

# **A Critique on Schumpeter's Competitive Elitism: By Examining the Case of Chinese Politics**

## **Abstract**

Schumpeter's democratic theory of competitive elitism distinguishes itself from what the classical democratic doctrine advocate. Democracy, here, gotten rid of the classical values, degenerates to a political method to elect political leaders and empower them to make political decisions. In this method, people's vote and competition between potential leaders are important elements and these two elements largely account for why Schumpeter calls his theory as democratic. According to the five conditions Schumpeter proposes to achieve democracy, the reality of Chinese politics seems to meet all of them. But it is obviously that China does not have people's vote and competition. In this sense, I think it is necessary to reevaluate the role of people's vote and competition in Schumpeter's theory and find that Schumpeter's model can exist without people's vote and competition, which means these two elements are unnecessary.

Key word: Schumpeter, democracy, people's vote, competition, Chinese politics

Zhaoyu He  
Zh435  
Democracy and Authoritarianism  
Prof. Tabak

## **A Critique on Schumpeter's Competitive Elitism: By Examining the Case of Chinese Politics**

Schumpeter's competitive elitism theory is largely different from what he called the "classical doctrines" of democratic theory (which actually includes many classical democratic theories, such as Rousseau's and Marx's). He defines the democracy is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote. Schumpeter excludes the values of "common good", "the will of people" which were advocated by previous democratic theories, leaving democracy only a method, a procedure to generate a government, a leader. When demonstrating reasons to reject classical values above, he argues that ordinary people have no capacity to deal with political issue and the political power should be hand in some political elites who compete for and are approved by people's votes.

The "thin" definition did make a difference compared to classical theories and influenced the later development of political science academia. However, although succinct, if we examine Schumpeter's theory in details, we are able to find some contradictory contents. For instance, since he argues that people are incapable to make rational and correct decision about politics, why people should vote for electing leaders? Because people are "fooled", is the voting process still necessary? Also, with the same reason, what the candidates compete for? Is competition still necessary here? The main purpose of this article is to prove that Schumpeter fails that justify the necessity of the role of voting and competition, by examining the case of Chinese politics.

The rest of the paper will be in three parts. The next part will examine Schumpeter's democratic theory of, specifically, his definition of democracy and the theory of competitive leadership, in details. The third part will discuss the defects of Schumpeter's theory, by providing some proofs through examining Chinese politics. I will firstly analyze the reality of Chinese politics and then demonstrate the point that, Schumpeter's model highly resembles the Chinese politics, but it is some traits of Chinese politics that disprove Schumpeter's theory. The conclusion will be drawn in the final part.

### **A brief look on Schumpeter's competitive elitism**

To make critiques on one's theory, we should examine one's theory first. On the beginning of construction his theory, Schumpeter initially makes some critiques to what he called "the classical doctrine of democracy", which is, "the democratic method is that institutional arrangement for arriving at political decisions which realizes the common good by making the people itself decide issues through the election of individuals who are to assemble in order to carry out its will"<sup>1</sup>. This definition has widely been accepted in last two centuries.

Schumpeter's critique of the classical democratic doctrine is in two aspects. First, he finds that the so-called "common good" does not actually exist when individual interests are at large variance. He claims that "no such thing as a uniquely determined common good that all people could agree on or be made to agree on by the force of rational argument"<sup>2</sup>. For different

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<sup>1</sup> Schumpeter, *Capitalism, Socialism and Democracy*, Harper & Brothers publishers, New York, 1950. P250

<sup>2</sup> Ibid, p251

individuals or groups, the “common good” may infer different things. Since the “common good” does not exist, “the particular concept of the will of the people or the *volonte generale* that the utilitarians made their own vanishes into thin air”<sup>3</sup>. In terms of the relationship between the will of individual and the will of people, Schumpeter argues that, although the individual will can be realized independently and effectively, “very likely that the political decisions produced will not conform to what people really want”<sup>4</sup>. Then, when the individual will is influenced by a collective or propaganda force, the will of individual will definitely fail to represent the will of people. That is to say, the aggregation of individual will is not the will of people.

Second, Schumpeter analyzes the human nature and its implication to politics. Influenced by psychologists of crowds, such as Gustave Le Bon, Schumpeter considers that voters are not able to fulfill the responsibility to make rational choice. “The typical citizen would in political matters tend to yield to extra rational or irrational prejudice and impulse”<sup>5</sup>. The mind of ordinary voters can be easily controlled by political leadership and influenced by mass media. Thus, “the only point that matters here is that, human nature in politics being what it is, they are able to fashion and, within very wide limits, even to create the will of the people. What we are confronted with in the analysis of political processes is largely not a genuine but a manufactured will”<sup>6</sup>. That is to say, the so-called “the will of people” is not true will of people, but “a product and not the motive power of the political process”.

