Taxi Fares* (关于调整本市出租汽车运价结构的方案) by the Shanghai City Transportation Bureau.

³² According to the *Pricing Plan on the Adjustment of Taxi Fares* (关于调整本市出租汽车运价结构的方案) by the Shanghai City Transportation Bureau in 2011. The data from 2011 to 2015 were obtained from the government website.

³³ "Long distance" denoted specific areas beyond downtown Shanghai before 1995. After the taxi fare adjustment in 1995, it means mileage of more than 6.2 miles (10km).

	(within 3 km)		Night charge: 30% of the total charge Waiting charge: 2.0/5 minutes
2006-2009	11 (within 3 km)	2.1/km	Long-distance charge: 50% of the total charge Night charge: 30% of the total charge Waiting charge: 2.1/5 minutes
2009-2011	12 (within 3 km)	2.4/km	Long-distance charge: 50% of the total charge Night charge: 30% of the total charge Waiting charge: 2.4/5 minutes
2011-2015	13 (within 3 km)	2.4/km	Long-distance charge: 50% of the total charge Night charge: 30% of the total charge Waiting charge: 2.4/5 minutes Fuel Charge: 1

The following two plans regarding the taxi fare adjustment were announced by pricing authorities before the event.

Plan One: The initial charge increases from 13 CNY to 14 CNY, and the mileage rate increases from 2.4 CNY/km to 2.5 CNY/km; the threshold of the long-distance charge changes from 10 km to 15 km, and the waiting charge increases from 2.4 CNY/5 minutes to 2.5 CNY/4 minutes.

Plan Two: The initial charge remains the same, and the mileage rate increases from 2.4 CNY/km to 2.7 CNY/km; the threshold of the long-distance charge changes from 10 km to 15 km, and the waiting charge increases from 2.4 CNY/5 minutes to 2.7 CNY/4 minutes.

The principal reason for the taxi fare increase was the taxi drivers' low income compared to their high intensity of work. One of the taxi drivers who participated in

the event explained: “Our monthly salaries were about 5000 CNY³⁴, and some people may perceive it as just a little lower than the average. However, we work for more than 10 hours a day and 7 days a week with no holidays (70 hours/week), which is much longer than the maximum working hours stipulated by the law (40 hours/week)³⁵. Taking into account the working hours, we actually did 50% more work with the same money compared to normal citizens with average salaries in Shanghai.”³⁶

Representatives from the government held the same view: “The attraction of being a taxi driver has been declining. The number of applications for the taxi driver qualification examination was 10,250 in 2009, and it declined to 3538 in 2013. This change will ultimately affect service quality. The work of taxi driving is demanding and intensive, requiring great concentration and long working hours, while the salary paid is disproportionate. As a result, taxi fares should be increased to generate internal motivation for the development of the taxicab sector.”³⁷

The participatory pricing was successful. “After our presentation with explicit data, most of the consumer representatives showed understanding,” the taxi driver told us. He went on to say, “It was not surprising because the salary we got was obviously too low compared to our working hours. You can do nothing now in Shanghai with 5000 CNY a month.”³⁸ The fare increase proposal was passed, and it went into effect on October 8, 2015, 9 months after the participatory pricing. We asked this driver whether

³⁴ In 2015, the average monthly salary in Shanghai was 5939 CNY.

³⁵ According to Article 36 of the *Labor Law* by the Standing Committee of National People’s Congress in 1995 and the *Regulation on Working Time* by the State Council in 1995, the working time of a worker should not exceed 8 hours per day and 40 hours per week.

³⁶ Interview with taxi drivers in August 2016.

³⁷ Interview with government officers in August 2016.

³⁸ Interview with taxi drivers in August 2016.

he was satisfied with the result, and he told us “yes”; we asked whether the increase in taxi fares helped alleviate the highly intensive working situation, the answer changed to “more or less, but not that much.”³⁹

The average salary received by taxi drivers is approximately 5000 CNY, but they actually earn much more than that. According to the data, the average daily revenue per car is 988 CNY⁴⁰, which means that the monthly revenue is 29,640 CNY. Because of the shift work approach in which one car has two drivers, the average monthly revenue per person is more than 14000 CNY, nearly three times the salary of 5000 CNY. However, a large amount of this money goes to the enterprises as a “Fenzi” fee, which can be regarded as an administrative fee. The Fenzi fee, literally translated, means the money one pays to get involved and own a share. The enterprises impose this monthly charge, normally about 8500 CNY, on the taxi drivers as industry admittance. The salary obtained by a driver is the total money he makes minus the Fenzi fee. This is the reason drivers need to work extremely hard to ensure money is left after the payment. “Every day when I open my eyes, I owe the company more than 200 CNY,” goes a widespread quip among the taxi drivers.

There was no Fenzi fee in the 1980s, when taxis first emerged in China. Drivers received a fixed salary every month no matter how much they had done. In 1996, for the purpose of industry management, the government enacted the *Announcement on the Reinforcement of a Contract System on Taxicab Industry* (关于加强企业营运任务承

³⁹ Interview with taxi drivers in August 2016.

⁴⁰ According to the *Pricing Plan on the Adjustment of Taxi Fares* (关于调整本市出租汽车运价结构的方案) by the Shanghai City Transportation Bureau in 2015.

包管理工作的通知) and stipulated that contracts should be made between companies and taxi drivers. After that, the government sold franchises at auction, and the enterprises that won the franchises began to set very high Fenzi fees, nominally for administrative, insurance, and maintenance fees. To this day, the composition of the Fenzi fee remains murky.

This is a typical case of rent seeking: the enterprises increase wealth from the holding of franchises instead of creating value in an administrative monopolized system. The exorbitant Fenzi fee rather than the taxi fare is the main cause of drivers' inappropriately low income. However, this factor was seldom mentioned during the participatory pricing, and the primary focus of the event was on the plans: what are the differences between the plans, what are their advantages and disadvantages, and which one should be chosen.

