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Fragmented Authoritarianism and Protest Channels: A Case Study of Resistance to Privatizing a Hospital

Yao LI

Abstract: Can citizens in an authoritarian country like China influence policy implementation? Two types of scholarship indicate ways that they can: The first proposes that policy implementation is carried out through a fragmented authoritarian system that requires consultation and cooperation among various government units, and this system is amenable to pressure from outside groups. The second examines institutional channels designed to handle grievances and bridge communication between citizens and the authorities. In this paper, I emphasize a link between these two bodies of scholarship, showing how protest channels are connected to the fragmented authoritarian system and how the imperative to maintain social stability leads higher-level authorities to resolve departmental conflicts in favour of protesters. I do this by examining a struggle against the privatization of a hospital in North China, a case that illustrates how protesters successfully employed both the petition system and the opportunities offered by the fragmented authoritarian system to develop powerful alliances, to peacefully pressure top local authorities to intervene and to overcome opposition in the local government, leading to finalizing the municipalization of the hospital.

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Keywords: China, policy implementation, governmental administrative structure, institutional protest channels

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Introduction

How does the Chinese regime deal with social grievances and protests? It is tempting to say that repression serves as the state's primary strategy. There is wide agreement among scholars that authoritarian regimes, such as China, rely more on repression to deal with citizen protests than do democratic regimes (Goldstone and Tilly 2001; Tilly 2006, 2008; Tilly and Tarrow 2007).

China, however, is experiencing an increasing number of social protests, many of which are not repressed but rather carefully handled by the government. According to the *Blue Book of China's Society 2013* (a report on various aspects of Chinese society published by the Chinese Academy of Social Sciences annually since 1993), tens of thousands to over one hundred thousand mass incidents have taken place each year in China in recent years due to various social conflicts. In light of the definition by the Offices of the Central Committee of the Chinese Communist Party (CCP) and the State Council (2004), protesters in mass incidents "use illegal congregation or blockage" to make demands. Thus, they are illegal on paper. In practice, however, such mass incidents are largely tolerated and often an effective means to aid protesters in extracting concessions from the government or third parties. A large body of research indicates that although practices vary greatly by region, protests taking nonviolent and non-destructive forms have been increasingly tolerated by the Chinese state (Chen 2011; Lee 2007; Perry and Selden 2010) and have been able to affect policy implementation in a number of ways (Cai 2010; Hurst 2004; Mertha 2008; O'Brien and Li 2006).

The question then becomes: How can citizens influence the implementation of policy in China? In this paper[1], I will argue that 1) institutional channels that were created to manage grievances along with 2) China's fragmented administrative structure have combined to offer space for citizens to make claims. Further, being held accountable for maintaining social stability pressures the top local authorities to intervene and overcome bureaucratic deadlock at lower levels. I examine a case in which citizens opposed privatizing a hospital that had belonged to a state-owned enterprise (SOE). In the three-year struggle between 2004

1 I am grateful to Joel Andreas for his suggestions and comments. The feedback received from Rina Agarwala, the reviewers and the editors is also appreciated. Thanks also to Anne-Marie Livingstone and Rachel Core for their assistance in the preparation of the text.

and 2007, protesters (composed of hospital retirees and employees) sent letters and paid visits to the relevant government agencies, negotiated and argued with the local government officials, and staged a peaceful demonstration in front of the city hall. In the process, protesters found allies within the government and also invited intervention from the top local authorities to coordinate departmental conflicts in favour of protesters. A series of local policies regarding municipalizing the hospital were gradually issued. Eventually, the mayor directly ordered opposing departments to make concessions and to complete the hospital takeover.

This study is based on 20 interviews with hospital retirees and employees who participated in the struggle, hospital and factory cadres, a private entrepreneur (who intended to buy the hospital), as well as officials of petition offices, all of whom were familiar with one aspect or another of the conflict. The data used also include documents issued by the central, provincial and local governments, as well as a memoir written by the primary protest leader (Zhi 2009). To protect the privacy of those involved in the struggle, the paper adopts pseudonyms for places and people.

Existing Scholarship on Policy Implementation and Grievance Management

Divides within the State and the Fragmented Authoritarianism Model

Existing research on popular resistance in China views divides within the government as potential for citizens to affect policy implementation. For instance, local officials are at times lenient or even play an instrumental role in popular protests (Hurst 2004; Perry and Selden 2010; Wang 2012). Also, the gap between policymaking by the central government and policy implementation by the local government empowers rightful resisters to legitimate their claims and contentious actions (O'Brien and Li 2006). In some cases, divides between different levels of government lead to government concessions to protesters (Cai 2010; Chen 2011).

Nonetheless, these studies do not delve into the specific mechanisms and processes within the government in the face of social protests. We need to introduce scholarship on the fragmented administrative structure of the Chinese state that elaborates the policy process (including both policymaking and implementation) within the government and

demonstrates how it can change in response to pressure from popular protests. Kenneth Lieberthal and Michael Oksenberg (1988) have developed an influential model of policymaking and implementation in China that they call "fragmented authoritarianism" (FA). Authority below the apex of the Chinese political system has become increasingly "fragmented and disjointed" since the late 1970s (Lieberthal 1992: 8). Structurally,

> China's bureaucratic ranking system combines with the functional division of authority among various bureaucracies to produce a situation in which it is often necessary to achieve agreement among an array of bodies, where no single body has authority over the others (Lieberthal 1992: 10).

This structure of authority requires that "any major project or policy initiative gain the active cooperation of many bureaucratic units that are themselves nested in distinct chains of authority" (Lieberthal and Oksenberg 1988: 22). Thus, it calls for one or more top leaders to enthusiastically support the initiation of a major project or policy in order to overcome bureaucratic impasses at lower levels. The FA model examines the complex configuration of the state and the policy process within the state, but it cannot take into account the significant changes in the political process since the late 1980s.

