

CHINA UNDER THE NEW LEADERSHIP

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I. INTRODUCTION

At its first plenary session on 16 November, 2012, the 18th Central Committee of Chinese Communist Party (CCP) returned its seven-member Standing Committee. XI Jinping serves as the General Secretary, the Chairman of the Central Military Commission and the Chairman of the People’s Republic of China (PRC). LI Keqiang serves as the Premier. The other five members are ZHANG Dejiang, YU Zhengsheng, LIU Yunshan, WANG Qishan, and ZHANG Gaoli. What are the implications of this change for the CCP and China? To get an answer, this paper analyzes the idiosyncratic and structural characteristics of the leadership, the challenges these top leaders are facing, and what they would do. The focus of this investigation is on how politics are affected by social, economic, and cultural conditions. This paper also pursues a structural approach, which is more likely to offer systematic and reliable estimates of what is in store for China.

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China has been in transition since the Opium War in 1839-1942. On the whole, it is an agonizing search for modernity. Post-1949 China constitutes an integral part of this long journey. The process of transformation is full of contradictions and conflicts — the resolution of which involves bitter power struggles and social upheaval. The break with the past is not clean and the transition itself is not yet at its end. The state of China today is an unsettling mixture of features both old and new, with progressive and conservative forces still yet to be played out. It is therefore appropriate to highlight the main patterns and broad trends rather than factual and static details.

To anticipate the conclusions, we expect, broadly speaking, that the authoritarian political system will remain resilient, but will face formidable challenges in dealing with economic and societal issues in an environment of growing constraint as a result of socio-economic modernization.

II. THE NEW LEADERSHIP: CAN AGENCY CHANGE STRUCTURE?

The grand institutional transformation in China lies in the replacement of the millennia-old dynastic system by a Party-state system in 1949, after the failed attempt of the 1911 revolution to establish a democratic republic. Thereafter, the CCP has become the most decisive factor for China's development in all respects. It is thus impossible to understand the continuities and changes in China without first understanding the CCP.

The most important aspect of the CCP is its mixture of modern organizations of mass mobilization and its traditional patrimonial style of governance. Even its 80 million members have no say in its policy, not to speak of its 1.3 billion citizens. In the final analysis, it is the supreme leader, or a collective of top leaders, who rule the Party and, effectively, the country.

Given its patrimonial-authoritarian nature, let's focus on its leaders and the leadership structure for our analysis. To begin, one may argue about what matters in politics: agency, be it a leader or a group of leaders, or structure, of the Party and/or its environment. A powerful agency is epitomized by MAO Zedong and DENG Xiaoping. Both are supreme leaders [*zuigao lingxiu*] in their own right — their wills commanded a loyal following in most circumstances. None of their successors enjoys such an authority. Apart from the changes in vision and practice from a revolutionary to a ruling party, the CCP has simultaneously experienced a power shift

from a supreme leader model to a collective leadership model, or “weak leaders, strong factions.”¹

As a result, structural attributes became more important than the will of individuals. The particular pattern of power configuration among the factions can better explain different personnel and policy outcomes. Formal regulations, hidden rules [*qianguize*] and standard operational procedures of the leadership structure can inform or constrain the actions of individual leaders. In short, structure matters.

A. The New Leader: XI Jinping

XI Jinping, the *primus inter pares* in the 7-person Standing Committee,² was born a princeling, as the son of XI Zhongxun, a former Director of the Propaganda Department of the CCP. His childhood is an asset because of his acquaintance with other princelings and knowledge of political life within Zhongnanhai. At the age of 16, Xi spent seven formative years of hard labor in dusty Northwest China as a victim of the Great Proletariat Cultural Revolution when his father was charged and imprisoned for being a member of the anti-Party clique. The suffering turned out to be a blessing, for he gained a deep understanding of the countryside and the peasants, so much so that he once described himself as “always a son of the Yellow Earth.” Xi’s fortune turned around at the end of the Cultural Revolution. In 1974, he was admitted to the CCP as a member. The next year, he was admitted to Qinghua University, with only credentials of primary education. Upon graduation, he

1. Cheng LI, “Leadership Transition in the CPC: Promising Progress and Potential Problems,” *China: An International Journal*, Vol. 10 (2012), pp. 23-33; Cheng LI, “The Power Shift in China”, *Yale Global Online*, 16 April, 2012, via <http://yaleglobal.yale.edu/content/power-shift-china-part-i>. It is controversial whether factions exist at all and if yes, what is their composition and how they operate. The baseline is that factions are informal and fluid. See Richard MacGregor, *The Party: The Secret World of China’s Communist Rulers*, New York: Harper, 2010; Wing-Chung Ho, “What Analyses of Factional Politics of China Might Miss When the Market Becomes a Political Battlefield: The Telecommunication Sector as a Case in Point,” *The China Review*, Vol. 13 (2013), pp. 71-92; BBCNet (Chinese), “*zhongkong dangnei paixi guanxi yijing fashengle genben bianhua* (CCP’s Factional Relations Have Changed Fundamentally) http://www.bbc.co.uk/zhongwen/trad/chinese_analysis/2012/09/120918_ana_party_factions.shtml; Interview of Cheng LI on XI Jinping and China’s new generation of leaders, 13 February, 2012, <http://www.nbr.org/research/activity.aspx?id=207>; 18.DWnews.com, “*duowei xinwen shuli zhongguo zhengtan paixi* (Duowei News Categorizes Political Factions in China)”, <http://18.dwnews.com/news/2011-10-24/58245066-all.html>

2. To see who these seven top leaders of China are, check BBC News, “Profiles: China’s New Leaders,” <http://www.bbc.co.uk/news/world-asia-china-20321603>.

became the personal secretary (a confidential post) to GENG Biao, General Secretary of the Central Military Commission, and a member of the CCP's Politburo and Vice Premier. Three years later, he started a long career at the grassroots level (1982-2006), first as Party Secretary of Beiding county in Hebei, later moving to Party and government leadership positions at municipal and provincial levels (Xiamen, Fuzhou, Zhejiang, Fujian), and ending up as Party Secretary of Shanghai. At the 17th Party Congress in 2007 when he was merely a member of the Central Committee, Xi was elected directly into the Standing Committee of the Politburo, without going through the Politburo membership first. Key posts soon quickly followed in 2010 when he became President of the Central Party School, Vice-Chairman of the PRC and Vice-Chairman of the Central Military Commission. Over the span of his 31-year career (1982 to the present), he has had 17 posts, each less than 2 years on average. He must have mastered the political tricks necessary to move forward in good and opportune times.

What such a personal profile transpires is a personality of perseverance, restraint, circumspection, and low-key profile.³ In terms of governance style, he can be down-to earth, determined but shrewd in political maneuvering, never pushy but yet skillful in “strong and slow boring of hard board.” In the first two years, he has certainly followed the established rules [*xiao gui cao sui*]⁴ in order to consolidate his power through a delicate struggle of sidelining skeptics and placing supporters in important positions. Thereafter, he may become a reformist to a still unknown extent, since his revealed policy preferences so far are neither concrete nor substantive. However, he has mentioned several general concepts of policy directions. The first is “our power is conferred by the people [*quan wei min suo fu*].” It was presented as a new element to the theory of power in a commencement speech given to the students of the Central Party School on September 1, 2010.⁵ On February 15, 2012 during a visit to the United States, he called for a

3. He has allegedly said that “foolish birds fly up first, drops of water pierce through a stone (*benniao xian fei, di shui chuan shi*)” as well as “step by step, not strive for perfection (*yibu yi jiaoyin, bu zhuiqiu wanmei*)”. See JIN Zhong, “Close-up Watching XI Jinping,” *Open Magazine*, 9 March, 2011, downloadable via <http://www.open.com.hk/content.php?id=53>

4. He used this term in an interview upon assumption of office as the new Director of the Leading Group for Hong Kong and Macau Affairs of the CCP. Literally, *xiao gui cao sui* means Xiao, a Han dynasty premier, followed the rules of Cao, his predecessor.

5. For the speech (in Chinese), http://news.xinhuanet.com/politics/2010-09/06/c_12521824.htm

“new road to manage the relations between great powers [*daguo xinxing daolu*].”⁶ Last but not least, “the China dream” was mentioned many times in his speech during the closing ceremony of the first session of the 12th National Congress of the People on March 17, 2013.

These general ideas may well serve Xi’s first term as the top leader of China. “Our power is conferred by the people” portrays a significant advancement over HU Jintao’s power theory of “(care) for the people, (power) by the people, (serve the interest) of the people [*qing wei min suo xi, quan wei min suo yong, li wei min suo mou*].” Judging from his past writings on ways to solve governance problems, what Xi stated amounts to no more than administrative reforms. These may include fighting corruption, rectifying bureaucratic ills, improving the political and moral quality of cadres and enhancing administrative accountability. Government by consent of the people, as realized through the popular vote, is out of question.⁷ The gist of “new road to manage the relations between great powers” expresses a deep desire for a peaceful environment for China’s rise to a superpower without entailing a military confrontation with the current one. By the “China dream,” Xi referred to “glorious resuscitation of the Chinese nation” and “upholding the Chinese spirit, i.e. national spirit with a focus on patriotism.” The values espoused by the “China dream” are of old tradition, i.e. obligation of the people to the glorification of the state.⁸

B. The New Collective Leadership

As suggested by the power shift model above, XI Jinping can only be as powerful as the politics of factions and gerontocracy allow.

6. This idea is not new, but a legacy of HU Jintao, over which there is broad consensus among the governing elite. Hu advanced the idea in a speech during his visit to the US on 19 January 2011. See http://www.enmajor.com/cn/Html/Listening_Speaking/Oral_English/86365.html. It proposed three principles to govern Sino-US relations, i.e. harmonious co-existence [*hexie xiangchu*], virtuous competition [*liangxing jingzheng*], and win-win cooperation [*hezuo gongying*]. In addition, according to the guideline of “great power demeanor [*daguo fengdu*]”, as a great power, one should focus on the big picture and tolerate insignificant conflicts that arise from time to time.

7. The *iSunAffairs Weekly* had a special issue published on February 20, 2013 that deals with “the New Democracy 2.0.” It is allegedly an intellectual guidepost for China’s development envisaged by the children of the first generation of CCP’s leaders, with LIU Yuan, son of LIU Shaoqi and a close friend of XI Jinping, as the standard bearer.

8. The full text of Xi’s speech is available on the website of New China News Agency, http://news.xinhuanet.com/2013lh/2013-03/17/c_115052635.htm

Jockeying for the top posts among factions in the last four Party Congresses all ends up in a kind of treasure sharing — each faction is given something. The allocation depends on hidden rules of age threshold, tenure limit, career history, step-by-step advancement, and last but not least, the behind-the-scene endorsement of top retired leaders [*chuiliangtingzheng*].

Gerontocracy is a strong structure in Chinese politics, well rooted in the traditional culture of respect for the elderly and dynastic practice of political succession. This tradition survived the Communist revolution when the former reformist General Secretary HU Yaobang was brought down in January 1987 by eight elderlies, in contravention of the electoral provisions of the Party charter. Their influence lingered on until the mid-1990s, so much so that the era was dubbed as one of “*balao zhiguo* (eight elderlies ruling the state).”⁹ Among the eight, Deng apparently was the most influential¹⁰ and it was he who promoted HU Jintao as the successor of JIANG Zemin, negating the opinions of the incumbent Standing Committee members. JIANG Zemin followed suit by fostering XI Jinping as the successor of HU Jiantao.¹¹

For the present leadership transition, informal sharing of views has already started towards the end of 2012. According to Reuters,¹² a group of top leaders met no less than ten times over several months before the Party Congress to deliberate on the slate

9. There are two versions of who these eight elderlies were: (1) DENG Xiaoping, CHEN Yun, YANG Shangkun, BO Yibo, PENG Zhen, DENG Yingchao, LI Xiannian, WANG Zhen; (2) DENG Xiaoping, CHEN Yun, YANG Shangkun, BI Yibo, PI Zhen, XI Zhongxun, SONG Renqiang, WAN Li.

10. In 1989, ZHAO Ziyang, the CCP’s General Secretary, revealed to Chruschchev during his visit to China that on important matters, Deng’s instructions had to be secured.

11. CHEN Ziming argued that despite setbacks in other areas HU Jintao won at the 18th Party Congress the right to “make the crown prince over the head of the current generation (*gedai lishu*)”, i.e. in getting HU Chunhua and SUN Zhengcai as members of the Politburo to vie for the posts of General Secretary and Premier respectively at the 20th Party Congress to be held in 2022.

12. Reuters’ exclusive report “China’s backroom powerbrokers block reform candidates,” <http://www.reuters.com/article/2012/11/21/us-china-congress-poll-idUSBRE8AK01F20121121>; also in <http://business-standard.com/india/news/chinas-backroom-power-brokers-block-reform-candidates-/493290/>. The existence of the group should be credible, since it was mentioned by a *Xinhua* (New China News Agency) news on 15 November, 2012 as “Leading Party Cadres Conference (*dangyuan lingdao ganbu huiyi*)” working on slates of candidates. See RUAN Jihong “*dangnei minzhu de buliang shifan* (bad demonstration of intra-Party democracy),” *Hong Kong Economic Journal*, November 22, 2012.

of candidates for the Politburo's Standing Committee, which was decided by at least two informal polls. The group consisted of the 24 outgoing members of the Politburo and 10 retired leaders, including JIANG Zemin and LI Peng. Among the retirees, Jiang, already 86 years old, was apparently the most influential. The black box of protracted bargaining produced "leaked" slates of nominees. The final result confirms gerontocracy. At the opening of the 18th Party Congress, Jiang entered the hall with HU Jintao first, leaving all other leaders far behind. He was seated at center stage, with Hu was seated beside him.