The establishment of the focus began early, during the pre-meeting organization, during which a large amount of time was spent introducing and discussing the plans. Brochures delivered to the participants concentrated mainly on this topic as well. And above all, the participatory pricing arrangements reinforced this trend. The event started with an analysis of the two plans, followed by reports from government representatives focusing on this topic. For example, one of the government representatives organized his report around the comparison between the two plans: "I support plan one because the increase in the initial charge will improve the drivers' activism in accepting short-distance orders, whereas the large increase in mileage rate in plan two may motivate

taxi drivers to choose a circuitous route and cause ripping-off.”⁴¹

During our interviews in August 2016 with the taxi drivers and consumers, we asked whether they had an inclination toward a plan, and most of them told us they did not. A consumer representative who participated in the event said, “Plan one is advantageous to those who take taxis for long distances, and plan two is advantageous to those who take taxis for short distances. To most people with both of those needs, such as me, there is no big difference.”⁴² According to the government's estimation, plan one will lead to an average profit increase of 1.41 CNY per order, and plan two will lead to an average increase of 1.60 CNY per order⁴³. Additionally, we know that the average number of orders a driver accepts per day is 16.45⁴⁴. Therefore, the difference between the two plans could be calculated as a daily profit increase of 3.13 CNY⁴⁵, which is only sufficient to buy a bottle of water in Shanghai. As a result, it was not surprising when we received answers from taxi drivers that they did “not care much about the plans.” In addition to the consumers and taxi drivers, we also asked government officers in the Pricing Bureau the same question, and one of them replied, “Both of the plans have their advantages and disadvantages.”⁴⁶

In brief, determining the plans, which is central to participatory pricing, is of little concern to most stakeholders, including the consumers, the taxi drivers, and the

⁴¹ News and reports on participatory pricing on Jan 10, 2015, from Xinhua News, NetEase News, and Tencent News.

⁴² Interview with consumer representatives in August 2016.

⁴³ *Pricing Plan on the Adjustment of Taxi Fares* (关于调整本市出租汽车运价结构的方案) by the Shanghai City Transportation Bureau in 2015.

⁴⁴ According to the *Pricing Plan on the Adjustment of Taxi Fares* (关于调整本市出租汽车运价结构的方案) by the Shanghai City Transportation Bureau in 2015.

⁴⁵ $(1.6-1.41)*16.45=3.1255$

⁴⁶ Interview with government officers in August 2016.

government representatives. If, as mentioned by different interest groups, both of the plans have their advantages and disadvantages with no one plan being obviously superior and the difference in outcome being no more significant than a bottle of water, then the reason the government established this topic as the focus of the event is suspicious. In this way, matters of major concern, such as the Fenzi fee, were not open for discussion.

However, according to the data⁴⁷, only 22.2% of the participants in the past five participatory pricings in Shanghai felt dissatisfied with the event; 77.8% of them were either “satisfied to a certain extent” or “neither dissatisfied nor satisfied” (Figure 1).

Figure 1: Extent of participants’ satisfaction with participatory pricing

⁴⁷ Between May 2016 and December 2016, we undertook an survey of the participants in participatory pricing in the past five years in Shanghai, which had 109 participants in all. A total of 72 usable surveys were received, representing a response rate of 66.1%.

This paper explored the reasons for their attitudes toward the process through interviews, and the results showed that the merits most frequently mentioned were freedom of speech, equality, and respect. This answer is unexpected considering the authoritarian features of participatory pricing analyzed above. One of the drivers told us, “Generally speaking, I am satisfied with the event. We were given sufficient opportunities to express our opinions. The cadres had 5 minutes, and we had 5 minutes as well. The organizers recorded our advice carefully, and I could tell that they took it seriously. Problems still exist, such as the Fenzi fee, but the government showed determination to solve them. After all, the fare has been increased.”⁴⁸ A consumer representative said, “That was the first time for me to participate in such political events, and I felt not bad. The organizers encouraged us to express ourselves and provide advice.

⁴⁸ Interview with taxi drivers in August 2016.

Some people say that the participatory pricing is just a token gesture, and I do not perceive it as such. They care about our opinions.”⁴⁹

This strategy is exactly what was described above as “limited empowerment.” Although boundaries exist and although the government controls the ultimate decision, the participants are considerably empowered through the events. Considering China’s social context and citizens’ relatively low expectations regarding political empowerment, their responses can be understood. In other words, the detected satisfaction of the participants is caused by the cunning control mechanism plus the citizens’ low expectation rather than the substantive improvement of their daily lives.

This control mechanism is much more subtle than undifferentiated prevention. First, frameworks are established by announcing pricing plans, and the event's design leads the participants to remain and think within the frameworks. Manipulations occur in the form of subtle guidance with hidden boundaries rather than obvious requirements. Second, by emphasizing workers’ poor living conditions, the conflicts are presented as between labor and consumers; the government, who grants franchises, fades into the background as an impartial mediator, and the enterprises’ management capacities, due to the lack of information, cannot be assessed. Third, the government allows for the participants’ limited empowerment including freedom of expression, a high level of representation, and encouragement to ask questions with patiently given answers, which earns trust and reliance.

⁴⁹ Interview with consumer representatives in August 2016.

Conclusion

This paper provides background on the emergence of participatory pricing in its historical and social contexts, including its economic and political incentives. Then, it details the authoritarian essence of participatory pricing with respect to two features: the strategy of limited empowerment and the government's paradoxical role. Finally, it uses a case study to connect these features to explain how this mechanism works and how consumers respond to it.