Based on Lieberthal and Oksenberg's work, Andrew Mertha (2008) demonstrates an increasingly pluralized policymaking and policy implementation process in his study on resistance to hydropower projects in the 2000s. Mertha elaborates in his case studies that

> Previously-excluded members of the policy-making process in China – officials only peripherally connected to the policy in question, the media, non-governmental organizations [NGOs] and individual activists – have successfully entered the political process (Mertha 2009: 996).

Mertha identifies disgruntled officials, the media and NGOs as policy entrepreneurs. In his view, when these policy entrepreneurs ally with each other through appropriate issue-framing to mobilize a broad audience and social sympathy, they can affect policy outcome. Mertha uses "fragmented authoritarianism 2.0" (FA 2.0) to designate his revision of Lieberthal and Oksenberg's model.

Mertha's FA 2.0 model reveals that, to some extent, Chinese citizens can influence policy process, since the fragmented authoritarian structure responds to outside actors. Nevertheless, Mertha's research emphasizes the importance of obtaining support from a broad audience for protest-

ers to affect policy process. In his account, citizens' participation in policy implementation from outside seems to be *ad hoc* – not institutionalized. Although he does not deny the use of petitioning as a protest channel in his case narratives, he only briefly mentions the petition channel. Institutionalized channels for citizens to lodge complaints and make claims, however, are examined in detail by other scholars.

Petition as a Protest Channel and Its Function

Scholars of China's popular contention and its management have examined a series of channels for citizens to communicate with political leaders, express their opinions, and lodge complaints. These include the people's congress (Nathan 2003), the legal system (Lee 2007; Gallagher 2005; O'Brien and Li 2004; Pei 1997), trade unions (Chen 2010; Liu 2010) and the petition system.

Established in the early 1950s, the petition system is composed of "letters and visits" (信访, *xinfang*, "petition") offices for

> citizens, legal persons or other organizations [to] give information, make comments [or] suggestions, or lodge complaints to the governments at all levels and the relevant departments of the governments at or above the county level, through correspondence, e-mails, faxes, phone calls, visits, and so on, which are dealt with by the relevant administrative departments (State Council 2005).

Agencies of the petition system have multiplied and developed today as part of an official effort to contain the growing volume of conflict and to preserve social stability (Luehrmann 2003). Ethan Michelson emphasizes the extensive network of the petition system in which petition offices span, vertically, many levels of government and, horizontally, many administrative jurisdictions (Michelson 2008: 49). Thus, the petition system is widely embedded within China's administrative system.

The petition system is recognized as an important channel to foster communication between political leaders and citizens, to monitor officials, to oversee governmental policy and to give a voice to the masses (Luehrmann 2003; Cai 2004). It also helps address a wide range of issues in the absence of a strong legal system (Ying 2011) and serves as a popular channel for citizens to prompt elite involvement in the resolution of their particular grievances (Minzner 2006). Moreover, collective petitions have become the most important mode of collective actions (Cai 2004; Chen 2011). The boundary between collective petitions and more disrup-

tive activities, such as demonstrations and blockades of government offices, is often blurred, offering citizens more chances to initiate collective actions without suffering punishment (Cai 2004). Chen Xi (2011) also finds that the petition system has been converted into a vehicle facilitating social protests and contentious bargaining since the 1990s.

However, it is worth noting this channel's defects, inefficiencies and negative political influence. For instance, citizen complaints through the petition system are often ignored, mishandled or manipulated (Luehrmann 2003), which tends to intensify the resentment of petitioners (O'Brien and Li 2006) and can lead to an escalation of social conflicts and even undermine the authority of the central government (Yu 2005).

Although the petition system has serious deficiencies and has been harshly criticized, it has been increasingly used by a large number of people. It is estimated that the number of petitions to the CCP and government agencies above the county level grew from more than four million in 1994 to over 13.7 million in 2004 (Hu et al. 2009). This means that the petition channel plays at least a small role in addressing grievances – otherwise, citizens would not continue to use it.

In addition, officials' mistreatment of, and procrastination on, petitions can be avoided to some extent in cases of peaceful collective petitions. First, collective petitions are more likely to be deemed a threat to social stability, owing to the possibility that more dramatic mass actions, such as demonstrations, will follow (Cai 2004: 440). Second, since the early 1990s top local officials have been assigned to take responsibility for the occurrence of events that may threaten social stability (Cai 2002). Some regions even practise the "one-item veto system", under which the occurrence of collective petition will result in the punishment of the related government officials, regardless of their other achievements (Edin 2003; Cai 2004). Third, local government officials do not have the authority to repress disgruntled citizens as long as their demands are legitimate and their action is peaceful. Repression may lead to blame or even punishment by the higher-level government, which is more concerned about regime legitimacy (Cai 2002). Hence, pressure from above leads the local government to respond to collective petitions and sometimes to make concessions.

Scholars who have studied the petition system have analysed how institutional channels for citizen grievances function, but so far they have not done much to connect this process to the complex system through which policy is implemented within the state. The literature on the frag-

mented authoritarian system has focused on policy process within the state and is not much concerned with institutionalized protest channels. Although Chen (2011) does highlight the divide within the government and the conversion of the petition channel into vehicles for social protests, he does not detail how such divides specifically help protesters negotiate with the local government through the petition channel and affect policy implementation within the government. For instance, he points out that some sections of the state may be more willing to defend the interests of certain groups of citizens. However, in his case studies, how such an attitude benefits protesters in contentious bargaining through the petition system and further influences decision-making in the government is not elaborated.

In this sense, the link between the two research agendas – that is, how institutionalized channels for protests are connected to the fragmented authoritarian system in policy implementation – has gone understudied. My case study intends to shed light on this.

The Background of Shining Hospital Struggle

Policy Implementation Problem: What to Do with a Factory Hospital?