The average age of the seven members is 63.4, slightly older than the nine outgoing members (62.3 years old). More significant is the bifurcation of ages among two groups of members. General Secretary Xi and Premier Li are 59 and 57 years old respectively, whereas the other five range from 64 to 67. This means, in five years, if the rule of age threshold¹³ still applies, all members will have to retire, and jockeying for leadership positions within the Politburo and its Standing Committee will take place in 2017. In light of the short tenure of the present Standing Committee, Xi and Li may have no strong incentives to push for hard reform in their first term, especially when factional politics stay in their way.¹⁴

There are indeed signs that gerontocracy and factional politics go together. If the latter can be simplified as a contest between the Jiang faction and the *Tuan* (the Communist Youth League *gongqingtuan*) faction,¹⁵ the composition of the Standing Committee does not bode well for any policies but economic reform. Among the members, only LI Keqiang comes from the *tuan* camp, while all five elder Standing Committee members belong to JIANG Zemin's fac-

13. The original retirement age was set at 70 shortly before the opening of the 15th Party Congress in 1997 to force QIAO Shi, JIANG Zemin's strongest competitor, out of the contest. The limit was lowered to 68 for the 16th Party Congress in 2002 to keep LI Ruihuan out of the competition. It is known as the hidden rule of "67 (can still) advance and 68 (must retire) [*qishang baxia*]."

14. It must be recognized that the same short tenure of the said Committee offers Xi ample room to engineer its necessary rejuvenation in 2017. His success depends on whether the influence of gerontocracy led by JIANG can be arrested.

15. The categorization of Jiang vs. *Tuan* factions is primarily based on the career history of their members. The Jiang faction has members coming from the group of princelings (children of former high-ranking officials), having their career grounded in Shanghai or having long working relations with Jiang at the national level, while the *Tuan* faction consists of members coming from the Communist Youth League or having been groomed by HU Jintao during his tenure. While the Jiang and *Tuan* factions share similar views on economic policies, they diverge in terms of political reform.

tion and Xi is ambivalent. The two factions are known to favour different policy directions for China's development. WANG Yang and LI Yuanchao, two strong contenders from the *tuan* camp with proven performance records as political reformists, were screened out from the competition, allegedly under the pressure of the Jiang faction. In contrast, LIU Yunshan, who was the Director of the Central Propaganda Department and known as the executioner of freedom of expression,¹⁶ was promoted. Given the strength of the conservative faction in the Standing Committee and the strong representation of members with good experiences in managing the economy,¹⁷ it is very likely that the new collective leadership sticks to the old path of economic progressivism and political conservatism. This likelihood will be reinforced if the interference of gerontocracy lingers on.¹⁸

C. The Political System in Sluggish Evolution

The new political leadership will govern the country through a political system consisting of interactions between the political regime and society as well as multi-layered relations among many sub-systems, mainly the CCP at the helm, the People's Government, the National Congress of the People, the People's Court and Chinese People's Political Consultative Conference.

Politics in China since 1949 has been an evolving mixture of old and new patterns. As argued by Michael Oksenberg, China's political system can best be seen as an eclectic set of three major institutions. At the top is the core apparatus, primarily of Leninist origin,

16. Cases most cited include the blockage of news and commentaries in both traditional and new mass media about the 2008 devastating earthquake in Sichuan and the 2011 train accident in Wenzhou.

17. Unlike the earlier Standing Committees in which almost all members were graduates of science and engineering, the current one is much more diversified in terms of education (with history, law, teaching and economics as additions) and working experiences (especially in provincial/municipal affairs). What stands out is the heavy representation of economic expertise, with Premier LI Keqiang a PhD in Economics, ZHANG Dejiang, WANG Qishan and ZHANG Gaoli an undergraduate degree in the same field. The former three all have extensive experience in economic management at the central and provincial/municipal levels, whereas ZHANG Gaoli's background is confined to Guangdong, Shandong, Shenzhen and Tianjin.

18. The fact that HU Jintao completely stepped down from the headship of the CPP, the State and the Central Military Commission has set a praiseworthy precedent for future rulers. However, it remains to be seen whether JIANG Zemin and other like-minded retired leaders continue to interfere with the decisions of the official leadership led by XI Jinping. Hu may refrain from any intervention but can hardly stop Jiang from doing so in view of his inability to face Jiang's meddling in the past decade.

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that is a fusion of CCP, government and army at various levels of the country. The second kind of institutions are linkage organizations, mostly created since the launch of Reform and Opening, with the function to manipulate, control and exploit the outside world. The last set of institutions refers to “the legal, semi-legal and illegal associations that are arising in the social and economic space created by a market economy and the state’s retreat from total control over society and culture,” an area in the real world that other scholars prefer to describe as the civil society. It is a very useful framework to understand the complexities in China’s politics, if we can keep in mind that there are stable attributes of the structural essentials in the system and occasional changes in operational details. The most essential is the Chinese Communist Party and the core apparatus led by her. The Party insists on, and is very unlikely to compromise on, its monopoly of political power and leadership over the army, government, the law-enforcement apparatus, the national people’s congresses, and the courts of law. The Party, assisted by its standing committees at their respective levels, controls appointments and dismissals of key officials from the Party, government, the army, and top managers in the largest central state-owned enterprises (about 50). The Party with the pre-eminent leader, the Standing Committee and Politburo of the Central Committee is not accountable to any other agency or judicial restraints. *We should never lose sight of this rather unchanging, key characteristic of the political regime*, despite its successful adaptations to come to terms with changing environments.

With the hegemony of the CCP as the unchallengeable constant, China’s remarkable recent change can be understood as the results of learning and adaptation of the Party-led core apparatus to the crises of governance and challenges from its environment. It remains a dictatorial Leviathan shrouded in secrecy. The hierarchy of governance is strict, where patrimonial culture, seniority principle, top-down decision-making, secrecy in senior-level personnel movement, and many hidden codes of conduct that carry the day. Despite this, the internal structure has gone through laudable innovations such as retirement convention, tenure system, collective leadership, guided elections, internal communication and transparency. Along with these changes, the relations between the Party and other elements within the core apparatus, between the Party-led core apparatus and the linkage organizations as well as the civil society, and between the linkage organizations and the civil society also changed in tandem.

Specifically, the CCP has changed from a small party of workers, peasants and soldiers led by revolutionary intellectuals into a huge machine of technical bureaucrats and professionals. In the beginning, it had a lofty vision of a utopian future for China and for its realization; it had carried out class struggle and various other radical movements to revolutionize the economy, society, culture, and to put every aspect of the people's life under its control. The reach of the Party-state was extensive and the methods employed were harsh. The picture has become very different in the era of Reform and Opening. Yet, the CCP has been unable to specify its vision for China's future¹⁹ and has had to "cross the river by feeling the stones [*mozhe shitou guohe*]." Its main policy strategy is crystal clear: to relentlessly pursue (materialistic) development above all. To mobilize all resources for development, it has relaxed its grip on the linkage organizations as well as society. The era of totalitarianism is gone and a new political system is in the making. The generic term of "authoritarianism" is fashionable to denote the evolving political system as a result of the retreat of the Party-state from society, without losing the core element of a strong state led by the Party. The nature of the state-society relationship remains ambiguous and still in constant flux, thus leading to a proliferation of qualifiers to China's authoritarianism. Apart from the more general adjectives such as "flexible," "elitist," and "adaptive" authoritarianism, there are many serious academic concepts coined to delineate the political metamorphosis, such as "new/neo-," "bureaucratic," "soft," "consultative," "plutocracy, corporatist strategy?" "fragmented," "decentralized," and so on.

New authoritarianism or neo-authoritarianism is more a domestic school of thought in China,²⁰ rather than an analytical concept to diagnose the political system. The phrase refers to arguments made by Chinese intellectuals during the late-1980s' debates which stated that for China to develop, a strong, authoritarian government was indispensable both to maintain political order and social stability and to further the economic reform necessary to realize China's modernization.²¹ This school of thought, together

19. The aspiration for a peaceful rise to a superpower [*heping jueqi daguo*] is still the captive of past humiliation by western imperialists.

20. For an exception however, see Kerstein Klein, "New Authoritarianism' in China: Political Reforms in the One-Party State," *Telos* 151 (2010).

21. See <http://baike.baidu.com/view/2290869.htm>; for a more serious discussion, Mark P. Petracca and MONG Xiong, "The Concept of Chinese Neo-Authoritarianism: An Exploration and Democratic Critique," *Asian Survey*, Vol. 30 (1990), pp. 1099-1117.

with the associated debate, does indicate a new face in the political system, i.e. a liberalizing environment for open academic discussion and concomitantly the changing role of Chinese intellectuals from the Party's mouthpiece to an increasingly independent voice of the people.

Bureaucratic authoritarianism was originally used to describe the developmental state in Latin America. Apart from a strong state with a ruling oligarchy in control over the economy and popular sector, the true marker of bureaucratic authoritarianism that distinguishes itself is the pervasiveness of a civilian bureaucracy which constitutes the *de facto* battleground of politics.²² It is misguided to describe²³ China today as bureaucratic authoritarian, given the omnipotence of the Party oligarchy. The battleground of politics, *de jure* or *de facto*, is not the civilian bureaucracy, but the core apparatus as described above.

Describing the changing style of governance as soft authoritarianism is more accurate than stating a structural shift has occurred. The crux of the matter is the extent to which coercion is used in governance. Coercion in governance was originally used by Edwin A. Winckler to describe the evolution of Taiwan's politics,²⁴ especially how the regime responded to advances of political opposition in the late 1970s. He notes (1) a gradual retreat from using coercive forces, (2) a co-option of the least partisan into the political consultative process, (3) the most committed were arrested, and (4) the rest were left alone. Francis Fukuyama sees soft authoritarianism as an economically liberal regime that is economically liberal but politically authoritarian. Furthermore, and perhaps even more importantly, soft authoritarianism in Asia in general and China in particular is also communitarian and paternalistic, emphasizing

22. Guillermo O'Donnell, *Bureaucratic Authoritarianism: Argentina, 1966-1973, in Comparative Perspective*, Trans. James McGuire and Rae Flory, Berkeley: University of California Press. 1988.

23. See Kam-ye L, Search for Roots of Bureaucratic-Authoritarian Politics in Reforming China: Re-evaluation on Maos' Ideas and Synthesis of the Cultural Revolution," *Journal of Comparative Asian Development*, Vol. 3 (2004), pp. 51-75; and Sathyan Sundaram, "Bureaucratic Authoritarianism as an Explanatory Factor in the Differential Postwar Development of India and China: Is the Hindu Rate of Growth the Price for Democracy?" via http://www.ssundaram.com/doc/c95_bur_auth.pdf. The use of "bureaucratic model" to examine political decentralization in China, is more to the point. See Steven Solnick, The Breakdown of Hierarchies in the Soviet Union and China: A Neo-institutional Perspective," *World Politics*, Vol. 48 (1996), pp. 209-238.

24. Edwin A. Winckler, "Institutionalization and Participation on Taiwan: From Hard to Soft Authoritarianism?" *China Quarterly*, No. 99 (1984), pp. 481-99.

more on group interests rather than individual rights and on persuasion rather than coercion.²⁵ Denny Roy²⁶ is more cautious than Fukuyama in the use of the term, arguing instead that the Beijing regime still rules primarily through coercion, not persuasion. He therefore prefers to call it an aspiring soft authoritarian system. In the judgment of this author, Roy's view is more accurate. We need to keep in mind the ruling party's claim on absolute monopoly of political power with the readiness to use it for ruthless suppression, and then appreciate its well-intended efforts towards better governance for the sake of socio-economic efficiency as well as political legitimacy. For example, some complaints and protests made by the peasants are handled leniently or even prudently, provided that they do not escalate to threaten the power of the Party-state, at any level. In other cases, leaders of mass movements are repressed afterwards with charges of various kinds ranging from offence against the public order, through sexual misconduct to financial fraud. National leaders have also come to realize that legitimacy of power cannot be based on coercion forever, nor on economic performance only, but also on some kind of acceptance by the people.²⁷ In dealing with collective protests against the government's violations of labor rights, land use rights and property rights, for instance, the policy instruction of the central government has changed from *yanda* [*severe punishment*] in the 1980s and 1990s to the recent compromise strategy of "three main tasks," to ensure the solution of social contradictions, innovations in social management, and execu-

25. Francis Fukuyama, "Asia's Soft-Authoritarian Alternative," *New Perspectives Quarterly*, 9:2 (Spring 1992), pp. 60-61.

26. "Singapore, China, and the 'Soft Authoritarian Challenge,'" *Asian Survey*, Vol. 34, No. 3 (1994), pp. 231-242; See also Minxin PEI "China's Evolution Toward Soft Authoritarianism," in Edward Friedman and B. L. McCormick (ed.), *What if China doesn't Democratize? Implications for War and Peace*, Armonk: ME Sharpe, 2000), pp. 75-81.

27. In an important Party document, there is the following message of great significance:

"To strengthen (the Party's) governing capacity we must let every cadre understand how to view the problem of power. If we are not clear about whence our power comes and for whom it is used, we can never attain what General Secretary Hu said about 'use of power for the people, care about the people and seek benefits for the people'. We will use our power not in the interest of the people, but for our own benefit or that of a minority. The people, who have conferred power on us, will then without hesitation take it back."