The result of this study supports what John Keane calls the “phantom democracy” (Keane, 2017). Considering the various democratic tools introduced and the empowerment fostered, China is no longer the totalitarian regime it was in the Maoist era. However, because the empowerment is limited and the democratic devices are subtly controlled, it is also not “the advocate and builder of democracy” that some scholars claim⁵⁰. Keane coined the term “phantom democracy” to describe this specific political form that goes beyond our inherited narratives of democratization. Although the Chinese government is now nurturing experiments with a wide range of democratic tools, these experiments and innovations are developed and harnessed to cultivate voluntary servitude and reinforce existing rules. Thus, the democratic system is only a “phantom” in the Chinese context. This empirical study on participatory pricing

⁵⁰ Han Zhen, Which is the Largest Democratic Country? (究竟谁是最大的民主国家), Global Times, http://opinion.huanqiu.com/opinion_world/2015-08/7361939.html

provides evidence for this argument and shows the details of the control mechanism. More specifically, a pre-established framework with hidden boundaries limits participants' voices during the participatory pricing, and cunning manipulations throughout the event distract the participants' attention from the crucial problem. The government and enterprises are free from evaluation, and the losses caused by inefficiency are shifted onto the consumers. Nevertheless, these control mechanisms are hidden beneath the surface of increased empowerment, which fosters participants' support and trust. The paper concludes that the control mechanisms are much more sophisticated than the past strategy of undifferentiated prevention. At least for the short term, this approach will successfully improve trust and strengthen authoritarian rule.

This article focuses on the control mechanism. However, the exploration of participants' response is limited, aside from the data on their general satisfaction with participatory pricing. With what specific parts of deliberation are they satisfied and dissatisfied? How does the extent of satisfaction affect their activism? These questions, which are related to the effectiveness of the control mechanism and the interaction between the government and participants, remain unknown. In the next article, I shift the perspective from the government to the participants and address these unsettled questions using new data.

Article 3:

Deliberation, Demobilization, and Limited Empowerment

Introduction

In recent decades, public deliberation in China has been institutionalized on topics ranging from government budgets to transportation prices and in locales from villages to metropolises (He, 2006). As discussed in the first two articles, these government-led deliberative practices in China are different from their counterparts in most liberal democracies, where they supplement existing aggregative democratic systems. In China, deliberations were introduced for the functional purpose of social stability without regime-level democratization. Government control intervenes in a subtle way through the design of deliberation process such as the nonbinding voting mechanism and pre-existing pricing plans. The processes partially empower the participants, who are encouraged to participate in deliberations and express their opinions but are not guaranteed to affect the decision-making process. In the last section, the second article briefly discussed the participants' satisfaction with this form of deliberation. In this paper, I continue to explore participants' responses to participatory pricing under clever government control.

More specifically, this paper examines one purpose of authoritarian deliberation: it is designed to solve practical problems while reducing participants' political activism. It

is intended to channel political involvement into what the government defines as orderly discussion, managing social conflicts, and avoiding and reducing civil engagement in terms of collective action. Participants are allowed to use their voices to solve local issues peacefully but are discouraged from taking any political action against the government. This is the purpose and meaning of what the Chinese government calls “orderly citizen political participation” (“公民有序政治参与”, which was written into the Reports of the 9th- 15th National Party Congress). How does this limited empowerment impact participants’ political activism? Few studies have been conducted to determine whether public deliberation indeed produces the government-desired effect. Among the limited literature, Ma and Hsu (2018) conducted a comparative survey-based study of citizens’ perceptions of local public deliberations. According to their survey results, no strong evidence was found to verify that participants in deliberative experiments will have a stronger recognition of democracy. This paper continues the work performed by Ma and Hsu using a different type of survey. Ma and Hsu’s study randomly selected citizens from four places where local elections and deliberations are held, but these citizens were not participants in local public deliberation. In contrast, this study surveyed *citizens who had taken part in participatory pricing* and collected data about their perceptions and opinions on the deliberative processes in which they had participated. This method helps us understand the impact of participatory pricings on participants’ political attitudes.

This paper has four sections. Section one introduces the logic of authoritarian deliberation and introduces three hypotheses on the relationships among deliberative

quality, demobilization and empowerment. The first hypothesis is that participants have a higher recognition of deliberative quality than of empowerment in an authoritarian deliberation, corresponding to the widely accepted interpretation of authoritarian deliberation: a high-quality process with a low level of empowerment. The second hypothesis is that participants' activism is negatively associated with deliberative quality. In addition, this study explains that the level of empowerment may have a moderating effect on demobilization, thus formulating the third hypothesis. Sections two and three provide the data, variables and results of the statistical testing of the hypotheses. In section four, the paper concludes that participatory pricing has a negative impact on participants' attitudes toward political activism, and the level of empowerment moderates this relationship.

The logic of authoritarian deliberation: Comparison with deliberation in the Western context

Although great differences exist⁵¹, China shares significant similarities with developed democracies in regard to deliberative democracy. Deliberation as a form of governance-driven democratization, in both contexts, can be understood as a response to the asymmetry between increasing social complexities and functional incapacities of the existing political systems (Warren, 2009). On the one hand, globalization and market-driven development result in highly pluralized citizens with increasing demands and

⁵¹ Differences between the Chinese and Western forms of deliberative democracy were discussed in the first article.

distrust of the government. On the other hand, the existing political systems, one-party authoritarianism in China and electoral democracy in the West, have inherent problems that necessitate the search for new sources of legitimacy. In this sense, the development of deliberation in China is comparable to that in the West in its functional drives and up-down manner of implementation.

More specifically, in China, mass protests and petitions have emerged during the past two decades as strategies by which people try to force the government to respond to their claims (Tanner, 2004; Lum, 2006). However, considering the population, complexity and diversity of such a large country as China, it is difficult to govern from a central position. First, the up-down manner of administration and the vast bureaucratic system result in a thick middle layer that hinders direct communication between the public and the central government. Second, to fit the requirement of performance assessment or simply gain more benefits, officials in the middle layer have motivation to report selectively rather than thoroughly to their superior officials. The presence of extensive corruption provides evidence of this. Thus, the central government lacks the information to engage in effective policy implementation. Policy makers have to seek other avenues to collect opinions and improve responsiveness, which are a prerequisite to relieving social pressure and improving legitimacy. As a result, the government introduced deliberative practices to involve citizens and provide them with avenues through which they could express opinions, indignation, and demands. In this context, a wide variety of deliberative innovations have thrived nationally on different topics with uneven effectiveness (He, 2006). In urban areas, deliberative practices are

institutionalized in various branches as executive routines to enhance accountability: for example, annual resident meetings, participatory budgeting, and audit hearings on administrative penalties. Participatory pricing is one of these practices.