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<sup>3</sup> Ibid, p252

<sup>4</sup> Ibid, p254

<sup>5</sup> Ibid, p262

<sup>6</sup> Ibid. p263

After criticizing the major elements of classical doctrine, Schumpeter generates his own definition of democracy. According to the classical definition, the major consideration of democracy is who rules (political decisions are made by the representatives elected by people; in other words, rule of people), and the selection of the representatives is in inferior place. Schumpeter reverses the role of these two elements, “making the deciding of issues by the electorate secondary to the election of the men who are to do the deciding”<sup>7</sup>. In other words, the function of people here is to produce a government. Thus, by Schumpeter, democracy can be defined as a political method that “institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people’s vote”<sup>8</sup>. Schumpeter on the definition of democracy concerns about "how to choose who is to rule", weakening of the significance of the results and going directly to the way of democratic practice. In his definition, those who essentially make political decisions are elitist politician elected by voters and people not actually rule the state; “the people have only the opportunity of accepting or refusing the men who are to rule them”<sup>9</sup>. Therefore, Schumpeter avoids the major concern of classical doctrine and just examines from the sense of democracy in the form of a "description" and “practice”. What’s more, he downplays the role of the voters, namely, the people, and even argues that “democracy is the rule of the politician”<sup>10</sup>, not of people.

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<sup>7</sup> Ibid, p269

<sup>8</sup> Ibid, 269

<sup>9</sup> Ibid, 285

<sup>10</sup> Ibid, 285

It is obvious that Schumpeter does not trust the ability of the people. He advocates the restricted the mass participation into political realm. Except for electing leaders, other political issues should be in hand of leaders, because, in modern society, “politics will unavoidably be a career”<sup>11</sup>. Here, Schumpeter makes market economy an analogy to democratic politics: what a businessman dealing in enterprise is to what a politician dealing in vote; voters have the right to buy their favorite “products”, namely, the policy of certain politician, by vote. At the same time, politicians use parties, campaigns, mass media, advertisement and propaganda or even cheating to pursue the vote by selling their policies, in order to chase the power to make political decision.

Since free market economy allows free competition among companies, the market analogy indicates that in democracy, the competition for leadership is important. Here, Schumpeter claims that “in economic life competition is ever completely lacking, but hardly ever is it perfect. Similarly, in political life there is always some competition, though perhaps only a potential one, for the allegiance of the people. To simplify matters we have restricted the kind of competition for leadership which is to define democracy, to free competition for a free vote”<sup>12</sup>. He actually proceed competition before democracy, which means that in political realm, competition among political forces for the allegiance of people always exists in whatever regimes because such with such competition, the winner wins the legitimacy to make political decision under the approval of people whose allegiance lie to the winner. Then, he implies that “democracy seems to imply a recognized method by which to conduct the

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<sup>11</sup> Ibid, 285

<sup>12</sup> Ibid, p271

competitive struggle, and that the electoral method is practically the only one available for communities of any size”<sup>13</sup>, which means democracy is a method serve to the competition.

Finally, to achieve this kind of democracy, Schumpeter proposes five conditions: a) the human material of politics should be of sufficiently high quality; b) the effective range of political decision should not be extended too far; c) democratic government in modern industrial society must be able to command the services of a well-trained bureaucracy of good standing and tradition; d) democratic self-control and e) effective competition for leadership requires a large measure of tolerance for difference of opinion. Among these conditions, the first three represent Schumpeter’s advocacy of elitism democracy and bureaucratic administration.

### **The implication of Chinese politics on Schumpeter’s theory**

Schumpeter’s democratic theory of competitive elitism distinguishes itself from what the classical democratic doctrine advocate. Democracy, here, gotten rid of the classical values, degenerates to a political method to elect political leaders and empower them to make political decisions. In this method, people’s vote and competition between potential leaders are important elements and these two elements largely account for why Schumpeter calls his theory as democratic. According to the five conditions Schumpeter proposes to achieve democracy, the reality of Chinese politics seems to meet all of them. But it is obviously that China does not have people’s vote and competition. In this sense, I find it necessary to reevaluate the role of people’s vote and competition in Schumpeter’s theory. Since it will be

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<sup>13</sup> Ibid, p271

under the help of examining Chinese politics, we should begin with some settings of Chinese political regime.