Until the early 2000s, large and medium-sized SOEs in China usually ran a set of social services for their employees, which often included attached hospitals. This was the case for Shining Factory, which owned Shining Hospital, a medium-sized hospital in Hope City in Hebei Province, close to Beijing. Shining Factory used to be the largest factory in its industry in China and a pillar company in Hope City (Editing Committee of Records of Shining Factory 1992). By 2003, Shining Hospital was paying salaries or pensions for approximately 350 employees and retirees, two-thirds of whom were still working.

In 2002, the central government issued a policy to accelerate the separation of social service functions from large and medium-sized SOEs (National Economic and Trade Committee 2002). The policy regulated that SOE hospitals be either privatized or taken over by local governments. In other words, this policy allowed for flexibility in policy implementation at the local level. Following the central government, in June 2003, the Hebei provincial government issued *Document No. 19*, concerning hospital separation (Economic and Trade Committee of

Hebei Province 2003). It required that either the local government or an SOE provide subsidies to a separated hospital to strengthen its operational capacity. Thus, whoever took over the hospital would have to assume a financial burden. Subsidies were critical for the survival of Shining Hospital, which was performing poorly. However, Shining Factory was also running in the red and was unable to provide subsidies.

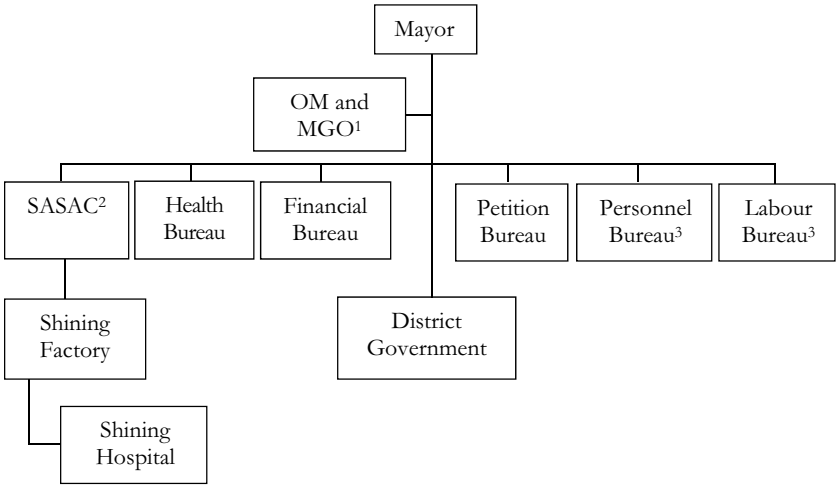
The flexibility of policy implementation left three options open for the future of Shining Hospital: 1) to privatize it by selling it to individuals, 2) to put it under the administration of Hope City or 3) to put it under the administration of Port District. The three options sowed seeds of controversy among different government agencies and opened doors for discontented citizens to edge in.

Key Actors in the Dispute

Divides within Local Government

The hospital struggle took place in the context of a system of a local state that was fragmented vertically and horizontally, illustrated in Figure 1.

Figure 1: Administrative Relations between Agencies in the Hospital Struggle



Note: [1] OM: Office of the Mayor, MGO: Municipal Government Office.
[2] SASAC: State-owned Assets Supervision and Administrative Commission.
[3] Personnel Bureau and Labour Bureau are related but not key actors in municipalizing Shining Hospital.

Source: Author's own compilation.

- Port District government was one administrative level lower than the Hope municipal government. It was reluctant to take over Shining Hospital because of the funding burden.
- The municipal State-owned Assets Supervision and Administration Commission (SASAC) took charge of administering Shining Factory and its reform. It was in SASAC's interest to complete the hospital separation, which was an indispensable step of the factory's reform.
- The Health Bureau of the municipal government was a major opponent of municipalizing Shining Hospital, as this would increase its financial and administrative burden.
- The Financial Bureau of the municipal government was also unwilling to municipalize the hospital in order to evade its responsibility to allocate funds to the Health Bureau for the takeover.
- The Petition Bureau of the municipal government played a role in mediating conflicts between petitioners and different government departments.
- The mayor of Hope City had the final say in municipalizing the hospital. He was not directly involved in the takeover conflict until the protest appeared to threaten his official position.

Shining Factory and Shining Hospital

- Shining Factory: It was in the factory's interest to sever its relationship with the hospital to reduce its burden. Initially, it preferred privatizing the hospital. However, persistent protest from below caused the factory's top leader, Bing (the board chairman and party secretary), to change his mind: He ended up siding with protesters who demanded a government takeover. Bing was a high-ranking official at a provincial government bureau before he came to Shining Factory in 1999, when the factory was affiliated with the provincial government. Bing's high-ranking official background plus the importance of Shining Factory in Hope City gave him some voice in the negotiation of the hospital takeover with the local government.
- Shining Hospital: The hospital director at the time, Shu, intended to acquire the hospital through a management buyout (MBO).

Disgruntled Citizens

- Hospital retirees treat municipalization as an opportunity to increase their pensions in light of the gap between themselves and their counterparts in city hospitals. City hospitals belonged to state-run

institutions (SRI, 事业单位, *shiye danwei*), while Shining Hospital belonged to an SOE that performed poorly. In recent years, salaries and pensions at SRIs on average grew substantially more than those at SOEs, owing to the national income redistribution policies (Sina.com 2009). Besides economic concerns, a number of retirees also expressed their affection for the hospital and concerns about its future (Interview 1). To them, privatization without subsidies would equal bankruptcy. Two retirees became primary leaders in the struggle: One was Zhi, a former grass-roots doctor who was in his early sixties. The other was Hui, a middle-ranking cadre who was a bit older than Zhi. Highly articulated and resourceful, Zhi and Hui were dedicated to the three-year struggle.

- Hospital employees: If the hospital were to be privatized, their job security would be in jeopardy. By contrast, if it were municipalized, not only would employees' job security be guaranteed, but salaries would also increase. Similar to the retirees, several employees expressed their attachment to the hospital (Interview 2). Moreover, after Bing sided with protesters, a growing number of employees came out to join in the struggle. Among them was Tou, a high-ranking doctor with many professional titles and a wide social network outside of the hospital, who became a protest leader as well. Via his network, he was able to get copies of local policies, which were used to assist the hospital protest.