Elite-driven deliberations in the Western context of electoral democracy share the same logic. “The functional reason is simply that policy-makers are on the front lines of this new pluralized ungovernability” (Warren, 2009, p. 7). As Warren identified, this ungovernability manifests in several ways with regard to policy making and implementation. “First, policy-makers find that the legitimacy generated by electoral democracy does not carry over to issue-segmented constituencies. Second, they find that any given policy generates opposition which derails their capacities to plan. Third, they often find they are short on information and enforcement capabilities... Finally, if policy makers fail to anticipate problems, formal democracy remains powerful enough to impose solutions, but often in ways that are clumsy and costly...” (Warren, 2009, p. 7). As a result, due to the incapacities regarding policy development and implementation that are inherent to electoral democracy, dialogue and deliberation are employed by policy makers as a supplementary way to overcome the deficits.

Despite the parallels in the incentive of ungovernability, governance-driven deliberations in China and the West face similar challenges. Due to their definite administrative purpose and significant discretion bestowed on the elites, deliberations can produce anti-democratic dangers. The first two articles indicated evidence of this danger in the Chinese context, and comparable situations could also be found in developed democracies, as exemplified by the case of the National Urban Renewal

Program (NURP) in France (Romano, 2018). The practices established as residents' participation in this urban renewal project by local government show similarities with authoritarian deliberation in at least three ways. First, decisions regarding the objectives and contents of the project were not decided together with the residents affected; instead, they were decided elsewhere and imposed on the residents. Propositions by residents that conflicted with previously made decisions were rejected in the name of "efficiency, effectiveness and rapidity". Second, residents' participation and deliberation were encouraged to merely ensure smooth implementation rather than providing a space for discussion and communication for residents to make decisions. Third, participation and deliberation were framed in a way that led residents to a specific direction for urban renewal, while individualized follow-up was introduced to demobilize the activism of the residents and reduce potential conflicts (Romano, 2018). In a word, deliberations were reduced to informing, and they occurred in a top-down fashion for the instrumental aim of smoothing implementation and demobilization, which resembles deliberative practices in the authoritarian context.

In essence, these types of deliberative activities are introduced as a functional necessity in response to various social pressures, with no apparent interest in the democratic reform of the existing political systems. The government hopes that through an emphasis on dialogue, collaboration, common good, and mutual respect, deliberations will improve participants' satisfaction and "groom" them to be good cooperators rather than fighters against the government. In this sense, deliberations serve as a mechanism to improve legitimacy while circumventing substantive empowerment. The first two

articles explained this logic in detail from the theoretical perspective and the perspective of government control. In short, participants are permitted to participate in politics through deliberations, during which they are allowed to express diverse opinions freely and genuinely but are not guaranteed to have a say in the result. In other words, deliberative quality—in the sense of the reasonableness of the procedure with respect to freedom of speech, opinion diversity, information disclosure, etc.—is relatively high, while the extent of empowerment—in the sense of actual power in decision making—is low. That said, how do participants perceive this situation? Are they aware of it or not? Does their understanding of the situation accord with the preceding theoretical analysis? To tackle these questions, this study surveys participants' perceptions of deliberative quality and empowerment and tests the first hypothesis, which is set forth below.

Hypothesis 1: *Participants are likely to have perception of a higher deliberative quality compared to their perception of empowerment in an authoritarian deliberation.*

It should be noted that the focus here is participants and their perception, since the objective of the study is participants' responses to the deliberations. It is not the “fact” but their “perception” that influences participants' responses and actions. In other words, it does not matter whether or not deliberative quality is actually high; as long as the participants “perceive” the quality as high, their subsequent actions can be affected

(as stated in hypotheses 2 and 3). Thus, here I am not concerned with the facts of deliberative quality (information disclosure, freedom of speech, opinion diversity, etc.) and empowerment (whether or not participants have a say in decision making). Instead, my concern is participants' perception of these issues, the data about which I collected through surveying the participants directly.

Then, we move on to hypothesis two. Although policy making and implementation processes in France and China share many characteristics, authoritarian deliberation goes further in demobilizing participants through deliberation. The demobilizing effect of French local deliberations tends to focus on specific issues and activities, whereas that of authoritarian deliberation is more general, with a consistent political agenda for the avoidance of regime-level democratization.

More specifically, demobilization in an authoritarian context is expected to be achieved by the introduction of high-quality deliberation with a low level of empowerment to improve legitimacy and gain the participants' recognition, which reinforces the participants' relying on the government to solve problems. In China, at least in the short term, this approach is likely to be effective for the following reasons. On the one hand, although Chinese society began to embrace a form of individualism during the economic reform in the 1980s (Moore, 2005; Yan, 2010), it is still a relatively collectivist country because of its prevailing ideology and the poor institutionalization of private rights (Lu and Gilmour, 2004; Michailova and Hutchings, 2006). On the other hand, there is no liberal tradition in China's history, and citizens lack awareness of the preservation of negative liberty; liberal ideas and ways of thinking have never prevailed

nationally. China lacks general multiparty elections for national leaders, independent political organizations, autonomous public spheres, and independent oversight (He and Warren, 2011). Even though civic and political rights are written into the State Constitution, citizens' exercise of these rights is limited. As a result, the introduction of high-quality deliberations could foster an image of "good government" and win participants' recognition, and the limited empowerment would strengthen participants' mindset of relying on the government.

Studies of Chinese and French cases provide empirical evidence for the distinctions discussed above. In France, the local government officials in charge of the NURP lamented the difficulties encountered during the deliberation with residents, since the residents either showed apathy or employed violent modes of expressing their discontent (Bacque 2014, Romano, 2018). However, in China, according to our interviews with participants in participatory pricings in Shanghai, a large variety of participants expressed satisfaction.