Decision on Construction of the Party's governing capability [*zhonggong zhongyang guanyu jiaqiang dang de zhizheng nengli de jueding*] adopted by 16th Party Congress on 19 September 2004. Downloadable via <http://baike.baidu.com/view/2808339.htm>

tion of the law in a clean and fair way.²⁸ To discharge their responsibility of maintaining local social stability (called *shudi guanli* [*in situ responsibility*]), grassroots governments have become increasingly ready to (1) buy off the agitated mass public in protest movements through payment and ad hoc services, (2) fight a “comprehensive battle” to deal with the unrest by mobilizing whatever institutional resources available (legal requirements, mediation in lieu of litigation principle, etc.) in a concerted action to play procedural games with rights seekers until they compromise or give up or (3) nurture during peace time an ethics/ideology of “serving the people in providing security and stability” through daily services to show good will and constant discourses of “stability above all,” “development as the first basic task,” and “construction of social harmony.”²⁹

The proliferation of government conducted or sponsored opinion polls also attest to the rulers’ sensitivity about the people’s perception of government. Yet, they have so far fallen short of putting the concept “government by the people’s consent” into practice, but have only become willing to listen to the people’s views, consult selected elites including those who were previously excluded from involvement, and offer formal representation to those successful entrepreneurs who newly emerged from decades of Reform and Opening (theory of three representations). Elites such as scholars in teaching and research institutions have been co-opted into the advisory processes of policy-making. They are allowed better access to privileged information and personally use them for critical assessment of government policies. They enjoy greater freedom of

28. This shift in policy strategy should be seen against the context of the rising trend of “*quantixing shijian* [mass incidents in Chinese official terminology for all sorts of protest activities].” China witnessed 8,709 incidents in 1993. The figure rose to 60,000 in 2003, 120,000 in 2008, the year of the Olympic Games when public security control was tight. The most recent figure available is 180,000 in 2010. For sources, see AFP, August 13, 2011, Jeffrey Hays, “Protests and Demonstrations in China: The Tensions and Methods Behind Them,” <http://factsanddetails.com/china.php?itemid=305&catid=8>; YU Jian rong, “zhongguo de saoluan shijian yu guanzhi weiji [Protest incidents and Governance Crisis in China],” <http://www.usc.cuhk.edu.hk/PaperCollection/Details.aspx?id=6505>; and the following note.

29. ZHANG Yonghong and LEE Ching Kwan, “zhidao tongyi: jiceng zhengfu zenyang xina minzhong de kangzhen [Manufacturing Consent: How Grassroots Governments Absorb the People’s Struggles],” *kaifang shidai* [*Open Times*], No. 7 (2012), a reproduced copy is downloadable via <http://www.usc.cuhk.edu.hk/PaperCollection/Details.aspx?id=8759>; also Yanqi Tong and Shaohua Lei, “Large-Scale Mass Incidents and Government Responses in China,” *International Journal of China Studies*, Vol.1 (2010), pp. 487-508.

speech or even critical expression within their own circles, provided that no information or comments are communicated to the society outside. To somehow satisfy the people's desire to know and to gather more reliable intelligence about the pulse of society, a few trusted mass media institutions have been given easier access to government information and permitted to independently print news or investigative reports critical of the government with the information being subject to certain hidden codes of appropriate conduct. Information overstepping these codes is quickly banned and responsible "culprits" are punished to varying degrees of severity. Such a picture of governing style can, in a sense, be called consultative authoritarianism, especially if consultation is institutionalized into a representative mechanism. Thus, the co-optation of private or semi-private entrepreneurs into the Party is a significant measure to improve governance. In general, what has transpired is a still evolving, at times precarious, relationship between the governors and the governed in a not entirely certain transition towards modernization of the state.

Our examination of the current political system is incomplete before a scrutiny of the other brands of authoritarianism: "fragmented," "decentralized" and "plutocratic." They have one thing in common which is institutional or structural in nature: power-sharing among Party and government departments, between national and sub-national levels of government, and between the ruling party and the new rich.

Reforms in procedures and processes further aggravated the fragmented nature of Chinese authority. Fragmented authoritarianism starts from the recognition that decentralization of decision-making authorities represents a key initiative to reform the political system. The major thrust of reforms that began in the late 1970s is the devolution of certain central decision and budgetary-making authorities to subordinate departments and sub-national levels of the government. As a result, the Chinese political system has become fragmented and disjointed below the very top. Local and bureaucratic units are allowed to operate "extra-budgetary" funds, independent financial resources from those allocated through the central budget, in pursuit of their own policy preferences, thereby becoming less sensitive or even deviant from the policy demands from higher levels. Departmental and local officials are given power in personnel management and encouraged to become self-supporting through economic entrepreneurship. With all these changes in conjunction with the reduction in coercion, the erosion

of ideology as an instrument of control, and the use of economic performance as a yardstick for career advancement of local cadres, all disjointed units are in fact encouraged to push hard for their own developmental projects, marshal supporting information to buttress their proposals in competition with other bodies, and develop power strongholds to protect and advance their parochial interests. One major result of these changes is the development of new relationships of bargaining, exchange and consensus building among members of the authority system, something very different from the totalitarian, centralized model. Competition among local governments on economic performance can also be viewed as a “socialist” surrogate for capitalist market competition, equally potent to promote remarkable growth in the national economy.

The model of decentralized authoritarianism³⁰ can be regarded as a derivative of fragmented authoritarianism, albeit with its sole emphasis on vertical devolution of powers that has produced a new central-local relationship. As argued by Pierre F. Landry,³¹ the political system in China has undergone substantial change, not just in terms of a shift away from totalitarianism, but as a synthesis between authoritarianism and a very high level of decentralization. The Party-state has devolved extensive powers to mayors and party secretaries in 700-odd municipalities. Decentralization was primarily motivated by the objective of achieving higher economic efficiency, with regions competing with each other, in the absence of a genuinely free market.

From the perspective of the people, the decentralization of authority is quite positive, since more access points are made available to them to have their views/demands heard. At the negative end, decentralization is indirectly responsible for the growing wealth gaps between different provinces and cities. At least partially, decentralization seems to have run the risk of rising power center(s), exemplified by BO Xilai’s stronghold in Szechuan, nearly to the

30. Yongnian ZHENG prefers to call the present political system *de facto* federalism in a behavioral sense, arguing that although federalism is not prescribed in China’s constitution, de-centralization of powers to the sub-national level of government has resulted in a relatively institutionalized pattern which involves explicit or implicit bargaining between the center and the provinces. See his “Explaining the Sources of *de facto* Federalism in Reform China: Intergovernmental Decentralization, Globalization, and Central-Local Relations,” *Japanese Journal of Political Science*, Vol. 7 (2006), pp. 101-126.

31. Pierre F. Landry, *Decentralized Authoritarianism in China: The Communist Party’s Control of Local Elites in the Post-Mao Era*, Cambridge: Cambridge University Press, 2008.

point of defiance of conflict with the central leadership. Decentralization without adequate measures to prevent power abuses has also abetted the spread of corruption among party cadres and government officials, especially at the local levels. Since corruption has become ubiquitous and well-rooted in the politico-economic structure and social culture, it represents an intractable problem.

Contrary to the established belief that decentralization undermines the central authority, Landry submits that the reverse is true, largely because of the unabridged primacy of the Party in the political process without the need to control all policies and processes on sub-national levels directly affects the central authority's ultimate control of personnel appointment and promotion. As a result, Beijing gets what she indicates as a criteria for advancement, such as economic growth and social stability, and at the same time, seemingly without having to share blame for wrongdoings occurred at the local levels.

Be it fragmented or decentralized, China's authoritarianism is a kind of power sharing amongst jurisdictions. Because citizens have many more access points to have their interests heard or protected in the decision-making or implementation processes, a religious group can avoid the conservative Bureau for Management of Religious Affairs and seek registration with the progressive Department of Commerce and Industry. On the other hand, as most day-to-day government functions are performed at the sub-national levels and local Party and government officials exercise their powers differently, the fate of residents in different localities vary considerably. Those living in town A may be victimized by highly predatory local governing cadres, while others living in town B may enjoy their benevolent protection, sometimes even in defiance of central decrees. Irregardless, to live under fragmented or decentralized authoritarianism is to be at the mercy of whoever governs. Life can be very haphazard. This situation can only be changed when a civil society is in a place where citizens are empowered to have an effective say on government formation and policies.

Yet, does fragmented or decentralized authoritarianism accurately capture the essence of China's politics today? For most liberal intellectuals in China, the true nature of the political system is the rule of a plutocracy. Therefore, the term "plutocratic authorita-

rianism” is most appropriate.³² The most critical view of plutocracy is offered by ZHANG Lun.

In the article “Plutocracy, Social Movement and China’s Transformation [*quanguo jieyou shehui yundong yu zhongguo de zhuanxing*],”³³ Zhang laments over the (totalitarian) legacy of the Communist revolution and its institutions that have until today constrained China’s search for modernization, for which accelerated globalization in the 1990s brought to China new opportunities and challenges, as well as problems. The most significant influence of that legacy lies in China’s strategy of promoting economic reforms with the political totalitarian method. Given the primacy of the power structure, the reform has induced a process of reallocation of opportunities and resources in ways that created huge inequalities for different individuals and groups in society. Asymmetric differentiation in resources redistribution in turn led to a new socio-political structure, a plutocracy. This plutocracy is not simply a clique of the economic rich, nor a social upper class, but also a formidable political power that put its own interest over all other societal interests, as can be detected in ostensible deals in the stock market, property seizures, or other sharing of spoils in development projects. What is most worrisome is that this plutocracy can rely on the current politico-economic structure to reproduce itself and prevent the present skewed development from changing into a more balanced one. It has become the somatic cancer of China. It represents the bottleneck that prevents the reform of the politico-economic structure and will thwart China’s efforts towards further development.

What is implied in plutocratic authoritarianism is that its structure can be sticky, which in turn presents a very unique cause for resilient authoritarianism in China, with the Party itself as a major stakeholder. It has provided the plutocracy with red capitalists as

32. The term is used, without any elaboration, by Jean-Pierre Cabestan in his article “Is China Moving Towards ‘Enlightened’ But Plutocratic Authoritarianism?” in *China Perspectives*, . Issue #55 (Sept.-Oct. 2004), pp. 1-10. In the text, he refers to an “economic nomenclatura, the country’s ‘plutocracy’, the sons and daughters of leaders who directly control many state or quasi-state enterprises: despite regular campaigns against corruption, the latter often remain above the law, protected by the norms and customs of the Party”. He has however, not elaborated on this plutocracy at all.

33. Mr. Zhang, an active commentator on China’s politic, is an associate professor at the Universite de Cergy-Pontoise, France and a member of its Laboratoire Civilisations et Identites Culturelles Comparees. This article, originally published in *Democracy China*, is available as a reprint via http://www.chinesepen.org/Article/hyxz/200711/Article_20071102203807.shtml

the decisive group who enjoy monopolizing the key economic and financial resources of the country. The group includes those party cadres and government officials who, during the early days of Reform and Opening, had successfully responded to the leadership call to plunge into the “(capitalist) sea” for a fortune, and at later stages, the sons and daughters of leaders in high positions who had been put in place to directly control state or quasi-state enterprises (as mentioned by Pierre Cabestan). Following the onset of consultative authoritarianism as a follow-up to JIANG Zemin’s three representation theory, the plutocracy was injected with successful and trustworthy private entrepreneurs. The unholy alliance between red and blue capitalists was thus formed and consolidated, with the blessing of the Party. It is on the road of expansion along the functional and regional dimensions.

III. ECONOMY AND SOCIETY IN TRANSFORMATION

A. Structural Changes and Economic Successes

Economic development has been central to the post-1978 leadership. During the past 34 years, China’s economy has experienced a structural transformation as a result of the grand strategy of Reform and Opening. At the macro level, the most important change is the resuscitation of a market that was destroyed by the socialist revolution in the 1950s. Thanks to DENG Xiaoping’s vision and leadership, a process of institution building went through a grand redesign (December 1990 to February 1991), followed by reform programmes in the next 23 months, and an action plan in the resolution “On Certain Issues Related to the Establishment of a System of Market Economy” [*guanyu jianli shenhui zhuyi shichang jingji tizhi ruogan wenti de jueyi*] passed by the third plenum of the fourteenth Central Committee in November 1993. After several years of implementation, the leadership found it necessary to make institutional modifications again in 1997, in order to strengthen the structure of property systems by adjusting the role of the state-sectors in the economy. It must be acknowledged that without all these institutional reforms, China would not have enjoyed the economic miracle which has occurred over the past three decades.

More specifically and from mezzo-perspectives, credit should also go to the abandonment of the planned allocation of production factors, micro-management of state enterprises as well as collective agriculture, policies of artificially high exchange rate measures of heavily suppressed interest rates, wages, and prices for raw materials and necessities. The private sector of economy was also allowed

to grow within certain bounds. In midst of all the structural changes, big and small, there has been a remarkable continuity in the insistence on (1) an incremental, partial, piecemeal and often experimental approach to reform, (2) the priority of socialism over capitalism in terms of ownership and control of key resources and economic institutions such as enterprises, and (3) a strong commitment to sustain high growth led by investment and heavy export even in the face of occasional controversies over issues such as the choice between economic or political development or the nature of development as still socialist or capitalist. Thus, stability has been maintained all along.

There are also external and internal factors which have contributed to China's rise as an economic power.³⁴ First of all, globalization, economic integration within Greater China and her accession to the WTO have together enabled China's metamorphosis into an economic giant. At the same time, China's low transaction costs in labour, land, human rights and others represent the greatest comparative advantage of its export-led economy. Third, the political leadership has been consistently committed to investing policy-making and other resources into economic growth as the highest policy priority. Fourth, the leaders have also been willing and able to learn from past mistakes and to adapt to new circumstances with flexibility, without giving up their monopoly on ruling power. Their strategic and operational policies of economic development have succeeded largely due to an incremental and experimental approach to reform with the process guided by general principles. For instance, central planning has survived but has become, during the reform period, a tool of strategic design in the form of the five-year plan, to set macro objectives with clearly defined performance targets and policy initiatives designed to hit those targets. Fifth, China has also witnessed a rapid increase in its domestic savings rate since the early 1980s, from about 40% for most of the 1990s to in excess of 50% over the past couple of years. What makes China different is that the increase happened within

34. Y.Y. Kueh, *Pax Sinica: Geopolitics and Economics of China's Ascendance*, Hong Kong: Hong Kong University Press, 2012; Justin Yifu Lin, *Demystifying the Chinese Economy*, Cambridge: Cambridge University Press, 2012; Barry Naughton, *The Chinese Economy: Transitions and Growth*, Cambridge, Mass.: MIR Press, 2007; Barry Naughton, "China's Distinctive System: Can it be a model for others?" *Journal of Contemporary China*, Vol. 19 (2010), pp. 437-460; Eswar S Prasad & R. G. Rajan, "Modernizing China's Growth Paradigm," *The American Economic Review*, Vol. 96 (May 2006), pp. 331-336; Barry Bosworth and S. M. Collins, "Accounting for Growth: Comparing China and India," *Journal of Economic Perspectives*, Vol. 22 (Winter 2008), pp. 45-66.

corporations, individual households as well as the government and that most of the government savings are put into investments, either directly into infrastructure projects or into manufacturing capacity through a fiscal transfer to state-owned enterprises. Finally, urbanization over decades has also made the economy thrive. It has driven up demand for urban facilities and provisions and attracted migrants from the country, creating an incessant supply of cheap labor.