The Three-Year Struggle

2004 Privatization Agreement

From the onset in November 2003, the local government policy concerning the hospital's separation from the factory was favourable to the hospital. Originally, the municipal government demanded a Port District government takeover (Document a 2003), but a piece of disputed land gave the district government an excuse not to do so. Instead, a compromise was reached in September 2004 with the so-called "privatization agreement", which stipulated that the hospital was to become a firm, responsible for its own performance, and receive subsidies from neither the factory nor the government (Document b 2004). The municipal government tolerated these adjustments in policy implementation, as long as

they did not incur additional expenses for the municipality (Document c 2005).

After that, Shining Factory considered two different paths to privatization: 1) inviting outsiders to bid and 2) arranging a management buyout (MBO). TLS, a private entrepreneur, had submitted a purchase proposal to the factory (Interview 3). Shu, the hospital director at that time, also intended to buy it and even invited people to evaluate its assets (Interview 4). Nevertheless, the factory did not take concrete steps to sell the hospital due to objections from below. Bing, the leader of Shining Factory, admitted that he "needed to follow the opinions of majority employees in order to maintain stability" (为了保持职工的稳定, *weile baochi zhigong de wending*) (Interview 5). In the following sections, I will explain how the objections from below ultimately promoted the municipalization of the hospital.

Building Allies in the State

The privatization agreement put the futures of Shining Hospital and its employees' jobs in jeopardy, motivating a struggle that demanded a government takeover. Initially, dozens of hospital retirees petitioned the factory to fight against privatization, but their claims were rejected. Then, they collectively visited the Petition Bureau and framed their protest as facilitating the local government's implementation of *Document No. 19*. In their view, this policy was violated by the privatization agreement on the item concerning subsidies. A high-ranking city government official, Yu, deputy to the mayor, sympathized with the protesters and promised to take their opinions into account before making further decisions.

Weeks passed and it turned out that Yu had placated protesters merely for the time being. After this relatively still period, retirees began visiting the Petition Bureau on a monthly basis. Sometimes petition officials appeased them by explaining that the takeover issue was still under discussion; other times they called SASAC officials and cadres from the factory and hospital to negotiate with petitioners. Petitioners also delivered letters to the mayor through SASAC officials. To further pressure the government and the factory, resisters threatened a collective petition in front of the city hall in June 2005. Since collective petition was generally treated as a menace to social stability, officials and factory cadres took this threat more seriously. Soon, Bing intervened and offered to meet with petition representatives. At the meeting, besides framing their

struggle as promoting policy implementation, representatives also made moral economy claims by highlighting Shining Factory's previous donations and tax payments to Hope City as well as the obligation of the city government to help the factory in return. Bing accepted these claims and expressed his endorsement for representatives.

Several explanations account for Bing's endorsement, including pressure from the petitioners. Moreover, municipalizing the hospital would facilitate separating the hospital and accelerate the reform of the factory, which was a key task for Bing. Bing was despatched to Shining Factory to take charge of its reform (Interview 6).

Bing's endorsement compelled the hospital director to cast her support as well (at least publicly). Since then, the struggle has become legitimate in the factory community, with increasing participation by hospital employees. Moreover, protest leaders began to take advantage of Bing's status and influence in order to urge government takeover. In July 2005, at the protesters' repeated requests, Bing took them to meet Sheng, the head of SASAC. It was a rare opportunity, as previously they had been given access to only mid-level SASAC officials. This meeting won them the support of SASAC, which promised to propose to the leaders of Hope City that either the Port District government or the Health Bureau should take over Shining Hospital. SASAC's support was related to Bing's endorsement. More importantly, it was also to SASAC's benefit to complete the hospital separation and advance the factory's reform.

Policy Adjustment: From Privatization to Municipalization

Endorsement from Shining Factory and SASAC meant the 2004 privatization agreement was officially abandoned, but this did not initiate government takeover. Neither the district government nor the Health Bureau wanted to shoulder the burden. Protesters did not insist on the district government's takeover, as Hui, a protest leader, explained:

> Sixty per cent of taxes collected within Port District were taken by the municipal government. It was true that the district government was short of funding. Plus, in terms of the administrative level, the district government was too low to be suitable for the takeover. The director of Shining Hospital is on the same level with the head of the Health Bureau, for Shining Factory used to belong to the provincial government and Shining Hospital was on a higher administrative level than the district government. So it was unreasonable to hand over the hospital to Port District (Interview 7).

Thus, protesters targeted the Health Bureau, but the bureau steadfastly refused to take over because of the financial burden it would entail. After takeover, the bureau would have to pay one to two million CNY to raise the incomes of hospital employees and retirees to narrow the gap between them and their counterparts in city hospitals. Furthermore, 60 per cent of the city hospitals' annual budget came from the Health Bureau. Municipalizing the hospital meant that an extra share of funds would have to be given away annually. The takeover would also add to the administration workload. However, had Shining Factory transferred a huge amount of money – say three or four million CNY – to the Health Bureau, the hospital's municipalization would have run smoothly. This was the case for two other factory hospitals in Hope City (Interview 8).

In Bing's account, Wei (the head of the Health Bureau at the time), "was about to retire and was unwilling to take the trouble", even though Bing had twice treated him to dinner. Hence, Bing considered the mayor's intervention crucial to overcoming Wei's objections. Petitioners also continued writing to the mayor and a vice mayor responsible for health and visiting the Petition Bureau. In December 2005, protesters threatened to petition to the central government at a politically sensitive moment: prior to two important national festivals (the New Year and China's Spring Festival) and two critical national conferences (the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference). To stop this, Bing took protesters to the Petition Bureau. Led by Bing, petitioners were able to meet two top petition officials. In the meeting, Bing frankly proclaimed himself a petitioner and expressed his total support for petitioners. In response, petition officials ensured them a meeting with the mayor (Zhi 2009).