After the Opening up policy in 1978, China entered the new era. The ruling Party CCP abandoned the previous route of class struggle and shifted the focus on economic development, which made the country no long in upheaval. The road the CCP chose is to develop market economy which later gave Chinese people economic satisfaction and stable living environment. The domestic stability became of significance because in such stability, China was able to construct a stable political system.

Chinese political regime, on the threshold, is a one-party system (although it is called multi-party cooperation, other small parties actually do not have access to compete for local or national leadership; they must comply with the absolute leadership CCP). The constitution of the People's Republic of China clearly articulates that the Chinese Communist Party is the only ruling party and in the position of leadership. Other Parties only have the right to "participate" in politics, namely, making suggestions in the policy-level but no chance to compete for political leadership. Such absolute leadership controls two election systems, party election and government election, and level of each system has a congress of delegation to elect leaders. Above all are basic elements of Chinese politics. Such regime has several similarities with Schumpeter's model.

First, the constitutional legitimacy claimed by the CCP leadership is coincided with what Schumpeter calls "manufacturing good". According to the CCP official language of the 13th national party congress, the essence of socialist democracy is that people are the master of country. Another legitimate reason derives from that the CCP sets the ultimate aim is



communism which is the common good of all Chinese people and therefore the leadership of China should be in the hand of communists, not others. It is evident that the Chinese definition is still under the influence of classical doctrine of “the rule of people” and “the common good” which Schumpeter argues that they are deliberately manufactured by political parties. He admits such condition, saying that “a party is not, as classical doctrine would have us believe, a group of men who intend to promote public welfare ‘upon some principles on which they are all agreed’”<sup>14</sup>. Thus, the Chinese reality is precisely described by Schumpeter: the developing route of China led by the CCP is obviously not a way of communism by of a capitalist way, which indicates that the “common good” of all people is manufactured by the CCP only aiming that to justify the communist tradition and keep the attraction of people. The power of “common good” which can direct Chinese politics is actually used by the CCP to legitimize itself and its bureaucracy, which I will analyze in next paragraph, to seize political power.

The rest of similarities are related to the conditions Schumpeter proposes to achieve his democracy. As for second, the professional and effective leadership and bureaucracy of China meet the first and third condition of Schumpeter, namely, the “high quality of political material” (leadership) and “well-trained bureaucracy. In one hand, the Chinese civil service system together with the Chinese-characteristic bureaucratic promotion mechanism makes sure that the bureaucracy in China is professional. People who pass the civil service examination generally will start the career from lower level government departments, which gives them the experience of dealing with lower or local issue. After promotion to higher level, official’s working region may be shifted in order to make the man more experienced and familiar to

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<sup>14</sup> Ibid, p283

nationwide work. Finally, only highly experienced person who worked from the primary level and for several important provinces can be regarded as eligible to be the national leader. For example, it can be noticed that most of members of the standing committee of politburo worked for more than three different places. As a result, the elected leaders will likely be high-qualified and professional.

Third, as Schumpeter states that “the effective range of political decision should not be extended too far”<sup>15</sup> as the second condition for the success of democracy, the Chinese politics applies this condition pretty well. There are two election systems in Chinese political system, party election and government election. For party election, there are six level of delegation congress (village, township, county, city, provincial and central). Each level of delegation congress elects the regarding party committee and the latter elects delegates to participate the upper level congress. Up to the central level, the national congress of CCP elects the central committee and the latter then elect the politburo as well as the politburo standing committee which has the power to make final political decision. The government election, called the People’s Congress, begins from the level of township and shares the same way of implementation of the party election. Since the CCP retains the absolute political leadership, the People’s Congress of all level is actually controlled by the delegations of the CCP. Thus, the right to make ultimate political decision is in fact concentrated into the hands of members of politburo standing committees, which means the effective range of political decision is largely restricted.

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<sup>15</sup> Ibid, 291

Fourth, as the current Chinese politics develops over thirty years, the democratic self-control (the fourth condition) and the tolerance for difference of opinion (the fifth condition) has been to a large extent achieved. Before 1978, politics was entrenched into every ordinary person's life. Especially during the Cultural Revolution, people even had the right to overthrow the government, and even the Chairman of nation was arrested by the red guards, tortured to death. After the death of Mao, the political life of the country was back to normal. People put more focus on other realm, not only politics. Therefore, the political power returned to the hands of professional politicians while people just as that "political action is his business and not theirs"<sup>16</sup>. In order to improve itself, the CCP listens and accepts critiques and different opinions of outside the party as long as the aim of such kind of opinion is not to overturn the government. Thus, the fourth and fifth conditions are met.