The result of all of this is that China enjoys spectacular growth accompanied by industrialization, tertiarization, urbanization, and the replacement of the planned economy with a mixed economic system. Central planning remains important but is exercised at the macro-level with strong responsiveness to market signals. The economic system is now an evolving mixture of imperfect markets and refined state control. In this mixture, the state sector still looms significant, with a soaring number of state-owned but profitable oligopolies holding hegemony in the domestic market and becoming aspiring competitors in the global economy, local governments as economic developers competing with each other, and last but not least the growth of private entrepreneurs struggling to get better deals in the field. There has been a constant contest between two orientations: market freedom vs. state control. In other words, China's economic system is still in transition.

For over 34 years, China's economy has seen an almost uninterrupted double digit growth rate,³⁵ growing thirty times since 1980. Other transformations are equally remarkable. No less than 400 million people have been lifted out of poverty; literacy, infant mortality and life expectancy rates have risen to that of the developed world. In 2010, China's US\$ 5.9 trillion gross GDP surpassed Japan (US\$ 5.5 trillion) as the second largest economy in the world after the United States.³⁶ In 2016, it will surpass the United States, with US\$19 trillion and US\$18.8 trillion respectively, according to the forecast made in 2011 by the IMF based on the comparative purchasing power of the two countries.³⁷ This success has led to the

35. The average rate of annual growth is no less than 9.9%, with the worst of 3.8% in 1990 and the best of 15.2 in 1984. <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

36. Source: <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

37. See Peter Shadbolt, "Will The Age of America Ends in 2016?", <http://edition.cnn.com/2011/business/04/26/us.china.economy/index.html> or David Gardner "The Age of America Ends in 2016: IMF predicts the year China's economy will surpass U.S.", <http://www.dailymail.co.uk/news/article-1380486/the-age-america-ends-2016-imf->

concept of “the Beijing consensus”³⁸ as something superior to the “the Washington consensus” and replicable in developing countries. The reliability of this concept has been critically contested by academic scholars such as Scott Kennedy³⁹ and Barry Naughton,⁴⁰ who argue that the concept does not accurately describe what has happened in China. He enumerates six distinctive features of China’s development, among which the intertwining of state and market represents the most distinctive. The first articulation is a “constant and striking” mix of public and private interests as the following examples illustrates:

“At one extreme, township and village enterprises, constituted as publicly-owned firms, in some parts of China, worked to generate entrepreneurial activities that benefited everyone in their local community. At another extreme, well-connected individuals channel profits into the pockets of their cronies. This complex mix of different forms of public/private interest coordination can be condemned as corruption or praised as pragmatism. . . Chinese policy-makers have almost never attempted to prevent parties benefiting from government policies ‘unfairly’ or because they were not worthy. In other words, China really has followed DENG Xiaoping’s dictum that it’s alright for some people to get rich first.”

Economic reforms, as well as dedicated investments made by the government, brought an end to China as a predominantly agricultural society. The processes of industrialization and tertiarization have been remarkable. In 1978 China was still a predominantly agrarian economy, with 71% of the labor force employed in agriculture, forestry and fishing. In 2007, agricultural em-

predicts-year-chinas-economy-surpass-us.html. for an alternative view, see Michael Beckley, “How Big A Competitive Threat Is China, Really?” in *Harvard Business Review*, 29 February, 2012, via http://blogs.hbr.org/cs/2012/02/how_big_a_competitive_threat_i.html This magnitude of China’s recent rise to a world power still lags behind the historical glory of the Qing dynasty under Qianlong when its economy was a third of the world.

38. Joshua Cooper Ramo, *The Beijing Consensus: Notes on the New Physics of Chinese Power* (London: Foreign Policy Centre, 2004), downloadable at: <http://www.fpc.org.uk>.

39. Scott Kennedy, “The Myth of the Beijing Consensus,” *Journal of Contemporary China*, Vol. 16 (2010), pp. 461-477.

40. Barry Naughton, “China’s Distinctive System: can it be a model for others?” *Journal of Contemporary China*, Vol. 19 (2010), pp. 437-460.

ployment decreased to 41%, whereas those engaged in industry and construction rose to 27%, and those in services increased to 32%. Along with the relative weight of economic sectors, social life went through changes too. An important aspect is the changing urban life with an unstoppable propensity towards consumerism, expanding space for individual pursuits, a growing set of lifestyles, new inter-personal relations and a deficit of morality.

Urbanization, economic development and the government's strategy of development are indeed interrelated. From China's experience, one can see that rapid urbanization, which ensued as fast as industrialization, can create jobs in burgeoning cities and towns along the coastal area, thereby ushering in floods of migration from the countryside. The exodus of Chinese peasants' represents probably the biggest migration in human history, with some 500 million in three decades.⁴¹ In 2011, the number of urban residents passed the threshold of 50% of the total population. Apart from the push of the economy, urbanization also required a step-up in transportation and communication infrastructure. The result was the growing physical mobility of Chinese people, to an extent unimaginable before the 1990s. In recent years, the phenomenon of "Spring Festival Transportation [*chunyun*]" can attest to the magnitude of this new mobility. According to press reports on January 27, 2013, the Development Reform Commission of the government had estimated that during the Spring Festival from January 26 to March 6, no less than 3.4 billion people were on the move from all directions, primarily via train. It is definitely a world record.

Despite seeing shining figures about the economic miracle and related successes, there is a need for a balanced view. To begin, China remains, according to the IMF, a poor country in terms of GDP (PPP) per capita at international dollar 8,387 in 2010-11, ranking 93rd among 117 countries in the world. In the Human Development Index of the United Nations Development Program, a composite measure of income, education and life expectancy at birth, China ranked 101 among 186 countries in 2012, with a score of .0699, placing China on the high end of the median group. In addition, rapid growth within a compressed period of time created many dislocations and unrecoverable or deferred costs, such as wasted or duplicated investments, overproduction of unsalable goods, preventable fatal accidents caused by poor safety standards

41. Tom Miller, *China's Urban Billion: The biggest migration in human history*, London: Zed Books, 2012.

or management measures adopted by greedy factories. There are costs in political, social and humanist terms too.

B. Transitional Society and Social Justice

Chinese society today is a product of many influences in past decades, among which globalization, government policies and economic development are the chief ones. The long process has brought about a change from an egalitarian, safe and highly family-oriented society with a collectivist social ethic that stresses obligations over rights to today's society with low fertility rate and an aging population, widespread inequalities, many new kinds of risks, emergence of a civic society as a secondary social organization, and last but not least a new, individualistic ethic that focuses on rights. The last kind of change will be discussed in the next section.

Social development in Communist China is distinct in the high-handed governance strategy of the Party-state and two drastic changes in compressed time. The first grand transformation took place from 1949 to 1978 when the incipient liberal-capitalist society was mercilessly replaced by a regimented system in which the Party became the sole defining force of all aspects of life. For the sake of rapid industrialization at suppressed costs, the Party managed, at macro *and* micro levels, production and distribution for the whole country. The market was practically eliminated. The Party-state monopolized the right to form and run social organizations, as its transmission belts for communication with and mobilization of the masses. The Party-state even segregated, through the work unit, the people's communes, and the household registration system, the countryside from the urban area, thereby running a divided China inhabited by two classes of inhabitants with unequal obligations and rights. The extraordinary sufferings inflicted on the people and top leaders by the Cultural Revolution served as a wake-up call for another big change.

The second metamorphosis began in 1978 and started the dynamic and fluid process of breaking from the past in some ways and searching for new ways to make China strong again. Capitalism, which had been severely cursed, was heartily embraced and the market reintroduced in a confined manner. The private sector had been given a new lease on life in an unfair level playing field. Given the novel embrace of commercial values by the Party, the people gradually regained their rights as a consumer and some other freedoms. The three major resources for the people's life — land, labor and capital, have all become commodities. Yet, society

still exists under the watchful eyes and even discipline of police power. The room for organized social life is expanding in selected domains with varying degrees of autonomy so much so that scholars speak of an emerging civil society. Along with all these changes, the people's way of life and mode of thought are also in flux. In short, Chinese society is still evolving and defies precise characterization.

Nevertheless, several broad trends are obvious and likely to persist. The first trend refers to the increasing liberation of the individuals from the institutional constraints of the Party-state and steady growth in socio-economic resources and in choices of life styles available to them, albeit in an unequal way. Secondly, upon the bankruptcy of the official ideology many Chinese are searching or have already acquired new values and meanings for their lives. Finally, China's society has become increasingly restless, with the people becoming more conscious of their rights and increasingly active in asserting what is owed to them according to the laws.

Chinese society has witnessed an unwelcome trend of low fertility rates and aging of its population. The government's one-child policy has "succeeded" in keeping fertility low. The government has succeeded in preventing 400 million births between 1979 and 2011, with a drop in the fertility rate from 2.63 births per woman in 1980 to 1.61 in 2009. The trend of the total fertility rate in the past decade shows a downward spiral starting from 1.82 births per woman in 2000 for three years, dipping to 1.69 in 2004, shooting up to 1.79 in 2009 and finishing with a sharp drop to 1.54 and 1.55 in 2011 and 2012 respectively. One of the consequences of the fertility changes is the low annual growth rate of the population (0.57%), which in turn contributes to the premature aging of the population. According to the latest census statistics of 2011, people older than 60 now account for more than 13.3 percent of the population (a total of 1.37 billion), while those younger than 14 make up 16.6 percent. It is forecasted that ten years later, the percentage of the former group will exceed that of the latter. It bears grave implications both for the economy and society, with a shortage of labor for the former's development and strains on social welfare provisions such as pension, health and medicine, under the condition of an unfavorable ratio of the working-age generation to that of retirees.

While China's economic wealth is growing in absolute terms, social inequalities are on the rise too. Although the poorest can benefit from the country's economic growth much less than their richer countrymen, abject poverty has radically attenuated. The

proportion of the population living below \$2 a day (at 2005 purchasing power parity) has gone down from 84.6% (1990) to 29.8% (2008).⁴² However, in relative terms, the income gap between the rich and the poor is expanding. In 2000, the official *Gini* index stood at the warning level of 0.412.⁴³ Since then, it has further increased to 0.447 in 2001 (UNDP Report), and to nearly 0.47 in 2005 (Chinese Academy of Social Sciences). On January 18, 2013, the National Bureau of Statistics announced for the first time since 12 years ago a *Gini* index of 0.474 in 2012 as compared to a decade high of 0.491 in 2008. The sticky pattern of a large gap of income distribution is alarming given the avowed goal of a “harmonious society.”

Socio-economic resources in China are rarely distributed on the basis of actual individual actions or choices but allocated across groups according to defined boundaries and identities such as localities, ethnicity, gender, and class. Generally speaking, while market forces and capabilities of individuals are major factors affecting the pattern of socio-economic (in-)equality, the gap between the rich and the poor, its exact pattern and trend of changes in China can be examined first from the angle of social stratification as a structured ranking of individuals and groups.

Mainland Chinese scholars tend to rely on the structures of industry, occupation and jobs for their examination of social stratification. They have identified a four-class system consisting of peasants, workers, “the national bourgeoisie” and “the petite bourgeoisie” in the first years of the People’s Republic, followed by “two classes, one stratum structure” with the class of peasants and the working class composed of employees of state-owned or collective units [*danwei*], within which cadres and intellectuals counted as a special stratum. The present day of stratification knows no class anymore but a controversial number of strata. The categorization used by researchers from China Academy of Social Sciences include ten strata: state and social managers, private entrepreneurs, business managers, professionals, office workers, *getihu* (a great variety of owners of petty capital engaging in production, services, self-employed business, small landlord etc.), the self-employed or

42. Table 2.1 from Asia Development Bank, *Framework of Inclusive Growth Indicators 2012: Key Indicators for Asia and the Pacific, Special Supplement*, 2nd Edition, 2012. Data available via <http://www.adb.org/sites/default/files/pub/2012/ki2012-special-supplement.pdf>.

43. Instead of the *Gini* index, the increase in income disparity can also be measured in terms of the income ratio of the highest quintile of earners to the lowest one.

employees in the service industry, industrial workers, peasants and finally unemployed or semi-unemployed.