Two days later, no meeting with the mayor had been held, but the Office of the Mayor held a coordination meeting that was attended by heads of SASAC (Sheng), Shining Factory (Bing) and the Health Bureau (Wei). In the meeting, Ma, a municipal deputy secretary-general representing the vice mayor responsible for health, emphasized that at such a sensitive moment each related department should take the petition threat seriously. In order to prevent collective petitions and to maintain social stability, every department was required to facilitate the hospital takeover and to share the goal of completing it as soon as possible. Under such pressure, Wei had to agree to take over. In the meeting it was also decided that SASAC would take charge of coordinating the multiple depart-

ments, including the Health, Personnel and Financial Bureaus (Document d 2005).

Why did the local leaders begin to coordinate resolution of takeover conflicts at this time? The political sensitivity of the moment accounts for this. As the minutes of the meeting show, the deputy to the vice mayor, Ma, openly expressed concern over the possible petition to Beijing at that specific moment. The central government is especially averse to seeing petitioners in Beijing during special events and puts intense pressure on the top local officials to handle this. Therefore, the vice mayor took the threat of petition seriously and sent Ma to compel the Health Bureau to make concessions.

Accelerating the Policy Implementation

The mayor's office meeting appeased petitioners temporarily but still did not manage to actually launch the takeover process. It did not set up a takeover schedule but simply called attention to the matter. The Health Bureau's acceptance of the takeover was merely out of expediency and its head official still objected. In the response to a follow-up petition, SASAC officials candidly told protesters that the key problem was lack of funding, while the Health Bureau officials attributed the delay to the lack of coordination between different departments, from personnel to funding issues (Zhi 2009). The Financial Bureau was also reluctant to facilitate the takeover, as funds provided by the Health Bureau to municipal hospitals ultimately came from the Financial Bureau. To municipalize the hospital meant adding a big mouth to feed (Interview 8). In any case, the reality was that the Health Bureau was unwilling to initiate the takeover and none of other government departments actively advanced it, for lack of motivation, power or capacity to do so. Each department cast blame on others for the procrastination.

In this situation, several more cycles of regular petitions, threats of collective petition, and policy changes followed. In June 2006, a second cycle concluded with *Document No. 14*, issued by the municipal government office, which approved SASAC's proposal to transfer Shining Hospital to the Health Bureau (Document e 2006). It also specified operations of the takeover, especially stipulating that retirees be included in the takeover and that one-third of the disputed land be given to the hospital by Shining Factory as a substitute for subsidies. Afterward, a third cycle of petitions and policy changes began. In November 2006, it ended with a takeover contract signed between the Health Bureau and Shining

Factory (Document f 2006), which further detailed the process of takeover. At this moment, Wei had retired and the new head of the Health Bureau, Hao, was more amenable to the takeover. Even so, the contract was not executed in the subsequent months.

Then, a fourth cycle between petitions and policy change started. In June 2007, protesters notified officials of a collective petition they planned to take place in front of the city hall three days later. Unlike before, this threat triggered no government reaction until it was actually carried out. On 28 June 2007, over 200 hospital employees and retirees, over half of the total number, gathered in front of the city hall in the name of a collective petition. Before, resisters had lodged collective petitions dozens of times, but the scale of those petitions was much smaller. More importantly, this time it was in front of the city hall instead of the petition offices, making it more like a demonstration. To avoid repression, at the onset of the demonstration protest representatives emphasized discipline among participants according to the new *Regulations on Petitions* (State Council 2005). Protesters displayed banners saying "We want to see the mayor" and "We strongly demand implementation of *Document No. 19*" (Zhi 2009). Senior citizens were asked to stand on the frontlines, so they would be the first to confront the police (Interview 9). Owing to the tradition of respecting the elderly, the police had second thoughts about using violence against them. Resisters also videotaped the demonstration as evidence to counter any possible accusation from the government (Interview 10). Seeing the gathering, a group of Petition Bureau officials hastily came to ask protest representatives to move their people to the Petition Bureau and promised a dialogue with local leaders. Since representatives intended to solve the problem through dialogue, they agreed and all of them withdrew to the Petition Bureau. There, representatives met again with Ma (the municipal deputy secretary-general) as well as with officials from relevant departments. After criticizing the inappropriateness of the collective action, Ma guaranteed the handover would be complete in one month. Thereafter, the demonstration ended peacefully (Interview 11).

The demonstration displayed the mobilization capacity of protest leaders and placed a greater pressure on the local leaders to intervene, as a demonstration was treated as a more severe menace to social stability than regular petitions. Soon, the takeover was initiated by transferring dossiers (档案, *dang'an*) from the factory to the hospital. Nevertheless, the Health Bureau refused to accept them. When resisters called the

related government departments for this issue, either nobody answered the phone or they passed the buck to others. Irritated, protester representatives went to the Public Security Bureau (PSB) to apply for a parade licence. The day after next, SASAC officials took officials from the Health, Finance and Personnel Bureaus to Shining Factory to meet representatives. The negotiation accepted representatives' requests, put the Health Bureau in charge of compiling dossiers and promised to get the work done in two months. In the end, it was finished ahead of schedule (Zhi 2009).