Although all the five conditions are achieved, are we able to define Chinese political regime as democracy? I'm afraid not. It is obvious that the characters of Chinese political regime, one-party system or party-controlled election, are greatly different from what we see in typical democracy in western countries. In general, the Chinese regime, in many westerners' eyes, is still an authoritarian regime under the absolute rule of the communist party. Therefore, the contradiction between the justifiable democracy under Schumpeter's conditions and the authoritarian fact illustrates that, since we cannot deny the fact, problems come from Schumpeter's theory itself. Schumpeter argues that his theory provides "a reasonable efficient criterion by which to distinguish democratic government from others"<sup>17</sup>. Our analysis on the

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<sup>16</sup> Ibid, p295

<sup>17</sup> Ibid, p269

Chinese politics under his theory shows that it fails to do so. That is to say, what Schumpeter generalizes cannot reflect the trait of democracy and we are able to cast doubt that his model is not a democratic model. Moreover, it seems that his theory is just an incoherent combination of some elements of democracy, such as vote and competition, and, his elitist view of politics. Here, we are able to find some contradictory parts of his theory, doubting that the role of vote and competition is conflicted with his elitist theory. Because the Chinese political system perfectly fits Schumpeter's condition to be democratic, we continue to use China as example to demonstrate the contradictory parts of Schumpeter's theory.

We can find out that, as well-known, the Chinese political system fails to present two basic elements of Schumpeter's democracy, namely, people's vote and competition. There are two points of such failure. First, since Schumpeter claims that the executive institution should be decided by means of struggle for the people's vote, we should initially analyze whether the vote of people can really reflect people's preferences of potential candidates or not. To do this, the relationship between the two election systems should be clarified. Since, as I mentioned, Chinese political system is a one-party system, any political groups, parties and institutions should comply with the absolute leadership of CCP. Therefore, the party election which selects party committees and leaders plays the primary and essential role and the government election by the People's Congress is inferior, which means the government election is largely in charged by the result of party election. Three realities can prove this point. First, institutionally, the CCP delegates the "party leadership group" to non-party institutions, including government, court of justice, state-owned enterprise, as well as the People's Congress. According to the party constitution, the function of such group is to conduct the vital leadership and implement

the policy made by the party. The member of such group should be approved by the party committee of the regarding level. Since the group has the power to conduct leadership, any other non-party institutions, including the People's committee, are under the control of the CCP. Second, there is no party code to prohibit party members from participating the People's Congress, and, with the influence of the party leadership group, the majority of members of People's Congress is made of CCP members, which controls the congress one step further. Finally, the result of the election also reflects the reality that the party election is superior to the government election: it can be noticed that the top leaders of government whether in national or local levels are all party members. Thus, since the party election is actually in charge of the government election, as I proved previously, it cannot be said that the political institution produced by such election derives from people's vote, because the party election has already limited the eligible voter to party members, not the entire people.

The second failure of Chinese politics to fit the definition of democracy by Schumpeter is that, although there is a competition mechanism in Chinese politics, such mechanism has a reverse direction compared to Schumpeter's competition. What Schumpeter advocates is the competition for people's vote. This is a direction of downward-oriented. However, the Chinese way of competition for leadership is not competition for people's vote (let alone we have proved that there is no valid people's vote in China), but for superior leader's vote, which is upward-oriented. It should be noticed that although there is a procedural election to select party political leader of all levels, the potential candidates (often there is only one for each position) has already been appointed by the superior party committee. Because of this, the potential candidates need to do their best to make achievements during their tenures, in order

to catch the eyes of their superiority. By judging the achievements of the candidates, the superior party committee leaders discuss and decide who can be the proper candidate and then this man will be the only candidate waiting to be elected. When election of party congress, since the candidateship is the decision by the superiority, congress delegates rarely refuse to accept this decision, voting nay, because they are not objective voters: they are party members so they should obey the decision of the party. As for the government election, the CCP has the power to recommend a candidate to the congress. The selecting criterion of such candidate is the same as that of choosing in-party leaders of all levels, competing for upward-oriented vote. As shown, such kind of competition is largely different from what Schumpeter claims.

Since the Chinese politics which, however, lacks are people's vote and competition, is a perfect application of Schumpeter's theory, it is reasonable to ask the question that, are people's vote and competition still necessary to Schumpeter's theory? In fact, the inner-theory contradiction can be found respectively in these two issues.