This paper takes the urban-rural divide as the most glaring stratification at the national level. As said before, post-1949 China was from the very beginning, structurally separated by social policies (chiefly the household registration system) into the urban and the rural, with the rural population discriminated against by differentiated social policies. Socio-economic inequality as a result of the divide has persisted to the present day, with a new factor added to its dynamics, i.e. the division of labour in the new market economy.⁴⁴ In the new era, peasants and peasant migrants who are capable can improve their lot by taking up market opportunities under certain circumstances, but at the same time have to bear both market risks and unfair treatment by the government. For the peasants back home, unfair treatment by the Party-government presents the greater risk. In the process of land seizure and conversions for development projects such as real estate, highways, university towns,⁴⁵ it is the local government who pockets windfall profits, whereas most farm households were prevented from exercising their rights as owners of collective land and received inadequate compensation for the immovable property. The common aspiration of peasants is to escape from the countryside. For the rural migrants in cities, the exploitative practices of employers and xenophobic attitudes of urbanites are greater risks. The results are a few successful migrants, coupled with a greater majority of frustrated, disappointed, disoriented ones. The worst are those alienated for whom there is no future in the discriminating cities; but cannot return to the countryside since their relatives and fellow villagers subscribe to the mainstream value of money-making and judgement about urban opportunities.⁴⁶ The result is a growing animosity between urbanites and the migrant workers which had led to occasional violent outbreaks.⁴⁷

44. See Qian Forrest Zhang, "Rethinking the Rural-Urban Divide in China's New Stratification Order," *International Journal of China Studies*, Vol. 2 (2011), pp. 327-344.

45. About 43% of the villages in China have experienced land appropriations without adequate compensation since the 1990s.

46. See Hairong YAN, "Refusing Success, Refusing 'Voice': The Other Story of Accumulation," in Dorothy J. Solinger, ed., *Narratives of the Chinese economic reforms: individual pathways from plan to market*, Lewiston, N.Y.: Edwin Mellen Press, 2005, pp.11-12.

47. A recent and significant outbreak happened in Zengcheng (town) of Quanzhou (city), where a migrant couple from the Sichuan (province) who were hawking illegally on a street got involved in a physical conflict with public order officers

This qualitative narrative of the disadvantaged peasants in the urban-rural divide can be supplemented by some statistics on income disparity between the two major groups of people in China. Originally, income differences between the urban and rural areas had narrowed from a ratio of 2.4 in 1978 to 1.7 in 1984. The gap has been on the rise since 1985 and the ratio reached 3.3 in 2008. The income gap has fallen in recent years, due to corrective measures of the government such as the abolition of agricultural tax. Yet the pace is still very slow. According to the National Bureau of Statistics data as quoted by *Dawn Media* news, urban per capita disposable income in the first nine months of 2012 rose 13% to 18,427 yuan (\$2,958), still almost three times the cash income of 6,778 yuan in rural areas.⁴⁸ According to Li & Luo, the urban-rural gap still represents the greatest distributive injustice in China. Their estimate of inequality differ from many other scholars by taking into consideration the effects of disguised subsidies like public housing, social services, insurances and regional living costs. Disguised subsidies provided by the government have benefitted the urbanites much more than rural residents, thereby leading to a further increase in the urban-rural income gap, even after adjusting for the difference in living costs between urban and rural areas.⁴⁹ In a recent report, the OECD stated that the rural-urban income gap in China has started to fall since 2009 and by 2011 dropped back to its level of 2003. The fall is due to two factors: (1) inclusion of income earned by rural migrant workers in cities and (2) increase in the extent of

who had confiscated the goods on sale. In an attempt to protect her husband, the pregnant wife was hurt. The bloody encounter drew a growing and dissatisfied crowd to about 2000-4000 people, most of them were migrant workers from nearby factories. The violent outburst of their long-brewed grievances took three days to control. The most interesting point is the fact that the adjacent town, Dongguan (city), was not affected at all, although it had a larger number of migrant workers and smaller private enterprises than Guangdong. The long-term social harmony in Dongguan is the result of the local government's policy of social development, the key feature of which is the conferment of equal citizenship to migrant workers. See the excellent comparative study by YUE Jinglun and ZHUANG Wenjia, "shehui gongminquan yu shehui wending – 'xintang shijian' de ge'an yanjiu [Social Citizenship and Social Stability – Case Study of the 'Xintang Incident']," *Twenty-First Century* Bimonthly, No. 135 (2013), pp. 59-74.

48. <http://dawn.com/2012/12/31/bridging-rural-urban-income-gap/>

49. LI Shi and LUO Chuliang, "zhongguo chengxiang jumin shouru chaju de chongxin guji [A Reassessment of the Income Gap Between the Urban and Rural Populations in China]," *Beijing daxue xuebao (zhexue shehui kexue)* [Journal of Peking University (Philosophy and Social Sciences)], Vol. 44 (March 2007), pp. 111-120; Interview of LI Shi, as published on 21 December 2012 in *China Review*, <http://www.china-review.com/eao.asp?id=31136>

government transfers to the less well-off rural areas.⁵⁰ Income is not the only dimension of urban-rural disparity. Using the formula of UNDP's human development index, Song and Ma has found that the rural index lags behind the urban index by a full decade.⁵¹

Turning to internal stratification within the countryside, one may speak of a general pattern of division within the political elites, the villagers with relatives working in the cities and those tilling their own land. Due to the institution of rural governance, the political elites can reap "disproportionate rewards" during the process of economic growth.⁵² Villagers with migrant relatives in cities can enjoy non-agricultural income from the latter's remittances, whereas the farming fellow countrymen live a poorer life.

As far as internal stratification within urban China is concerned, LIU Xin has offered an excellent framework of institutional analysis.⁵³ In the first place, new China was characterized by the unity of the political power of the state and public ownership of property in the first three decades. Through nationalization in cities and collectivization in the countryside, the socialist state became the single owner of enormous assets. It entrusted these assets to administrative departments and local governments, and delegated its management to factory directors and managers appointed by it. The state agents monopolized economic production and distribution through central planning by controlling the surplus, as well as its redistribution, and created inequality by favouring their own kind or the politically loyal. While economic reforms have resuscitated the market since the late 1980s, the shift of the Party-state's distributive and redistributive power to the market has been very gradual and policy constraints still reign further. Social stratification mechanisms formed under the traditional planned economy have persisted to the advantage of government and party cadres. What is new is that the institutional basis of stratification has be-

50. *China in Focus: Lessons and Challenges, 2012* <http://www.oecd.org/china/50011051.pdf>

51. SONG Hongyuan and MA Yongliang, "shiyong renlei fazhan zhishu dui zhong-guo chengxiang chaju de yizhong guji [*Estimate of Urban-Rural Disparity in Terms of the Human Development Index*]," *jingji yanjiu* [*Economic Studies*], Nov. 2004, pp. 4-15. Their findings are based on data from 1990-2002 and no update from them or any other scholar is available.

52. ZHOU Feizhou, "Creating Wealth: Land Seizure, Local Government, and Farmers," in Deborah S. Davis and WANG Feng eds., *Creating Wealth and Poverty in Postsocialist China*, Stanford, Calif.: Stanford University Press, 2009, pp. 112-125.

53. LIU Xin, "Institutional Basis of Social Stratification in Transitional China," Davis and WANG, *supra*, Ch. 6, pp. 85-95.

come multidimensional, a combination of administrative as well as a contractual principal-agent relationship, an imperfect market system embedded within bureaucratic authority, and a unity of redistributive power, rent-seeking ability and market capacity. By focusing on public power and its categorization and sub-divisions, this framework produces a holistic profile of the stratification of urban China today. The ten strata thereby mapped are, in order of magnitude of influence, the holders of public power: technocrat, bureaucrat and state-own-enterprise manager; those without or with little public power: clerk; and thirdly those without any public power: private owner/manager, self-employed, high-level professional, low-level professional, skilled worker, and non-skilled worker. These strata of people differ in their possession or lack of direct control rights over public assets, redistributive power, rent-seeking opportunities and market capacity. All in all, public power holders in urban China are the main beneficiaries of economic success.

Is this new stratification a fair social order? Yes, it is fairer as compared to the first three decades of the PRC when inequalities resulted solely from the Party-state's redistributive biases. Now personal capacity and market opportunity can determine one's life chances too. It is also fairer than when occupations were administratively arranged. Nowadays, merit-based mobility in the occupational ladder has become a living experience for many Chinese. In sum, the main pillars of the post-Mao reforms, de-collectivization and re-commodification of the rural and urban economies, have ushered in an evolving open class landscape in place of the traditional rigid status system. The new order is less politicized but full of opportunities waiting for motivated and capable individuals to exploit.

There is on the other hand, no denial about the injustices of the new order. Neither the market economy and social policies in China are far from fair. They are crucial, inter-related forces in determining the level of (in)equality and the right balance can ensure a fairer pattern of stratification. The reality in China is otherwise. The market is not free but embedded within bureaucratic authority and guided by government policies and interventions. State-owned or –subsidized enterprises and companies enjoy monopoly or near-monopoly of key economic resources such as banking and finance, energy, shipping, rail, telecommunication, infrastructural construction. There are recent signs that they even proceed to acquire dominating control in increasingly profitable sectors such as real estate.

In such a market, private enterprises and companies, about 80% of them in the secondary and tertiary industries, can hardly compete on an equal basis with their counterparts in the public sector in access to credit, market networks and so on. Many of them have to rely on government patronage to make their business venture successful or just to survive.

Social policies in general have effect on social stratification and thereby improving on or aggravating existing inequalities. In today's China, development policy has been pursued in a very unbalanced manner at the expense of social aspects. There is hardly any social policy that distributes benefits progressively so as to narrow income gaps by offsetting the negative market impact. In some cases, social policies have even been designed to serve economic or fiscal objectives. For instance, privatization of health insurance and housing in urban areas are meant to relieve the responsibility of welfare provisions by state-owned and collective enterprises, with the result that the more privileged have been favoured in the process.

Injustices are manifold. In addition to disparities treated as manifestations of social stratification in the above, gender disparities are a notable feature. A snapshot is provided in the 2010 Women's Economic Opportunity Index compiled by the Economist Intelligence Unit. It measures the environment for women employees and entrepreneurs in 113 economies based on 26 underlying indicators in five categories: labor policy and labor practice, access to finance, education and training, legal and social status, and the general business environment. The measure ranks China 11th out of 33 Asian countries, with a score of 49.4. A score of 0 is the least and 100 the most favourable. While China belongs to the top 1/3 of Asian economies, she qualifies as an average one at the global level.⁵⁴ Turning to the female population in general, the Asia Development Bank has collected data on gender disparity in education.⁵⁵ It has found no disparity in terms of average years of total schooling for youths aged 15-24. With adults aged 25 and over, there appears a slight gap between women and man, as depicted in the following table.

54. See eiu.com, *New study spotlights opportunities and barriers for working women worldwide*, http://www.eiu.com/site_info.asp?info_name=womens_economic_opportunity&page=noads

55. Asia Development Bank, *Framework of Inclusive Growth Indicators 2012: Key Indicators for Asia and the Pacific, Special Supplement*, 2nd Edition, 2012.

Average Years of Total Schooling of Adults (25 and Over)

	All Adults	Female	Male	Difference
1990	4.9	4.4	5.3	0.9
2000	6.6	5.8	7.4	1.6
2010	7.5	6.9	8.2	1.4

Another kind of inequality is spatial or more specifically regional, a subject that has been controversial in methodological terms. Some scholars argue that China’s spectacular growth and poverty reduction has been accompanied by growing inequality which threatens the social compact and thus the political basis for economic growth and social development.⁵⁶ However, CHAO Li & J. Gibson regard the argument about rising regional inequality in China as a myth, given frequent errors in the original data submitted from local governments, unreliable use of *registered* populations as a denominator (migrant workers do not have urban *hukou*), abrupt and uncoordinated switches to using a resident denominator, and double-counts introduced by the partial and inconsistent ways that residents were counted by different provinces in any given year.⁵⁷ An alternative argument is that regional inequality does exist but should be regarded as a positive trend of economic success, stimulating migration of people in under-developed areas to the developed parts of China.⁵⁸ Spatial inequality is an evolving phenomenon, affected by a host of complex and changing factors such as globalization, administrative decentralization and most crucially preferential development strategies of the central government. The issues of data quality and research methodology are relevant too. The baseline for disparity was established by the coastal strategy in the reform and open door policy launched in 1978. Due to the increasing economic gap among regions, the original strategy was

56. Shenggen FAN, Ravi Kanbur and Xiaobo ZHANG (eds.) *Regional Inequality in China: Trends, Explanations and Policy Responses*, London: Routledge, 2009. For a snapshot, see the chapter “Regional Inequality in China: An Overview”; the following article from the same authors is also useful: “China’s regional disparities: Experience and policy,” *Review of Development Finance*, Vol. 1 (2011), pp. 47–56.

57. See their article “Rising Regional Income Inequality in China: Fact or Artifact?” *Vox*, 9 August 2012. <http://www.voxeu.org/article/rising-regional-inequality-china-fact-or-artefact>

58. See Albert Keidel, “China Regional Disparities: The Causes and Impact of Regional Inequalities in Income and Well-Being,” via <http://carnegieendowment.org/files/keidel1.pdf>

supplemented by a “Go West Programme [*xibu da kaifa*]” in 1999, followed by the “Reviving Northeastern Region [*zhenxing dongbei*]” in 2003. With the time dimension included in the analysis, one may discover a trend of declining inequality. How to define regions is highly relevant too, since a different geographical scale may yield various patterns of disparities. The mainstream method is to focus on broadly defined regions, (e.g. east coastal, interior and west) and/or provinces. One study thus concludes that the east coast has registered greater increases than in the centre while the northeast and west have macro-territorial inequalities. On the other hand, inter-provincial inequalities have appeared in some provinces but not others.⁵⁹ Adding the influence of municipalities in the calculus however, both the patterns and trends of spatial inequality somehow change substantially. Taking four municipalities – Beijing, Shanghai, Tianjin, and Chongqing⁶⁰ – as special provincial subdivisions, Yingru LI, Y.H. Dennis Wei⁶¹ have found that China’s regional inequality is very sensitive to the geographical scale, with the municipal influence standing out. The various patterns of regional disparities without taking into account the municipalities can be summarized as below.

“The interprovincial inequality basically showed a U-shaped pattern before 1999, . . . Since 2000, the interprovincial inequality fluctuated significantly: a sharp decline in 1999 and 2000, an increase from 2001 to 2004, and a three-year consecutive decline from 2005 to 2007. However, the interregional inequality had a different trajectory. It showed a ladder-like, upward trend and increased gradually. . . (The trend is an) ascending spatial concentration of economic growth and the widening gap between coastal and interior regions.”