Therefore, considering the current political and social situation in China, the employment of high-quality deliberations by the government is likely to improve participants' recognition and strengthen their dependence on the government to solve problems, which makes them more disengaged from political participation and reduces their motivation to engage in politics. High-quality deliberation thus has a demobilizing effect on participants' activism⁵². In this respect, it is speculated that participants who

⁵² Although China is a country with generalized absence of citizen activism, demobilization can still take place. First, baseline political resources such as protest and petition still exist (and extensively exist) as forms of activism in China, which is an important incentive for the government to introduce deliberations. Second, demobilization aims at not only "actual activism" but also "potentials for activism", which consists of the improvement of trust in the government and instillation of the sense of cooperation.

have a higher level of recognition of deliberative quality are likely to have a lower perception of the need for political activism. Thus, the second hypothesis is formulated as follows:

***Hypothesis 2:** Participants' political activism is negatively associated with deliberative quality.*

However, the demobilizing effect of authoritarian deliberation may be effective only when the participants are not fully empowered, since improvement in empowerment regarding decision making would improve participants' awareness of their political power and weaken their dependence on the government to solve problems. Thus, their activism may be motivated to replace the passive acceptance. They may no longer be satisfied with deliberations that are of high quality in process alone and may also actively create opportunities to participate in politics. In this way, the demobilizing effect of deliberative quality on activism will be attenuated. Stated in quantitative terms, the extent of participants' empowerment will moderate the negative correlation between deliberation and activism. When the level of empowerment is low, deliberative quality will have a negative effect on participants' activism; when the empowerment increases, the negative effect (demobilizing effect) will be weakened and may even transform into a positive. Thus, the third hypothesis is formulated as below:

***Hypothesis 3:** The extent of participants' empowerment in decision making*

moderates the negative correlation between deliberation and political engagement.

In this light, the combination of high-quality deliberation and a low level of empowerment is capable of producing a demobilizing effect on participants' activism, which impedes the development of civil society and circumvents a regime-level democratization. However, the relationships between deliberative quality, empowerment and activism are dynamic and associated with various factors. The possibility of a regime-level democratization in the long term is not excluded, but according to the current data, the dynamics explained above are much more likely to be the case. In the following sections, this study explicates these dynamics in detail using quantitative methods to test the three hypotheses. To this end, the next section will provide background information on participatory pricing, with the data discussed and the three hypotheses tested in the following two sections.

Method

In this study, participatory pricing is singled out from other forms of participatory pricing as the research objective. Participatory pricing represents one of the most important nationwide deliberative practices. In China, the government has the final decision on the prices of natural monopolies and public services, such as water, gas, electricity and public transportation. These items are deemed of essential importance to

people's livelihood, and their prices should be controlled within a reasonable and affordable range without market impact. This economic regulation is justified on the grounds that the government takes into account affordability for citizens and the costs of providing reliable services, which call for collecting the opinions of citizens and enterprises. Thus, before setting of prices, participatory pricings must be held by local governments to hear the opinions of citizens, which has been a legal requirement since the 2000s.⁵³

Participatory pricings are often criticized as merely token gestures made by the government to legitimize its actual purpose: to raise prices. Thus, participatory pricings have acquired the nickname, "Hearing and Price-Rising Meeting" ("tingzhanghui"). A few exceptions exist. For example, the participatory pricing on natural gas in Foshan in October 2015, those on transportation in Wuhan in November 2014, and those on motorway tolls in Haerbin in April 2014 all reduced prices. However, in these three cases, governmental intentions to reduce prices had been affirmed even before the deliberative processes were held, which makes it hard to conclude that the reduction was the consequence of the participatory pricing. This study also tests whether the participants perceive low empowerment in their participation through survey works.

Between May 2016 and December 2016, I undertook a survey of participants in participatory pricing in Shanghai. Participants were drawn from the five participatory pricings that were held in Shanghai, which had 109 participants in the form of a citizen

⁵³ According to *Methods on Organizing Participatory Pricing for Governments to Set Prices* (政府价格决策听证办法) by the NDRC in 2002, and the *Code of Conduct for Governments to Set Prices* (政府制定价格行为规则) by the NDRC in 2006.

jury. Details of the five deliberations are shown in Table 1, including the dates, topics and participant composition. As detailed information on the participants is required to be posted publicly on government websites, we were able to trace all participants and contacted them by phone and social media for door-to-door surveys⁵⁴. Respondents were instructed that participation was voluntary and that the results would be used only for scholarly purposes. Due to the political sensitivity of the survey, I tried my best to convince the respondents of the guarantee of confidentiality. For example, I did not collect identifying information such as names or email addresses. Considering that the number of participants was not large, I also excluded age and occupation from demographic data collection, since it would be easy to identify the respondent by the other information he or she provided, such as gender and education. In this way, respondents were given the assurance and security to submit honest opinions. Seventy-two usable surveys were received. These respondents include sellers, consumers, third-party members, and government officers, which guarantees a diversity of opinions. The proportion of each group in the sample is similar to that in the population. In addition, widespread speculation holds that a large number of the participants are actually retirees employed by local governments to act as voluntary participants (“听证专业户”) to ensure a smooth process; fortunately, this is not true in this study. There are only 9 retirees among all 109 participants in the five participatory pricings I surveyed, with no more than 2 in each of the processes. The name list and basic information can be

⁵⁴ The respondents were asked to recall meetings from four to five years before, which is not a short time and may result in inaccurate results. To avoid this effect, we asked them to read the meeting records carefully before the survey and leave the questions blank if they felt any uncertainty about the answers. In this way, we maximized the accuracy assurance.

reviewed on the government's website.⁵⁵

Table 1: Five Participatory Pricings in Shanghai

Considering that the number of participants in participatory pricings in the last five years in Shanghai was only 109, the sample of 72 constitutes 66 percent of the participants and is thus fairly representative of these participants in Shanghai. More

Date	Issue	Participants				
		Consumer	Seller	Third party	Governmental representatives	Total
May 2011	Taxi fees	10	5	5	4	24
Apr 2012	Electricity prices	8	1	5	5	19
Jun 2013	Water prices	9	1	6	5	21
Jul 2014	Natural gas prices	9	2	5	5	21
Dec 2014	Taxi fees	10	5	5	4	24

than half of the public consultations' participants were recommended by corporations and government departments, while the rest enrolled voluntarily⁵⁶. This method of participant selection results in a group that is relatively highly educated, more interested in politics, and perhaps more sympathetic to the position of the government. I believe it is important to examine their opinions and responses to deliberations, which can serve as a case study of the mini-impact of public deliberation on political activism to reach an empirical-based study of one mechanism of authoritarian deliberation.