For people's vote, Schumpeter highlights it in his definition of democracy which is that "institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote". However, we still remember that he said, "the typical citizen drops down to a lower level of mental performance as soon as he enters the political field...He becomes primitive again...even if there were no political groups trying to influence him, the typical citizen would in political matters tend to yield to extra-rational or irrational prejudice and impulse"<sup>18</sup>. Since Schumpeter believes that ordinary people, or voters, are in such incapable mind condition when facing political issues,

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<sup>18</sup> Ibid, p262

does he believe that voters like this have the ability to make a correct choice when choosing political leaders? Since people become “primitive”, their simple minds will be easily manipulated by political party’s activities of advertising, slogan and marching tunes. Therefore, logically, the party which is the most capable to produce propaganda will definitely win the leadership. If so, why people have to vote? Is it a redundant process? Unfortunately, Schumpeter does not give compelling explanation to this question.

In terms of the necessity of competition, we remember that Schumpeter implies that the aim of competition is to win the people’s allegiance, thus, to gain the legitimacy to rule the state. The center point here is people’s allegiance and all other means aim at it. For competition, however, it is only one of these means and it is obvious that there are still many other means that can also help politicians or parties win the people’s allegiance and gain legitimacy. Take the example of China. As I discussed, the way of competition in Chinese political system is in a reverse way of what Schumpeter means to competition. Although the CCP did not apply Schumpeter’s competition mode, it still gains people’s allegiance and legitimacy because under the leadership of the CCP, China embraced the economic prosperity and nearly accomplish the revival of the nation. Chinese people are satisfied with the communist rule. Therefore, competition is not the only means to win the allegiance of people. On the other hand, what we discussed in previous paragraph of people’s vote will one step further substantiate the danger of setting competition as the only means to win people’s allegiance. Since Schumpeter argues that people are so fool to be influenced by mass media which is used by politicians or parties to compete for leadership, it is likely that a politician or party with autocratic essence may use propaganda to control “fool” people’s mind and gain the

leadership, eventually converting the country to autocracy<sup>19</sup>. Nazi Germany is the best example. Nazis came into power by radical slogans and compete for political leadership legally, but brought disasters to not only Germans but also the people of Europe. Such condition is surely not what Schumpeter wants, which contradict to the value of democracy. However, in his theory, Schumpeter fails to exclude this possibility. Above all, the emphasis on competition is not only unnecessary but also dangerous.

After examining the necessity of people's vote and competition respectively, now we can analyze them as a whole. Remember that Schumpeter makes an analogy between market economy and politics and thus we are able to recognize that the concept of people's vote and competition derives from market economy. In market economy, people use money to vote for their favorite products and businessmen do their best to produce better goods to win people's money. Similarly, in political realm, people use vote to choose their favorite candidates to be leader and politicians use slogans or policies to win people's vote. The mechanism of market economy, free choice to buy and competition aims to improve the efficiency of the economy and achieve the optimization of resource distribution. Since Schumpeter claims that the aim of democracy is to produce a government, when he grafts the economy norm into political realm, what he wants is to produce an efficient leadership. However, after examining the example of China, the fact of Chinese politics suggests that, without Schumpeter's people's vote and competition, the leadership still can be efficient. This, since we admit that Chinese political regime is not democracy, puts people's vote and competition to an awkward position that

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<sup>19</sup> About competition, Schumpeter actually has a presumption that all the political candidates are competent to be democratic leader. However, the reality of politics is not able to guarantee such assumption, which makes Schumpeter's competition invalid.



either people's vote and competition is unnecessary for Schumpeter's theory, or, Schumpeter's theory is undemocratic.

## **Conclusion**

Schumpeter's democratic theory of competitive elitism distinguishes itself from what the classical democratic doctrine advocate. Democracy, here, gotten rid of the classical values, degenerates to a political method to elect political leaders and empower them to make political decisions. In this method, people's vote and competition between potential leaders are important elements and these two elements largely account for why Schumpeter calls his theory as democratic. However, by examining the case of Chinese politics, we found Schumpeter's theory problematic. Initially, Chinese political system meets all the five conditions that Schumpeter argues to achieve democracy but China is actually under authoritarianism: it lacks people's vote and competition. This fact implies that Schumpeter's theory can be achieved without people's vote and competition. Schumpeter's democratic theory of competitive elitism is elitism without the necessity of competition.

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