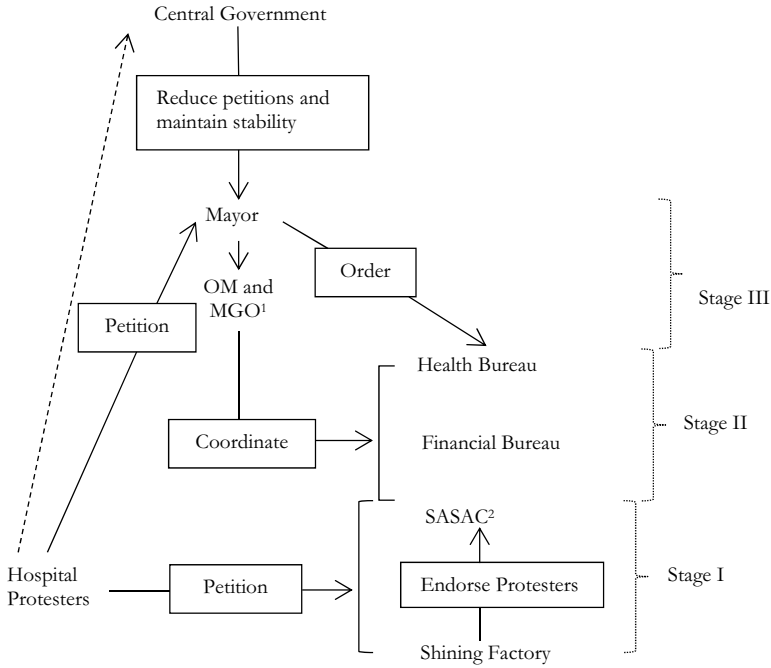
Finally, funds needed to be allocated to the hospital and one particular incident expedited this process. On 15 October 2007, the opening day of the 17th National Congress of the Communist Party of China (NCCPC), protest leader Zhi went to Beijing. A few days earlier, protest leaders Hui and Tou had also left for Beijing. According to all three, they were in Beijing for personal reasons (Interview 8). Yet it created an impression that they would petition to the central government, which unnerved officials. The heads of the Health, Personnel and Labour Bureaus, SASAC, Shining Factory and Shining Hospital stayed overnight in the Health Bureau on the eve of the 17th NCCPC, worrying about whether protest leaders would petition in Beijing. Their anxiety directly resulted from the mayor's concern about maintaining social stability and the possibility of losing their official positions due to their inability to prevent petitions to Beijing when the key party conference was convening. Though it turned out that no petition occurred, three days after Zhi's return from Beijing a meeting was held in which it was decided that funds from the municipal government would be distributed to the hospital within two weeks (Zhi 2009). This was done on schedule and the hospital was eventually municipalized. A total of 2.2 million CNY was allocated from the Financial Bureau through the Health Bureau to Shining Hospital (Interview 12). Since then, employees' job security has been guaranteed. Their incomes and retirees' pensions were also raised substantially – a majority of them doubled and some even more than tripled (Interview 13).

Linking Protests and Policy Implementation within the Government

Above, I provided an analysis of the different actors involved and their contradictory interests and chronicled the protracted struggle that finally

led to municipalization. I have shown how protesters were able to influence policy implementation in the three-year struggle. First, they pressed the factory and the municipal government to reject the 2004 privatization agreement; then, decisions to municipalize the hospital gradually took shape; and finally the 2006 takeover contract was effectively carried out. In the following section, I will give more analytical attention to the institutional structures that shaped the struggle. I will focus especially on the links between the channels designed to handle grievances and the administrative arrangements designed to implement policy, and how these structured the actions of relevant actors. Such links and relations between actors are elaborated in Figure 2.

Figure 2: Linking Petitions and Policy Processes within the Government



Note: [1] OM: Office of the Mayor, MGO: Municipal Government Office.
[2] SASAC: State-owned Assets Supervision and Administrative Commission.

Source: Author's own compilation.

Protest Channels and Petitions

It is worth noting that there were no media outlets or NGOs involved in the Shining Hospital struggle. Protest leader Hui's son was a reporter for the municipal government's newspaper. Theoretically, protesters would have had the convenience of exposing their grievances through the newspaper, yet they did not do so because they were unwilling to jeopardize the career of Hui's son.

Instead, hospital resisters' impact on policy implementation was achieved by persistent petitions in the form of letters, visits and phone calls; meetings with Shining Factory cadres and government officials; a demonstration; and threats of collective petitions in front of the city hall or to the central government and threats of parades. The most important institutional channel to bridge protesters and the local government was the petition system. Protesters' persistent petitions and warnings of collective petition at the city hall (conveyed through the petition system) brought them the opportunity to meet factory leaders and government officials. Face to face, they could communicate better and get their claims delivered to the mayor. After these meetings, they succeeded in building alliances with leaders of the factory (Bing) and SASAC (Sheng), and persuaded them to abandon the privatization agreement.

Nevertheless, even after the factory and SASAC sided with protesters, the petition system was still critical. Encountered with takeover stalemate, Bing also used the petition system to exert pressure on the Health Bureau, exemplified by his taking protest representatives to the Petition Bureau. Additionally, the petition system also left room for collective actions without incurring government punishment. In line with Cai's finding about the vague distinction between demonstrations and collective petitions, the hospital case illustrates that such ambiguity provided protesters a chance to undertake collective actions without suffering repression. By law, parades or demonstrations usually require application in advance for governmental permission (*Xinhua* 2005). Demonstration in the name of collective petition could evade such legal restrictions. The collective action in front of the city hall in June 2007 was apparently a demonstration, but protesters labelled it a collective petition. Except for notifying the authorities in advance, they did not submit application. Officials did not accuse their actions of being illegal, either. Ma, the municipal deputy secretary-general, reprehended their action as improper, but not unlawful. Neither protest leaders nor participants suffered punishment or prosecution.

However, we should not exaggerate the role of the petition system *per se*. It merely provides a channel for negotiation between the state and citizens. The power that citizens have to affect policy implementation and the political mechanisms that lead to official responses to social protests need further exploration.

Petitions and Alliances within the Fragmented Administrative Structure

The hospital case demonstrates conflicts of interest between multiple government departments that offered protesters opportunities to develop alliances within the state. As previously discussed, Shining Factory and SASAC shouldered the responsibility to reform the factory. Dividing Shining Hospital from the factory was one necessary part of that reform. At the beginning, the factory and SASAC viewed privatization and municipalization as two equally good options, but protests from below soon made privatization unfavourable. To appease hospital protesters and shift the target of protest to other government departments, municipalization became a better choice, as it would save them further trouble after the hospital was separated. If the hospital had instead been privatized, the factory and SASAC could expect that disgruntled hospital employees, laid-off employees, and pensioners would continue to take their complaints to them. By contrast, municipalization could solve the separation problem once for all. Mei, the current deputy director of the hospital, confirmed this:

> After the takeover, once encountering problems left from the takeover or created in the operation process, hospital protesters would turn to the Health Bureau, instead of SASAC or the factory (Interview 4).