With the municipalities included in the analysis, the following observations can be made. First, “the interprovincial inequality has declined due to reducing disparities between the coastal provinces and the municipalities, while the interregional inequality has been

59. Michael Dunford and LI Li, “Chinese spatial inequalities and spatial policies,” *Geography Compass*, Vol. 4, Issue 8 (2010), pp. 1039-1054; See also Cindy Fan and Mingjie Sun, *Regional Inequality in China, 1978-2006*,” *Eurasian Geography and Economics*, Vol. 49 (2008), pp. 1–20.

60. They account for more than one-eighth of China’s total GDP.

61. Yingru LI, Y.H. Dennis Wei, “Spatial-temporal Hierarchy of Regional Inequality of China,” *Applied Geography*, Vol. 30 (2010), pp. 303–316. The following quotations are taken from their findings. Tables 1 & 2 and Figures 7 & 8 are quite revealing.

rising due to the fact that the eastern region is still far ahead of the central and western regions.” Secondly, “without the municipality effect, both interprovincial and interregional inequalities decline significantly.” Thirdly however, “the spatial concentration of regional development has increased” and the gap has further widened between the eastern region⁶² (on the one hand), and the central and western regions (on the other) due to the three municipalities as well as other affluent coastal provinces.”

There are other aspects of spatial inequality that this short monograph cannot afford to explore.⁶³ Let’s stop here and proceed to address the issue of China’s risk society.

No society can be free of risk. When we speak of a relatively safer society during the first decades of the People’s Republic, i.e. in terms of job safety, public order, old age and other forms of welfare and many others, there remained a host of risks such as natural disaster and political risks. The concept of risk society here, however, denotes a specific kind of risk as the result of modernity and industrialization.⁶⁴ It involves many hazards of scientific-technological innovations, manufactured risks and a changing paradigm of epistemology of risk. Before the age of Enlightenment, hazards, risks and dangers were known as natural phenomena, such as floods, landslides, volcanic eruptions, forest fires and so on. They were regarded either as givens or expressions of God’s will, and therefore largely out of human control. Our era is different in two basic ways. First, we have acquired a greater ability to mass produce goods to satisfy infinite “needs”. More importantly, people today believe they can conquer nature, control risk and the future.

62. The eastern region contributed to more than half of the total GDP; the percentage increased from 52.4% in 1978 to 62.5% in 2007.

63. For a geographical scale using 2000 counties and with a focus on socio-economic disparities, see Peng ZHANG and Mann XU, “The View from the County: China’s Regional Inequalities of Socio-Economic Development,” *Annals of Economics and Finance*, Vol. 12 (2011), pp.183-198; For regional inequities in key social services, see Pengqian FANG, Siping DONG, Jingjing XIAO, Chaojie LIU, Xianwei FENG and Yiping WANG, “Regional inequality in health and its determinants: Evidence from China,” *Health Policy*, Vol. 94, (2010), pp. 14–25; Yingru LI and Y. H. Dennis Wei, “A Spatial-Temporal Analysis of Health Care and Mortality Inequalities in China,” *Eurasian Geography and Economics*, Vol. 51 (2010), pp. 767–787; Xiaobo ZHANG, Ravi Kanbur, “Spatial Inequality in Education and Health Care in China,” *China Economic Review* Vol. 16 (2005), pp. 189–204.

64. For a basic introduction to the concept/theory of risk society, see Ulrich Beck, *Risk Society: Towards a New Modernity*. New Delhi: Sage. 1992. (Translated from the German *Risikogesellschaft*, 1986); Anthony Giddens, *Consequences of Modernity*. Cambridge: Polity Press, 1990.

China has joined the rank of risk societies, with environmental degradation, resources waste/bottleneck and public health becoming major concerns as consequences of the China's strategy of development. China not committing to avoid scientific-technology assisted in creating man-made risks, poor transparency in policy processes, and weak regulatory competency. China's reliance on such strategies has created insecurity not only for its own people but also its neighbours. The case of China as a risk society is very different from western societies that have experienced post-industrial risks much longer. There is an institutional fault that has aggravated the situation. First of all, several major risks were manufactured not by profit hungry merchants/enterprises alone, but with the participation of professionals, governments, and other institutions. Second, keen competition regarding economic development among budget-poor local governments in conjunction with the corruption of regulatory authorities contributes to the creation and spread of manufactured risks. This kind of risk can be duped as organized irresponsibility. A few key examples will be shown below.⁶⁵

The prevalence of fake medicine produced by pharmaceutical firms in the mid-1980s is a notorious man-made risk, with local governments as accomplices who chased after growth through promoting county enterprises. As reported widely through the press,⁶⁶ in 1984 central regulatory authorities detected over a hundred brands of fake medicine produced in China. Jinjiang county in Fujian stood out as the most "enterprising," claiming no less than 28 factories for fake medicine, with 142 kinds of drugs distributed all over China, using 105 falsified drug licenses obtained through kickbacks and bribery. Despite the central government's crack-down campaigns, the business of fake medicine still lingers on⁶⁷, due to institutional defects such as lukewarm supervision of health authorities,

65. The more conventional kinds of risks involve just lack of knowledge, ignorance of potential risks, disregard of safety procedures or safety standards, dereliction of supervisory duties, respect of human life, sacrifice of quality for the sake of quick profits etc. Examples include unsafe mines (mine gas explosion in Zhangjiawan, Liaoning in February, 2005) and faulty signal system for high-speed train (Wenzhou train collusion in July 2011).

66. BAI Yun, "chumu jingxin de Fujian Jinjiang jiayao an [The stunning case of fake medicine in Jinjiang, Fujian] ," *People's Daily* [renmin ribao], 16, June, 1985.

67. For reports on big cases in recent years, click the following links: http://www.chinadaily.com.cn/dfpd/fj/bwzg/2012-07/11/content_15571194.htm; http://news.xinhuanet.com/mil/2012-06/18/c_123300443.htm; <http://info.pharmacy.hc360.com/2011/07/040922313881.shtml>

officials who are shareholders of drug firms, local governments' disregard of citizens' complaints, and procurement of fake products by ordinary local clinics for their attractive prices.

Another sad example is the HIV epidemic, which took place during 1990s. It occurred as a consequence of state-run paid blood collection programs. Hundreds to thousands of farmers in *Henan* and other areas were infected through the sharing of contaminated needles. In 2008, HIV/AIDS became the leading cause of death among infectious disease.⁶⁸ There were 9000 fatal cases in the first nine months of that year. The government reaction was slow. In 1990, the Ministry of Health set up the national AIDs Committee. Two years lapsed before a medium-term plan on prevention and control was announced. In 1998 when it was confirmed that HIV had been found in all 31 provinces, the first law on blood donation took effect. In November, a 13-year plan on the prevention and control of HIV/AIDS was issued, which sets a target to keep the HIV positive population below 1.5 million. Administrative guidelines and action plans followed in subsequent years. Despite China signing the Paris Declaration at the International AIDS Summit in 1994, its government was unable to avert the spread of the epidemic. The UN Theme Group on HIV/AIDS in China warned in 2001 that priority attention would be needed for China to avert a catastrophic epidemic in the new millennium. It also cited factors that had hindered an effective response so far. These factors include:

“insufficient political commitment and leadership at many levels of government, insufficient openness when dealing with the epidemic, insufficient resources both human and financial, scarcity of effective policies, lack of an enabling policy environment, and poor governance. AIDS awareness remains low among the public and decision makers. Involvement by civil society and affected communities remains embryonic, while the overall AIDS response remains far too medical within a health care system in crisis.”⁶⁹

68. Wikipedia, “HIV/AIDS in China,” http://en.wikipedia.org/wiki/HIV/AIDS_in_China.

69. China UN Theme Group on HIV/AIDS for the UN Country Team in China. *HIV/AIDS: China's titanic peril (2001 Update of the AIDS situation and needs assessment report)*. Beijing: UNAIDS, 2001; Dylan Sutherland and Jennifer Y.J.Hsu, *HIV/AIDS in China – The Economic and Social Determinants*, New York: Routledge, 2011.

Our last and most recent example of post-industrial risks concerns the case of fast-growing chicken. In December 2012, Food Product and Medicine Bureau [*shipin yaopin jiandu guanli ju*] in Shanghai found out that the *Baisheng Group* had withheld reports about eight batches of substandard broiler chicken meat to its subsidiaries countrywide. The *Liuhe Group* in Shangdong and the *Lihai Group* in Shaanxi were also guilty of the same practice, supplying broiler chicken meat to fast food chains in China (such as McDonalds, Kentucky Chicken, Pizza Hut, Jollibee and *dongfangjibei*) and overseas supermarkets. These chickens were raised by farmers in as little as 40 days, using between 11 to 20 different drugs including antibiotics (in overdose), banned hormones, and Amantadine (in suspected cases).⁷⁰ Even more absurd is the fact that the *Liuhe Group* had received an outstanding contribution award from the National Poultry Association and its products had passed the highest validation by local authorities. Equally ridiculous is the availability of quarantine certificates for sale to chicken farmers.⁷¹ The business of these groups is lucrative and the primary source is not from poultry meat, but the related sale of veterinarian drugs. For instance, the *Liuhe Group* actually pocketed not only 40% of the kickbacks from its drug supplier [*xinde geji gongsi*] but also further distributed the drugs to chicken farmers with a 20% mark-up.⁷² It is said to be a common standard in the trade, whereby farmers were forced to use drugs at or above a minimum amount of drugs subject to profit cut in case of deviance.⁷³

Professor Yunxiang YAN calls the production and distribution of poisonous food while having full knowledge of their harm to consumers “the most morally disturbing fact,” which involves various government institutions, entrepreneurs, managers, and professionals in the quality control agencies. He further argues that the phenomenon is unfair since wealth is accumulated in the hands of the rich while risks are channelled downwards, which can be avoided by the former in various ways, through setting up, for instance, their own production bases of safe foods. He therefore concludes that

70. http://big5.xinhuanet.com/gate/big5/news.xinhuanet.com/food/2012-12/28/c_124159661.htm

71. <http://www.21cbh.com/HTML/2012-12-6/3MNDE4XzU3Nzg3Mg.html>

72. <http://finance.qq.com/a/20121224/000468.htm>

73. <http://news.chinatimes.com/mainland/11050501/112012122500117.html>

the greatest risk in China today is an increase in social distrust as a result of the threat of poisonous food.⁷⁴

C. China's New Citizen-Subjects in the Making

Really fundamental change in society does not come about by the dictates of a government, but as the result of changes in the state of mind among a large number of people.⁷⁵ This observation applies to cultural changes in China too. MAO Zedong, the great helmsman of China, had in his entire life wanted to crush the old Chinese society and remould the Chinese man. The mission and vision of Mao⁷⁶ pertains to a society free of hierarchy and status, wealth gap, polarization and any soil on which capitalism can take root. With reference to the new man, the subject shall be noble, genuine, moral, chaste, selfless and whole-hearted people serving. To realize his utopia, radical measures such as revolution, mass movement, thought reform campaigns, and barrack-like social organizations were tried to bring about his ideal society and socialist man. Despite tremendous efforts, the dictate of the Party-state under Mao did not work. The ruins of catastrophic destructions, class struggle and continuous revolution were replaced by economic reforms to satisfy the disillusioned people. The results are well known: re-introduction of capitalism to a more predatory extent than before the "liberation" in 1949, rapid increase in national and private wealth with an income gap set loose to an alarming level, creation of new social hierarchy and status based on political connections, policy spoils system, regional divide and a controlled market. Along with these transformations, new soil has been created for the evolution of a new kind of citizen-subject, or more accu-

74. Yunxiang YAN, "Food Safety and Social Risk in Contemporary China," *The Journal of Asian Studies*, Vol. 71 (2012), pp. 705-729.

75. Willis W. Harman, *Global Mind Change: The Promise of the 21st Century*, 2nd Ed., Sausalito, CA.: Institute of Noetic Sciences & San Francisco, CA.: Berret-Koehler Publishers, 1998.

76. The vision can be traced from the early thought of MAO as revealed in the charter of his New Man Society (xin min xuehui, founded on April 14, 1918), and represented by his efforts to put those ideas in New Villages (xin cun) in Hunan in the same year, through the experiment with the People's Commune in 1958, critiques against LIU Shaoqi during the Socialist Education Campaign (1963 to 1966) and the "May 7 Directive" to LIN Biao(1966) as the parameter for school education during the Cultural Revolution. For a quick reference to the above landmarks, please refer to HE Yunfeng, "MAO Zedong: A Genuine Idealist (yige zhencheng de lixiangzhuyi zhe)," *Frontiers of Social Sciences* (shehui kexue zhanxian), No. 5, 2006.

rately just parochial subject.⁷⁷ This kind of subject mushrooms in China today, with a state of mind diametrically to the original vision of Mao as well as to traditional culture of China. It is this last remarkable change that we now turn to.

The new kind of subject in China remains to be properly named. The common term used in the netizen's discourse is "the economic man". It is not the term normally used in the discipline of economics, to denote the kind of person who thinks "in an economic way". The concept of the economic man, or *Homo economicus*, does not presuppose selfishness but accepts self-interestedness as a legitimate motivation. The starting point of the economic thinking is "preference". A rational and consistent man will behave to maximize utility most preferred. It is held that empirically most people do generally behave to maximize something good to them and avoid harmful consequences of his actions. Furthermore, a person's utility function is affected not only by his own choice of behaviour but also the attributes of a given situation in which the choice is acted out. Ignorance as well as misjudgment of the situation and irrational choice of the course of action lead to failure.⁷⁸ Man can learn from successes and mistakes in rounds of more or less similar situations. He is, if rational and consistent, capable of adjusting his behavior accordingly for his own benefit. All in all, the economic man is self-interested when making choices in given situations, but it does not necessarily mean that he behaves selfishly.