I conducted the survey in Shanghai rather than other cities in China due to the

⁵⁵ <http://www.shdrc.gov.cn>.

⁵⁶ Before the organization of participatory pricings, an official announcement must be released through the government website in regard to the event content, time, location and enrollment method. Citizens can enroll voluntarily according to the announcement. After that, random selection must be adopted to determine the final participants.

accessibility and frequency of the participatory pricings held there. Additionally, I undertook a separate study that shows that Shanghai has relatively low governmental control of deliberative processes and a high degree of citizen political interest, making it distinct from other cities in China (Qin, 2016). Thus, in Shanghai, the proportion of voluntary participants is larger than in other cities, and participants are given more freedom of speech in deliberation, which makes deliberations in this city closer to an authentic deliberative ideal. As a result, the choice of Shanghai as the survey location allowed us to obtain the genuine attitudes and responses of the participants. Simply put, Shanghai is not used to represent the general situation in China, but it represents the best situation in China to explore the logic of demobilization in this authoritarian context.

Questionnaire and Variables

The survey draws on the questionnaire from “Participedia” (Fung and Warren, 2011). The Participedia questionnaire was translated into Mandarin and evaluated for accuracy before the survey was conducted. The Participedia survey uses a series of questions to assess participants’ perspectives on the deliberations.

The major variable is political engagement, which is measured with one ordinal item. Another variable in this study is deliberative quality; it is measured by five ordinal items (information, opportunity to express, freedom to express, diversity of opinions, and reason behind arguments) with a Cronbach’s α of 0.90. The selection of the five

items was based on the standards of deliberative quality rooted in the Habermasian logic of communicative action. The moderator is empowerment, which is measured by two ordinal items with a Cronbach's α of 0.97; this variable pertains to the extent to which participants are empowered in decision making.

Additionally, myriad studies report that a gender gap exists in citizens' political participation with women less politically engaged than men (Burns, 2007; Dalton, 2008; Coffé and Bolzendahl, 2010) and that education positively correlates with political participation (Verba, Schlozman and Brady, 1995; Hillygus, 2005). Political interest is a critical part of having a psychological engagement with politics; hence, it is an indicator of participation (Olsson, 2014; Shapland, 2015). In addition, empirical evidence supports the proposition that high public trust will lead to an increase in civic engagement (LaPorta *et al.*, 1997). As a result, this study controls for gender, education, level of political interest and governmental trust in the model.

Below, the survey questions and measurement for each variable are provided. The descriptive statistics are shown in Table 2.

Political activism

- (Activism) After participating in the deliberation, how likely is it that you would join other people to help make progress on the issues you worked on in this process?

(-2 = very unlikely; 2 = very likely)

Deliberative quality

(Measured using the following 5 items with a Cronbach's α of 0.90.)

- (Information) How familiar are you with the issues that were the focus of the meeting or process? (-2 = very unfamiliar; 2 = very familiar)
- (Opportunity) How often did you have an opportunity to express your views in the small group discussions? (-2 = almost never; 2 = very often)
- (Freedom) Overall, how comfortable did you feel expressing what was truly on your mind? (-2 = very uncomfortable; 2 = very comfortable)
- (Reasons) When people expressed their views in discussions, how often did they give reasons? (-2 = never; 2 = always)
- (Diversity) How diverse was the range of opinions you heard in the discussions? (-2 = not diverse at all; 2 = very diverse)

Empowerment in decision making

(Measured using the following 2 items with a Cronbach's α of 0.97.)

- (Adopted) What is the likelihood that the process's recommendations will be adopted by those in power? (-2 = very unlikely; 2 = very likely)
- (Prior Decision Being Made) Do you think you participated in a process that led to important decisions or a process that came after the important decisions were already made? (-2 = made none of the decisions; 2 = made all of the decisions)

Education

(1 = no formal education; 2 = primary school; 3 = high school; 4 = some post-secondary education without degree; 5 = trade certificate; 6 = university degree; 7 = post-graduate degree)

Gender

(0 = man; 1 = woman)

Political interest

How interested would you say you are in politics? (-2 = not at all interested; 2 = extremely interested)

Trust

How often do you trust the government to do what is right? (-2 = never; 2 = just about always)

Table 2: Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Dependent Variable:					
Political Engagement	72	-2	2	-0.78	1.04
Independent Variable:					
Deliberative Quality	72	-0.40	2	1.29	0.64
1. Information	72	0	2	1.50	0.56
2. AmpleOpp	72	-1	2	1.25	0.82
3. Freedom	72	-1	2	1.25	0.87
4. Reasons	72	-1	2	1.17	0.79
5. Diversity	72	-1	2	1.28	0.72
Moderator:					
Empowerment	72	-2	2	0.15	1.06
1. Adopted	72	-2	2	0.13	1.07
2. DecPrior	72	-2	2	0.18	1.08
Control Variables:					
Political Interest	72	-1	2	0.53	1.11
Trust	72	-1	2	0.74	1.01
Education	72	4	7	5.19	0.94
Gender	72	0	1	0.18	0.39

Findings

Testing Hypothesis 1

The mean values of deliberative quality and empowerment are respectively 1.29 and 0.15 on a 5-point scale ranging from -2 to 2, and a gap of 1.14 exists. A *t*-test was therefore conducted, and the result is shown in Table 3, which indicates that the gap of 1.14 is statistically significant, supporting hypothesis 1. Considering that the scale has only 5 points ranging from -2 to 2, 1.14 is a large difference, which means that on average, participants' perception of deliberative quality reaches the extent of "good",

while their perception of empowerment reaches the level of “neither good nor bad”.