The alliance between protesters, the factory and SASAC was created through the protesters' considerable efforts. Protest representatives envisioned the potentially shared interest between themselves, the factory and SASAC and framed their demands in this light. When meeting with Bing, they made moral economic claims and emphasized Shining Factory's historical contributions to Hope City. When meeting with Sheng, they stressed that separating the hospital was an important procedure of reducing the burden on an SOE and facilitating its reform. These reasonable framings successfully won over Bing and Sheng.

However, their endorsement was not enough to overcome obstacles from other departments. Use of interpersonal relationships did not always work. Bing had treated Wei, the former head of the Health Bureau, to two dinners. Still, Wei "imposed enormously high requirements" in order to hinder the takeover (Interview 5). Additionally, although the successive head of Health Bureau, Hao, signed the takeover contract only one month after taking office, the contract had still not been executed over half a year later. Though Bing believed he had a better personal relationship with Hao, he also acknowledged that the mayor's intervention contributed greatly to the final takeover.

Petitions and the Mayor's Intervention

The fragmented administrative structure provided hospital petitioners a way to wiggle into the policy implementation process, but it also hindered implementing the hospital separation policy from the outset. SASAC was in charge of the separation in the municipalization process, but it was simply a coordinator and lacked power over other departments. Protest leader Hui recalled that after abandoning the privatization agreement, SASAC officials asked the Port District government to reconsider the takeover, but the request was denied with the excuse of a tight budget. Then, they turned to the Health Bureau, where their proposal was also turned down, with the same excuse (Interview 7). Protest leader Tou recollected words of Wei: "The (head of) SASAC has no authority over me, for he is at the same rank as me". Likewise, Mei acknowledged in the interview that

> SASAC, the Health Bureau, and the Financial Bureau were on the same level and no one could command others. Each of them had to be responsible to their own supervisors, vice mayors. For example, the Health Bureau directly responded to the vice mayor responsible for health (Interview 4).

Similar to policy implementation in the central government, in which the fragmentation of authorities requires top leaders' strong support to initiate a major policy in order to overcome bureaucratic deadlock at lower levels (Lieberthal and Oksenberg 1988: 22), in Hope City consensus among different departments could also be built under the top authority of the municipal government – namely, the mayor. Recognizing that only the mayor had the authority to overcome objection and procrastination from the Health Bureau and other departments, throughout the entire

struggle those resisting the privatization persistently demanded that the mayor meet with them. They frequently wrote letters or sent emails to him, expressing dissent and making demands. In the demonstration in front of the city hall in June 2007, they held a big banner that proclaimed: "We want to meet the mayor!" The result of the struggle confirmed that their strategies had worked. Once the mayor became determined to expedite the takeover, it was done promptly. According to the hospital's deputy director, Mei, who was a friend of the mayor's wife,

> the mayor eventually directly ordered the Health Bureau to implement the takeover policy even though Shining Factory paid no subsidies to the hospital. Land was a substitute for subsidies. In this situation, the Health Bureau and other departments made a complete compromise (Interview 4).

The mayor's direct intervention, however, was not easy to obtain. It resulted from pressure by petition and his responsibility to preserve social stability. As noted before, local governments confront a conundrum in their aim to maintain social stability while being restrained from using violence to suppress peaceful collective actions (Cai 2002). Petitions, especially those to Beijing at sensitive moments, may negatively affect the political careers of the top local officials, which sometimes leads to local government's concessions to petitioners.

Self-disciplined Petitions

To avoid government repression and obtain the support of elites, protesters made efforts to legitimize their claims and actions. They collected laws and regulations about petitions and demonstrations. Moreover, they used social capital to obtain copies of the local policies concerning the Shining Hospital separation, which were normally semi-secret to citizens. Thereafter, protesters spent a great amount of time studying these documents. During the three-year struggle, they followed petition procedures stipulated by the regulations and made legitimate and reasonable claims. Even their most dramatic collective action, the demonstration on 28 June 2007, remained peaceful. The peaceful demonstration was effective enough to compel the mayor to step in and to accelerate the takeover process.

Petitions and Performance Evaluation of Officials

In the face of growing social conflicts and petitions in the early 2000s, the central government began to emphasize the responsibilities of local officials in handling petitions. The new *Regulations on Petitions*, enacted in May 2005 (State Council 2005), stipulated that officials' performance in dealing with petitions should be incorporated into their larger performance assessment. Additionally, the central government assigned the top leader of each government agency and department as the primary person responsible for handling petitions, according to the *Recommendation for Further Strengthening Petition Work in the New Period*, enacted in June 2007 (Central Committee of the Chinese Communist Party and the State Council 2007). The *Recommendation* further recognized officials' performance in coping with petitions (especially eliminating petitions to the central government) as a key criterion to evaluate their overall performance. In this context, it is no wonder that local officials endeavour to reduce the number of petitions from their regions to Beijing.

Admittedly, it is not rare for some local governments to deploy staff who are tasked with obstructing local petitioners' visits to higher-level government officials, especially to those in the central government (Yu 2008a). Once petitioners are found in Beijing, they will be taken back to where they live by any means necessary, illustrated by the case of Anyuanding, a company that specialized in illegally detaining and sending petitioners back from Beijing under armed guard (*Nddaily* 2010). Local officials sometimes even bribe higher-level petition offices, including the National Petition Bureau, to eliminate or reduce the record of petitions from their locality, so as to falsify an image of a stable local society and prevent their political careers from being jeopardized by petitions (Yu 2005). Therefore, the petition system is criticized by many as a waste of money and energy of the government. More importantly, it does not help resolve petitioners' problems, but instead exposes petitioners to retaliation or persecution by the local authorities (Yu 2005). No doubt, this is true for many cases in China.