It is indeed a fine line between self-interestedness and selfishness. There are indeed scholars who worry about the deficit of social concerns in store in the economic logic.⁷⁹ In any rate, the term "the economic man" as commonly used by netizens in China points to the selfish man. For instance, ZENG Qingxue, the most ardent crusader against the economic man, has published eleven online essays to lament over the prevalence of the selfish phenomenon in China that is epitomized in the ten bad habits of the economic man. Specifically, this kind of people are money-fetish (mercenary), dis-

77. It may be inaccurate to speak of citizen-subject, since the existence of citizenship in China is in doubt.

78. To choose an action without due regard to its costs and benefits is irrational.

79. See Joseph Henrich et.al., "'Economic Man' in Cross-Cultural Perspective: Behavioral Experiments in 15 Small Societies," *Behavioral and Brain Sciences*, Vol. 28 (2005), pp. 795-855; also Joseph Henrich et.al., *Foundation of Human Sociality: Economic Experiments and Ethnographic Evidence from Fifteen Small-Scale Societies*, Oxford; N.Y.: Oxford University Press, 2004.

oriented (with deficit in values), opportunist (rent-seeking above all), short-sighted (seeking instant benefits), mistrustful (on mutual guard), individualist (lacking in team spirit), responsibility shirking (passing the buck), sensitive about face-saving (insensitive about gumption), libertarian (unruly), and keen to blindly compare with the higher (pretentious of affection).⁸⁰ Apart from characterizing the economic man, Zeng has offered an explanation for the formation of the bad habits. He recognizes that human behavior is primarily shaped by institutional arrangements and it is bad institutions that induce bad conduct. The structural metamorphoses from the planned economy to a market economy, working together with cognate institutional reforms such as the legal order has wiped out the good qualities of the traditional Chinese culture and wrought powerful changes in the psychology of the Chinese people. The result is a new man who put more emphasis on gratifying the “self,” instead of sacrificing it.

Compared to the popular discussion of the economic man over the Internet, a more sober assessment of this new subject in China is offered by overseas social scientists.⁸¹ I took the liberty of summarizing their findings regarding “the enterprising, desiring individual” that is to be appended “without social concerns” when I come to the discussion of lack of citizenship. In Lisa Rofel’s words (page 3):

“A sea-change has swept through China in the last fifteen years: To replace socialist experimentation with the “universal human nature” imaged as the essential ingredient of cosmopolitan worldliness. This model of human nature has the desiring subject as its core: the individual who operates through sexual, material, and affective self-interest.”

Rofel traces the creation of new subjectivities in China by first examining the development of a national public culture as the main medium for changing the state of mind among the Chinese during economic, social and political transitions. Here, the first post-Mao soap opera, *Yearnings*, was presented as a prime example of the

80. See <http://zengqingxue.blog.sohu.com/38643573.html>. Zeng holds a Ph.D. in Management from Wuhan University and is a Management Consultant.

81. For the following discussion, I have benefitted from two outstanding works, i.e. Lisa Rofel, *Desiring China: Experiments in Neoliberalism, Sexuality, and Public Culture*, Durham, NC: Duke University Press, 2007 and *Deep China*, ed. By Arthur Kleinman *et.al.*, Berkeley *et.al.*: University of California Press, 2011.

new public culture. Another medium of public culture, museums, also figures prominently in Rofel's work in which a women's museum established by a controversial feminist scholar is discussed as an operation to impress on local governments the need to free human nature. These discussions are followed by an examination of the construction of sexual and gay identities as a contribution to the production of "desiring China" and the investigation of a change from "sacrifice" to "desire" with a focus on young women as the embodiment of Chineseness as objects of desire as well as transcendence beyond Chineseness as consumers and subjects of desire. The diagnosis of desiring China also includes a chapter on how court judgments regarding disparate arenas like homosexuality, intellectual property rights, and consumer fraud are important in the production of "citizens who have broad-ranging and infinitely expandable desires."

The new kind of Chinese subject in Rofel's pen is indeed a very different "human nature" from what is culturally understood as the traditional Chinese. Not only was desire not the core of humanity in China of the remote past, but it was also taboo to privilege the desire of the "self", to imagine gender equality or to celebrate sexuality or homosexuality. The socio-cultural ascendance of the self, gender, and sexuality represents for Rofel China's entry into the "world of freedom", as a historical and cultural process of reacting to the upheavals and hardships in the socialist past. *Desiring China* is featured as a genuine search for a kind of universal, cosmopolitan human nature. Rofel believes (p.198) that desire as a social force cannot be confined along one path, but must be de-territorializing or flow-like, and is "assigned the weight of throwing off historical constraints and of creating a new cosmopolitan human nature in the contingent context of post-socialist experiments and post-Cold War global politics." There is hereby no explicit moral judgment about desiring China. There is yet hope that "we can find a route to social justice" only by tracing these historical contingencies (p. 199).

Unlike Rofel, the authors of *Deep China* are explicitly and deeply concerned about moral consequences of what they call "the enterprising individual"⁸² as a new subject in China. The enterpris-

82. The term is in fact borrowed from the works written by Carlos Novas and Nikolas Rose. In "Genetic Risk and the Birth of the Somatic Individual," (*Economy and Society*, Vol. 29, Issue 4, pp. 485-513), they speak of the somatic individual as a new kind of personhood, with the norms of enterprising, self-actualizing, responsible personhood that characterize advanced liberal societies, and with the ethics of health and illness that play such a key role in their production and organization. In chapter 5 of *The Politics of*

ing individual as a new subject in China is in part similar to what Rofel describes as the desiring subject. What distinguishes the enterprising individual from the desiring subject is the spirit of exerting oneself to self-development, hence the key word “enterprising”. The enterprising individual sounds similar to the economic man as it is popularly conceived. One is forced to be practical, rational in calculating self-interest, and stay competitive all the time. Yet, the former kind of new subject has something more than the economic man. The enterprise for the enterprising self is “the dream to make it big, to possess and consume more, and to fill out one’s personhood as large as one wants through self-effort”. In the chapter on “Quest for Meaning,” Arthur Kleinman reports that “the quest for happiness is one of the most important stories in China today and this quest goes side by side with the pursuit of material gains and social entitlements.” The quest for material happiness has also revamped one of the most treasured obligations in traditional China, filial piety. As observed by Yunxiang YAN in his chapter on “The Changing Moral Landscape,” individualism has become the key starting point of moral obligations and practices today. Instead of financially helping their parents, young people have come to interpret filial piety in terms of one’s own happiness. The reasoning as put forth by a young lady is, “Do you know what my parents’ biggest hope is? My happiness! If I live a happy life, they will be happy. This is exactly what I am doing, and they are indeed very happy.”

What this story reveals is not simply a single individual’s moral reasoning, but rather a general, profound shift away from obligation to sacrifice the self for the sake of the collective, such as the family, as the key unit of society in traditional China or the Party-state during the era of socialist experimentation. With the advent of the post-socialist “Reform and Opening” spur, the shift goes deeper to touch the very ground of moral reasoning, i.e. from responsibility to right. Realization of self-interest, if not outright selfishness, is widely accepted as part of the human nature.⁸³

Life Itself: Biomedicine, Power, and Subjectivity in the Twenty-first Century, (by Nikolas Rose, Princeton: Princeton University Press, 2007), the term “biological citizenship” is used to denote individuals who shape their relations with themselves within a more general contemporary “regime of the self” as a prudent yet enterprising individual, actively shaping his or her life course through acts of choice.

83. The magnitude of this fundamental shift in the moral landscape is statistically not alarming, as revealed by 2008 data from the Asia Barometer Survey no less than 75.3% of the respondents agreed or highly agreed with the statement “For the sake of the national community/society, the individual should be prepared to sacrifice,”

Is this a moral crisis? Is the new kind of Chinese subject, the economic man, the desiring person or the enterprising individual, not deficient? Well, what is moral or immoral in daily practices can be controversial. There may be conflict of perceptions of value, struggle of societal interests between conservative and the progressive forces, or even a cultural war, and so on. One may also argue that with the ascendance of the enterprising, aspiring subject, China is just following the footsteps of Western countries. Yet, I would argue that no society can be sustained if possessive individualism is the only game in town. Social cohesion can be maintained only if a balance between self-interest and the public good is in place. While the West has been troubled by possessive individualism too, influences of Christianity and civil society have so far provided a sufficient counterbalance. In China, decades of denunciation of religion, inclusive Confucianism, and erosion of the Communist ethics have led to a moral vacuum. There is still a long way to go before this vacuum can be refilled and the civil society can fully play its authentic role in forging solidarity among the people.

Theoretically speaking, the economic man, the desiring subject or the enterprising individual need not be persons without any social concerns. Some of the new subjects may be very individualistic, others may be counterfactuals. However, the mass media in China are full of news and stories about immoral acts, some of which represent wanton violations of the minimal ethical standard. Suffice to name a few big cases in recent years. First is the case of jerry-built (known as *tofu* dredg in Chinese) schools.⁸⁴ On May 12, 2008, the province of Szechuan was ravaged by an earthquake with a toll of 69,227 deaths and 4.8 million people made homeless. In Wenchuan, a county that was largely destroyed, 5,196 students were buried alive in ruins under collapsed schools, while neighbouring apartment blocks, some of which were older than the affected schools, survived unscathed. This contrast and eye-witness reports of questionable points such as the absence of steel in collapsed walls led parents, concerned citizens and NGOs to question the faulty construction and the governments failure in their monitoring responsibilities. The governments at the local and central level initially promised a thorough investigation and accountability but later

whereas only 11.4% disagreed or very much disagreed, with the rest “can’t choose” or “decline to answer”.

84. ZHI Wenjun with Robert Ivy, “Sichuan Earthquake and the Chinese Response,” *Architectural Record*, July 2008, <http://archrecord.construction.com/community/editorial/archives/0807.asp>

denied the existence of any jerry buildings. Since then, citizens' initiatives to urge for accountability have not ceased. In fact, up to this point poor quality construction of many kinds was quite common. Among many other problems of faulty design or implementation, concrete used without steel reinforcement is a prevalent cost-cutting measure adopted by developers and builders, and sometimes government officials know⁸⁵ it is being utilized.

The most frequent violation of the minimum ethical standard occurs in the field of food safety.⁸⁶ The most serious one is what is known as 2008 "poisonous baby formula" case, a classic example of the economic man's desire for profit at the expense of public health. The health hazard saga was triggered by the revelation that babies fed with formula produced by the *Sanlu* Group, a famous brand in the country, later developed kidney stones. The baby formula in question was found to have contained melamine, a chemical used to enhance the test score of protein. Subsequent inspections of all products available in the national market yielded an astonishing result of no less than 69 lines of baby formula produced by 22 enterprises, among them quite a few brand names produced such milk powder. The toll of the immoral deed of the enterprises is shocking: four deaths, 12,892 hospitalized and another 39,965 babies underwent treatment. The case ruined China's reputation in food quality and mocked the government's quality control system. As far as the *Sanlu* group was concerned, it must have known that melamine is harmful to the urinal and the kidney, yet it succumbed to the urge of capturing a larger market share at the expense of public health. In fact, parents had filed complaints to the *Sanlu* Group in late 2007 about irregular urinal problems experienced by their children but were ignored. The Group has also tried various public relations means to suppress the spread of the news about the problematic formulas. After finding out about the problem, the New Zealand parent company of *Sanlu* requested the Group and the local government concerned have all the products recalled. The request was ignored by both recipients. No follow-up was undertaken

85. From 1999 to 2009, there are more than 30 cases of bridge collapses, all constructed within the last three decades. See http://www.360doc.com/content/11/0908/14/0_146703485.shtml

86. In a national survey "Comprehensive Index on China's Well-off Society [zhongguo zonghe xiaokang zhishu]" jointly conducted by the *Well-off* (magazine) and Media Survey Laboratory of Qinghua University in late October to early November 2012, food safety is ranked by the respondents as the top among 10 major problems about which they were most concerned. A total of 30 problems were offered for rating. http://www.360doc.com/content/12/1219/12/7230427_255054227.shtml

until the Australian prime minister finally brought the case to the attention of the central government of China.

Our final example of immoral conduct is the lucrative scam of production and distribution of fake drugs. This strange kind of business first began in the *Jinjiang* district of *Fujian* province in 1993, as a new venture in the name of government supported development of township enterprises. In the second half of 1994, a total of 28 drug factories were discovered to have manufactured 142 brands of fraudulent drugs with falsified permits of the health administration for national sale, sometimes with the participation of local officials who accepted bribes and/or shares in the enterprise. Since then, market players of fake drugs have survived occasional bans of the relevant authorities and became increasingly sophisticated.⁸⁷ A concerted effort was organized by the police [*gong'an*] to crack down on fake drugs in 29 provinces and districts, after four-months of intelligence work. No less than 1,770 suspects from 350 business groups were arrested were implicated in 1,280 cases of fraud with a total worth of 2 billion *renminbi* for 300 million drugs. The drugs involved a range from anti-cancer prescriptions to health supplements, from Chinese to Western medicines and from domestic to imported products, with over a hundred name brands among them.

In general, fake drugs are produced and distributed in various ways, some simply crude and others very enterprising. There are cases where even health professionals participate in the process. The dominant mode is the chained network of manufacture, promotion and distribution. The process starts with collection of used kits of genuine drugs through various channels such as hospitals, trade companies, or websites specializing in health and medical information (*China Pharmacy Supply and Demand Web* [*zhongguo yiyao gongqiu wang*]) available via search engines like *tieba.baidu* or *qq.com*. For the production, raw materials like wheat flour and corn powder are usually preferred. In some specific cases, additives like hormones, tranquilizers, or even chemicals such as ibuprofen are used. The finished products are then mainly promoted through street posters, the group's own websites or popular search engines. To strive for market share, strong drug networks may invest heavily to sell their products over search engines. Products are primarily distributed to end users through communication vehicles available through the Internet, clinics, pharmacies, and health supplement

87. See http://news.xinhuanet.com/politics/2011-11/18/c_111175942.htm and http://news.xinhuanet.com/fortune/2011-11/18/c_111175907.htm

vendors. The whole process is meticulously guarded to make it more difficult for enforcement authorities to discover operations, establish guilt and prosecute. The people involved in the fraud are obviously self-interested, desire illegal gains, can rationally calculate risks and rewards, and enterprising in developing a business model.