Table 3: T-test Comparing Citizens’ Perception of Deliberative Quality and Empowerment

Deliberative Quality	Empowerment	Gap	t	p
1.29	0.15	1.14	-10.83	0.00***

***p < .001

Testing Hypothesis 2

A correlation test pertaining to the next two hypotheses was then performed. Since the dependent variable here (political activism) is categorical, ordinal logistic regression was used rather than ordinary least squares (OLS) regression. Table 4 shows the details of the dependent variable with frequency and cumulative probability. Clearly, the cumulative probability for lower scores is high, and the approach to 1 is slow, which suggests the use of a *negative log-log link function* (in SPSS) to refine the model.

Table 4: (DV: Activism) How likely is it that you would join others to help make progress on the issues that you worked on in this process?

	Frequency	Percent	Valid Percent	Cumulative Percent
(-2) very unlikely	23	31.9	31.9	31.9
(-1) somewhat unlikely	18	25.0	25.0	56.9
(0) do not know, depends	24	33.3	33.3	90.3
(1) somewhat likely	6	8.3	8.3	98.6
(2) very likely	1	1.4	1.4	100.0

Table 5: Ordinal Regression

Variable	Model 1	Model 2
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Independent Variable:				
Deliberative Quality	-1.06**	(0.33)	-1.26***	(0.36)
Moderator:				
Empowerment	-0.11	(0.17)	-1.50**	(0.45)
Compound Variable:				
Quality * Empowerment			0.99**	(0.30)
Control Variables:				
Political Interest	0.55**	(0.19)	0.40*	(0.20)
Trust	-0.23	(0.18)	-0.16	(0.18)
Education	-0.33	(0.18)	-0.36	(0.19)
Gender			-	
[Gender = 0]	-0.75	(0.41)	0.82*	(0.42)
[Gender = 1]				
Test of Parallel Lines (p)	0.33		0.95	

The independent variable and moderator are continuous in nature: the empowerment index (summation of five ordinal items) and compromise index (summation of two ordinal items). All of the control variables except gender are ordinal and to retain as much information from the data as possible, they were treated as continuous variables. For the categorical variable of gender, dummy variables were introduced to test the correlation.

* $p < .05$; ** $p < .01$; *** $p < .001$ Link function: Negative Log-log.

Model 1 in Table 5 shows the results of the logistic regression. The coefficient of the predictor of deliberative quality is negative and statistically significant at the 0.001 probability level. This result supports the second hypothesis. In the Chinese context, deliberative quality is negatively associated with political activism. For those participants with higher perceptions of deliberative quality, lower political activism can be observed. Political interest has a positive and statistically significant impact on participants' activism, which is in accord with the literature review. The variables of

empowerment, trust, gender and education fail to predict the independent variable. A test of parallel lines is passed with $P = 0.448$.

Testing Hypothesis 3

Next, the study introduced the logic of the moderator. Variables can be regarded as moderators when their existence changes the relationship between the dependent and independent variables, regardless of whether they attenuate or exacerbate that relationship. In this case, a moderation test was employed to test whether the extent of empowerment affects the relationship between deliberative quality and political activism. More specifically, it tests whether the negative relationship is attenuated when individuals have a certain extent of empowerment or is exacerbated when they lack empowerment. A compound variable (deliberative quality * empowerment) was generated by multiplying the two variables together. This variable was incorporated into the regression model, and the results are presented in Model 2 in Table 5.

The results show that the coefficient is positive and significant (0.99^{**} , see Table 5) at the 0.001 probability level, which means that the moderator has a positive impact on the relationship between deliberative quality and empowerment. This result supports the final hypothesis. When the extent of empowerment is low, high-quality deliberation will have a negative effect on participants' motivation to engage in politics, but this negative relationship will be attenuated when empowerment is increased.

Conclusion

This study tests the basic characteristic of authoritarian deliberation, namely, the asymmetry between deliberation and empowerment, and it explores whether deliberations can enhance participants' political activism independently of their empowerment. The results show that the participants' perception of deliberative quality is relatively high while the empowerment perceived by the participants is low. The participants are allowed to access ample information in advance and communicate genuinely with few restraints, and the arguments offered during the deliberations embody the idea of rational discourse. However, the extent to which the results of the deliberations are adopted remains ambiguous, and the participants express no optimism that the results will be adopted.

Regarding the relationship between deliberation and political activism, the findings suggest the existence of a negative correlation. This result supports the hypothesis that the high-quality deliberations held by the government are likely to strengthen participants' dependence on the government to solve problems, further disengaging them from political participation and reducing their political activism. However, it should be noted that the respondents surveyed here might be mobilized in other situations for other issues; and a demobilizing effect in one area does not mean that such an effect will be present in another area. Such a phenomenon would depend on many other conditions.

Furthermore, the moderating effect of empowerment on this demobilizing effect is statistically significant. Deliberation quality is negatively associated with participants'

political activism when empowerment is low, and this negative relationship will be attenuated when empowerment is increased. This finding illustrates the contradiction of authoritarian deliberation well: it intends to demobilize citizens' political activism through phantom democracy. In doing so, local governments must offer limited empowerment to attract attendees and make public deliberation workable. However, this might undermine the demobilization effect.

In conclusion, the combination of high-quality deliberation and a low level of empowerment reduces participants' political activism, which may impede the development of civil society and circumvent a regime-level democratization. Deliberations with a relatively high extent of empowerment and deliberative citizenship exist, especially in village-level innovations (He, 2018). However, nationally, routine deliberations in which a low level of empowerment is observed render the gap between deliberation and democracy advantageous to the reinforcement of authoritarian rule rather than deliberation-led democratization. However, this study focuses on the participants' perspective and singles out participatory pricing, a specific form of deliberation in a specific region (Shanghai) to explore the mechanism of demobilization in China. Considering that the possibility of regime-level democratization depends on a variety of factors and that the problem cannot be addressed in one study, I do not expect conclusive results. The possibility of a deliberation-led democratization is not entirely excluded.

Summary

Through these three articles, this thesis provides an introduction to participatory pricing and explains its authoritarian essence.