Nonetheless, the hospital struggle at least illustrates that making collective petitions and threatening to petition to Beijing were effective in addressing petitioners' grievances and in shifting policy implementation to work in their favour. During the three years – except that in June 2007 the menace of a collective petition at the city hall was ignored – whenever petitioners threatened to petition in Beijing or at the city hall, the government would adjust policy to bow to their requests. This is exem-

plified by a series of policy changes that went from assuming privatization to agreeing on municipalization. Further, the anxiety on the part of the local government that protesters might petition to the central government in October 2007 directly spurred the finalization of the hospital's municipalization.

Sensitive Moments

Politically sensitive moments include the convening of important conferences or events and the celebration of major national festivals. Petitions are manifestations of the existence of social conflicts and grievances, which are inconsistent with the state's goal of building a "harmonious society" as proposed by President Hu Jintao in 2005. As petitions to the central government at these moments are easier to use to draw the domestic or international media's attention, they tend to embarrass the party-state and pose a more severe challenge to the regime legitimacy. Thus, the central government exerts greater pressure on the local governments to prevent petitioning in Beijing at sensitive moments by relating the latter's performance in dealing with these petitions to local officials' promotions and penalties. In other words, petitions in Beijing made at sensitive moments may have devastating effects on the political careers of certain local officials, which may pressure them to make concessions to petitioners. This is true in the case of the hospital struggle. The threat to petition in Beijing before the two national festivals and two national conferences produced the meeting at the Office of the Mayor in late 2005, which forced the Health Bureau to accept takeover for the first time. Also, the likelihood of petitioning in Beijing on the opening day of the 17th NCCPC also motivated the finalization of the takeover. To account for the efficiency in policy implementation after 25 October 2007, Mei posits the following:

> Since they [protest leaders] went to Beijing at a highly sensitive moment and once they made a petition in Beijing, the consequences for the mayor would be severe. Surely he would be blamed. He would probably lose his official position, as would the head of the Health Bureau and the director of Shining Hospital (Interview 4).

It was due to this fear and anxiety that the mayor ultimately gave out a mandatory order that all related departments should cooperate with each other, overcome any difficulty and complete the takeover. As a result,

takeover funds flowed smoothly from the Financial Bureau to the Health Bureau and finally to Shining Hospital.

Discussion

In this case study of a struggle against privatizing a hospital, I have built on two bodies of scholarship. The first focuses on the process of policymaking and implementation within the government, developing a model of fragmented authoritarianism to describe the process. I have found this model very useful in understanding the vertically and horizontally fragmented administrative structures and processes involved in implementing policy in the selected case. The second body of scholarship concentrates on institutionalized protest channels and has been especially concerned with evaluating the effectiveness of these channels in terms of citizens' political participation. My case study further underscores the importance of these channels, especially the petition system. Ultimately, I hope to have advanced both lines of scholarship by tying them together. I have done this by focusing on the connections between institutional protest channels and policy implementation in the fragmented authoritarian state administration.

In the hospital struggle, I have found that through the petition system protesters were able to create departmental conflicts and to establish allies within the government. The imperative for the top local authorities to maintain social stability provided possibilities for petitioners to invite their intervention and pressure them to use their power to settle departmental conflicts and implement policy in favour of petitioners.

To be specific, in this struggle, the petition system played a major role in bridging communications from citizens to the authority. Protesters' persistent petitions pressed Shining Factory and SASAC to side with them in order to transfer the trouble to other government departments. Later on, their threats of petitioning in Beijing or at the city hall compelled the representative of the vice mayor to coordinate conflicts between different departments and agencies, which promoted policy adjustment to accommodate petitioners' requests. In the end, petitioners' lawful actions, the central government's emphasis on local officials' performance in handling petitions, as well as the possibility of petitioning to Beijing at a highly sensitive moment, ultimately pressed the mayor to directly step in and forced the Health and Financial Bureaus to finalize the takeover.

The complex interactions between the policy implementation and grievance-handling institutions that I have analysed in this case are actually not unique, but rather represent a more general phenomenon in China. Based on this one case, however, I cannot say how these institutions function, how they are linked or how they would interact in other situations, sectors, types of government agencies, types of conflicts, etc. What I hope to have done is to demonstrate the existence of the links between these institutional structures and to illustrate how they can function and shape interaction between actors within and outside the state apparatus.

With a substantial number of news reports that reveal the ineffectiveness of institutional channels for citizens to express their opinions, negotiate with the government, and protect citizens' interests, it would be worthwhile for future research to attempt to detect the mechanisms and dynamics of policy implementation and grievance-handling institutions in a fragmented authoritarian structure in more cases. Factors such as timing, citizens' efforts and capabilities, as well as the power of the opposing forces all matter to the distinct outcomes of interactions between policy implementation and protest channels. More importantly, in my case, the protesters' demand was in line with policies and not too difficult to accommodate. In other cases, what protesters want may be contrary to policy or otherwise difficult to accommodate.

In addition, there is also no lack of reports of violent protests across China today, from individual resistance as extreme as self-immolation (for instance, against forced demolition) to thousands of citizens' anger-venting collective violence (Yu 2008b). My case is not typical of these. In such cases, the conflicts seemed much more acute, patrons or supporting voices were more difficult to find in the government, institutional channels were blocked, and the protesters tended to take extreme actions. Under these circumstances, protests were often repressed.

Finally, my findings do not in any way imply that there is no need for the Chinese government to build more open, transparent and effective communication channels *vis-à-vis* its citizens. Through a number of escalated protests, we do see a dearth of useful channels for ordinary citizens to lodge their complaints and negotiate with the government. With an increasing number of violent protests, the calls to improve and expand the channels available for citizens to express their opinions and negotiate with the state have become more urgent than ever.

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