The Chinese government has a different motivation than the West to organize deliberative practices. The West developed deliberative democracy to remedy the problems of aggregative democracy, which is internal to democratic theory. In modern China, however, deliberation and democracy were disconnected when the term “deliberation” first emerged. The political connotation of “deliberation” has evolved through three stages in the Chinese context: negotiation, consultation, and a demobilizing mechanism. Since the third stage, participatory pricing has been introduced in China as a nationally deliberative practice that must be organized in every city.

The data show that the extent of government control is responsive to political instability. When political instability increases, government control increases accordingly. This finding supports the explanation that authoritarian deliberation in China is introduced to satisfy the functional need to alleviate social conflicts. More specifically, government control intervenes into the process of deliberation in a subtle way. Participants are guided to remain and think within pre-established frameworks, and there is only a limited opportunity to discuss matters of concern. Thus, although they decide the results of the deliberations by voting, they are not really empowered to have a say in the matters

of concern, which have been pre-excluded from discussion. However, since the government allows for the participants' limited empowerment, including freedom of expression, a high level of representation, and encouragement to ask questions with patiently given answers, it earns trust and reliance. Data on participants' perception of participatory pricing supports this argument. Statistical results show that participants' perception of deliberative quality is negatively correlated with their activism. When the participants perceive the process of deliberation as high-quality with sufficient information disclosure, ample opportunities for expression, freedom of speech, reasoned arguments and diverse opinions, a decrease in their political activism will be detected. Considering that the Chinese deliberative practices are characterized by high-quality deliberation and a low level of empowerment, participatory pricing will have demobilizing effects on participants.

By singling out "empowerment" from "deliberation", the Chinese government manages to partially empower its citizens to maintain social stability while retaining control. This reflects the new requirements for the government that differ from the Maoist era: the government must either transform one-way public consultation into two-way public deliberation or introduce limited empowerment into the deliberation process under the new market conditions. The pure political study of the Maoist era will no longer attract citizens if their voices are not taken seriously or if their opinions have no impact on the decision-making process. Chinese villagers, for example, are too busy making money, and they will not waste their time attending a meaningless forum. Deliberation must include some element of empowerment. This is why the Wenling government, for

example, announced the government's decision about citizens' opinions to create the image that citizens' opinions matter in the government's decision-making process. However, citizens are not offered full empowerment, and governments must retain their discretionary power to make a final decision. This is a part of "orderly citizen political participation."

From a broader perspective, the ideas of "limited empowerment" and "orderly citizen political participation" are in accordance with what John Keane calls the "phantom democracy" (Keane, 2017) in China. Since the 2000s, the Chinese Communist Party has repeatedly emphasized the need for "democratic reform," of which the development of deliberative democracy is an important component. Other strategies have included the spread of village-level elections, the introduction of petitioning systems (信访, also known as letters and calls, correspondence and reception) to hear complaints from individuals, the improvement of administrative transparency with the enactment of the Open Government Regulation in 2008, etc. However, these experiments and innovations are developed and harnessed to cultivate voluntary servitude and increase public support rather than to pursue regime-level democratization. Hidden beneath the surface of advocating democracy, the true purpose is to reinforce the existing rules and order. As a result, the democratic system is only a "phantom" in the Chinese context. However, the scope and data of this research have limitations. First, periodic deliberations in China such as participatory pricing and resident meetings often have a relatively small number of participants. The reason why the number of participants is small remains unknown. Officials in Shanghai gave answers like "we referred to the

events organized by the other cities to determine the number of participants” and “it could be randomly decided at the very first”. I have contacted all of the participatory pricing participants in the past five years in Shanghai: there are only 109. Due to the sensitiveness of the research, even fewer participated in the survey and interviews. This number satisfies the basic requirements of the statistical methods employed in this research, but further studies with bigger sample sizes will be beneficial.

Second, this study argues that participatory pricing can help to strengthen the authoritarian rules and maintain the existing political system, but its long-term influence is not conclusive. Whether deliberation-led democratization is possible depends on a variety of factors, for example, the extent of the government’s dependence upon deliberation as a source of legitimacy, changes in citizen expectations of empowerment due to experiences with deliberative engagement, elites’ desire to retain political control through the institutionalization of decision-making procedures, and the possibility of adopting voting to settle contentious deliberations (He and Warren, 2011). Moreover, these factors interact with each other, further complicating the causation and mechanisms by which they influence democratization. For example, although participants are not fully empowered, they can gain a sense of empowerment through their participation in deliberations. Participants’ trust of and appreciation for the government due to deliberations may be gradually replaced by growing expectation. Deliberations can educate participants by giving them the notion that people can speak out on public issues and the government can be responsive, which may in the long term contribute to regime-level democratization. In a word, these factors cannot be addressed

simultaneously in a single study; therefore, in this study, we narrowly focus on the government-participant interaction during a specific time period (with data from 2011 to 2015) and suggest that in the short term, the scenario of reinforcing authoritarianism is much more likely. Further research is required to develop a comprehensive examination of all the causal mechanisms identified by He and Warren to answer the question of whether Chinese deliberation will lead to deliberative authoritarianism or substantive democratization.

Third, as indicated in the introduction, participatory pricing is only one form of deliberation in China. Different forms of deliberative practices in China influence participants in different ways. Some forms of deliberations, especially in rural areas, have achieved considerable success in participant empowerment. According to the idea of deliberative system (Mansbridge *et al.*, 2012), sometimes deliberations that are internally non-deliberative will contribute to the system as a whole. “In a complementary relationship, two wrongs can make a right. Two venues, both with deliberative deficiencies, can each make up for the deficiencies of the other. Thus an institution that looks deliberatively defective when considered only on its own can look beneficial in a systemic perspective” (Mansbridge *et al.*, 2012, p. 3). As a result, although this study focuses on the control mechanism within the process and emphasizes the process’s authoritarian essence, it does not expect to arrive the conclusion that participatory pricing has nothing to contribute. Further studies on the relationship between participatory pricing and other forms of deliberations will be beneficial to bring about a comprehensive conclusion.

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