The above examples illustrate how extreme people in China can violate the golden rule of “do unto others as you would have them do unto you.” The deficit in civic virtues and morality is so severe that Professor Liping SUN was led to lament over the fall of the “moral baseline” short of which no social order is possible.⁸⁸ China today aptly typifies what sociologists call the risk society, in which everyone is facing man-made risks of various kinds in social and individual life. As a result of the asymmetry in power, the weak are the prey of the predatory strong, like the households whose land is requisitioned by the greedy developers in collusion with government officials. The absence of a fair mechanism to maintain social justice can only aggravate the decline in morality. Ultimately, it is the rise in pragmatism as a value system that induces the sacrifice of social justice for the sake of economic efficiency. Is there then still hope?

Well, like the economy that is a mixture of growth and ills under the interplay of an imperfect market and the interventionist Party-state, society in transitional China is marked by a blend of unprecedented inequality and growing philanthropy amidst a struggle between moral decay and selfless voluntarism. Herein stores the hope for the future of China, together with the incipient civil society.

Charity work and voluntarism of private persons, which had been exterminated during the era of Mao, were resuscitated in the 1980s and picked up momentum since the last decade. In 2012, the Hurun Philanthropy registered an average donation of no less than US\$16 million by the top 100 philanthropists, a figure five times that of 2004 when the list was first compiled. Philanthropy peaked in 2008 during a year full of natural disasters. The worst one was the huge earthquake in Wenchuan county, Sichuan Province on May 1st. It claimed 69,277 lives and a direct economic loss of 845 billion yuan. Apart from the touching stories of rescue efforts, a record success of private fundraising efforts yielded a total donation of 66

88. SUN Liping, *Guard the Baseline: Primary Order of Life in Transitional Society*, Beijing: Literature in Social Science Publisher, 2007.

billion yuan in financial assistance and another 11 billion yuan worth of relief materials. Private volunteer services were also vibrant in Wenchuan, with countless stories of caring individuals. The stereotype of the economic man is irrelevant in this chapter of life. Rich businessmen like Mr. CHEN Guangbiao beat the headlines with his participation in the relief efforts when, in addition to making a donation, he led one hundred employees of his company with sixty bulldozers over one thousand miles nonstop to arrive at the scene of the earthquake ahead of the relief teams of the army and the government.

In fact, the year 2008 was a landmark for volunteerism in China. While the government already recognized in the early 1980s the growing role of volunteers in filling the gaps in the provision of social security to the public that used to be the responsibility of the Party-state during the era of planned economy, it was the upsurge of volunteering following the Wenchuan earthquake and the Olympic Games that ultimately changed the attitude of the government.⁸⁹ Since 2008, the government has eased many past restrictions and provides more favourable conditions to stimulate volunteering. According to the 2011 Report of UN Volunteer, United Nation Development Program, “with the opening of both top-down and bottom up participation channels, more than 50 million Chinese people have registered in different volunteer organizations and over 120 million have participated in volunteer activities.”⁹⁰

While individual charity and volunteerism provide a counterbalance to the new self-oriented or outright selfish subjects, the rise of civil society⁹¹ may offer a new bulwark of defense where other-regarding citizens enjoy organizational support for their good deeds.

89. Na WEI & Yukai CUI, “The Development of Volunteerism in China: Context, Role of Government and Influences,” *Journal of Cambridge Studies*, Vol. 6 (2011), pp. 12-26.

90. *2011 State of Volunteerism in China: Engaging People through Ideas, Innovation and Inspiration*. via http://www.unv.org/fileadmin/docdb/pdf/2011/corporate/China%20Volunteer%20Report%202011_English.pdf

91. Civil society is understood here as autonomous groups, formal or informal, well organized or not, for the realization of social causes. Examples are civic-spirited groups, non-government, non-profit oriented organizations, organized socio-political movements, the mass media and public (discussion) forums or saloons, community circles and mutual aid cooperatives. Only civic groups and NGOs/NPOs are covered in this paper.

There had already been social groups and civic organizations promoting good course before 1949 but suffered their demise in the wake of socialist construction in the early 1950s when the Party-state only allowed social organizations of its own making to represent, with the right of monopoly, various social sectors recognized as legitimate and important. As more time passed, the Party had been extremely reluctant to relax its monopoly of social organizing and insisted on providing absolute leadership to even sanctioned organizations. Independent organizations of students and workers established in the 1989 Tiananmen movement were severely crushed and a decade later, both the China Democracy Party, a loosely organized group of activists with a political platform, and Falungong, a quasi-Buddhist sect that seemed threatening to the regime were banned with key members either exiled or arrested as a subsequent punishment. For a long while, the ruling party felt economic reform and social liberalization should be on different tracks of development. The 1989 *Regulation on the Registration and Management of Social Organizations* clearly specified restrictive parameters according to which NGOs are allowed to exist and operate. The crux was the requirement of official recognition with the implication that unregistered social groups were liable to be banned and even punished.

However, DENG Xiaoping's insistence on the policy of Reform and Opening as the right course for China's development was beneficial to the continuance of transformations unfolded a decade ago. In a slow but steady way, new political, economic and social circumstances began to affect the views of political leaders' towards the positive roles of private social groups and organizations.

The gradual retreat of the party-state from the economic and social spheres had the side-effect of opening up a window of opportunity for the resuscitation of old social groups. On the other hand, the unintended result of China's exposure to globalization in socio-cultural terms has ushered in a new type of civic organizations in the form of non-government, or "non-government, non-profit" organizations (NGOs, NPOs). To begin with, decentralization of the political system had the side-effect of creating multiple agents responsible for the control of social organizations and NGOs. Among these agents, "state-actions" of local cadres are particularly significant. Local governments vary a great deal in terms of socio-economic environment, degree of ideological commitment, development agenda/priority, leadership style and motivations of individual cadres. It implies that the window of opportunities and

constraints for members of civil society is different from locality to locality, leaving ample room for social entrepreneurs to prod their way to success.

On the socio-economic dimension, three decades of uninterrupted reforms have been producing new social forces with rising expectations and increasing resources that are eventually converted into political influence. At the same time, structural and practical distortions of the imperfect market under the command height of the government are leaving many cracks in the regulatory mechanism such that local and grassroots cadres can exploit to benefit from leniently treating civic organizations under their jurisdictions.

In social policy and welfare matters such as job security, health, education, housing, *et cetera*, dwindling responsibilities and capacity of the state for welfare had led to mounting shortfalls in provision of cares to the needy and growing discontent among the public. There were incentives for both national and local leaders to regulate social organizations with flexibility. Therefore, setting up private foundations by businesspeople and corporations were allowed, social services organizations and some environmental groups were given more space to grow,⁹² and establishment of peak organizations to provide capacity building programs to grassroots NGOs were permitted, albeit under strict control. More importantly is the increasing tolerance of the growth of unregistered or semi-legal civic organizations, so long as they are not seen as causing or potential sources of trouble.

Finally, large-scale natural disasters such as the SARS epidemic in 2003 provided solid evidence for the positive role of civic groups in society. The evidence was even more convincing with the 2008 Sichuan earthquake and the Olympic Games of the same year.⁹³ The high spirit of individual volunteers and private voluntary organizations in these events further moved the political leaders to recognize the influence and social values of volunteer organizations and provided support to promote its development. This applies even to NGOs and a green light emerged in 2004 when the Party's Central Committee and the Office for Alleviating Poverty, State Council openly acknowledged the contributions of NGOs to the fight against poverty. The local government of

92. *Friends of Nature* was found in 1994, signaling a new lease of life for NGOs. Thereafter, eNGOs propped up rapidly at the forefront of civil society development in China.

93. Wei & Cui, "The Development of Volunteerism. . .," *Journal of Cambridge Studies, supra*.

Shenzhen went further in declaring its readiness to grow together with civil society.

While state actions at the national and local levels matter in the development of civil society, social actors must also play their part constructively. Given their diverse nature, social organizations and NGOs have responded to the central state and local states' control in different ways. In general, they have creatively managed over the years to survive and grow in spite of remaining restrictions. According to Anthony J. Spires, civil society can survive in China because the state is fragmented and censorship keeps information local. Grassroots NGOs and the authoritarian state can coexist so long as the former "refrain from democratic claims-making and address social needs that might fuel grievances against the state" and "particular state agents can claim credit for any good works while avoiding blame for any problems."⁹⁴ Individual volunteers' entrepreneurship is important for social organizations to overcome various barriers to their development. A classic example is epitomized by Andrew Yu, an enthusiastic traveler who started in 2003 to contribute to education in the countryside by bringing children's books for poor schools along on his trips. His experiences in synthesizing charity with pleasure were then communicated over the net, drawing much positive feedback. He organized a virtual organization called "1 Kg More" the following year, and even left his information technology job in 2007 to devote all his time to that cause. "1 Kg More" has since become a very successful NGO in poverty alleviation.⁹⁵ China's NGOs have resorted to various ways to secure better conditions for their activities: discourse is carefully crafted to avoid constraints of official taboos, registration restrictions are bypassed by turning to business registration or patronage, and cooperation with local authorities is forged by providing community

94. Anthony J. Spires, "Contingent Symbiosis and Civil Society in an Authoritarian State: Understanding the Survival of China's Grassroots NGOs," *American Journal of Sociology*, Vol. 117 (2011), pp. 1-45.

95. TSE Kakui, "'1 Kg More'", *Love the Nature, Love the Children Even More*, [*duo bei yi gongjin, ai ziran, geng ai heizi*]. According to *lianquan* of the Shanghai United Foundation (<http://www.lianquan.org.cn/main.php?ac=shechuangInfo&id=68>), the "1 Kg More" has diversified its activities apart from donations and gift-giving to cover teaching support, information collection and dissemination about 1200 schools as well as other needs in rural areas, rural community development, and social enterprise called 'Igeey [*aiju*]' (<http://www.igeey.com>) to promote participation and networking in charity and experience sharing (<http://blog.igeey.com>). It now serves over 1000 rural schools nationwide. Its member volunteers organized on their own no less than 30 of their own charity activities.

services, staying within the politically safe zone and acting without jeopardizing the political prospects of local officials. Organizational costs are cut down by relying on volunteer and internet technology, program sharing with international NGOs and funds from foreign foundations.

In connection with the mention of the Internet, the growing influence of mass media has been hugely important to the growth of civil society. The Internet has, among other things, surpassed the old principles of association by, for example, creating virtual communities as a new form⁹⁶ and facilitated the activities of many civic organizations. On the other hand, traditional mass media is more influential in specific areas. With regard to environmental NGOs (eNGOs) for instance, mass media has been very supportive, thus aiding the growth of eNGOs.⁹⁷ According to a report by the International Media Studies at Tsinghua University, there were no less than 13,000 environmental reporters from all over the country who had produced an astounding 104,000 pieces of work to support the green movement in about a decade spanning from the early 1990s to the early 2000s.⁹⁸

To complete our discussion on changing circumstances for civil society development, it is necessary to touch on external foundations, foreign governments and international NGOs too. They have in various ways made financial or other contributions to the development of China's NGOs. Their goals and impact vary a great deal, depending on their background, understanding about "the good cause" and familiarity with opportunities and constraints for civic organizations' development in China. According to Anthony J. Spires, this external source of assistance tends to commit the mis-

96. Guobin YANG, "The Internet and Civil Society in China: a preliminary assessment," *Journal of Contemporary China*, Vol. 12 (2003), pp. 453-475. Like many other grassroots NGOs, "1 Kg More" relies heavily on the Internet, esp. Web.2 to facilitate its work. Apart from the motivation of cost-cutting, the reliance flows naturally from their volunteers as middle class youths are growing up in the IT environment. [Author unknown], "How China's Grassroots NGOs Use Web 2.0 to Facilitate Their Work," *New Media and Development Communication* (University of Columbia), <http://www.columbia.edu/itc/sipa/nelson/newmediadev/Web2.0%20and%20China%20Grass%20Root%20NGO.html>

97. Guobin YANG, "Environmental NGOs and Institutional Dynamics in China," *The China Quarterly*, Vol. 181 (2005), pp. 46-66.

98. Jennifer L. Turner, "The Growing Role of Chinese Green NGOs and Environmental Journalists in China," *Congressional – Executive Commission on China*, January 31, 2003. Available via <http://www.cecc.gov/pages/roundtables/012703/turnerHandout.php>

take of importing foreign models or experiences which disregards their actual applicability in China. Yet, it is still an important source of support for China's civic organizations in terms of funding, learning foreign ideas and good practices, capacity building, boundary networking, and programme promotion.⁹⁹

To wrap up, China's civic organizations have benefitted from the above changing circumstance to not only survive many odds but also to thrive in the past decade. It is however premature to speak of an associational revolution since 2004. In fact, the new landscape of state-society relationship has only become more complex compared to earlier decades, marked by contrasting trends. The party-state's suspicion is receding at a tortoise pace, enabling a slow expansion of space for autonomous social development. There seems to be more open-minded political leaders especially at the local level. Yet, the regime has not really removed restrictive conditions for the growth of social groups and NGOs. The regulators, particularly those at the central level, remain vigilant in monitoring and controlling, with increasingly more refined methods. All in all, a more accurate description of the state's current practice can be best captured in Kin-man CHAN's concept of "graduated control" whereby NGOs are treated differentially according to their nature of business, source of funding and organizational scale.¹⁰⁰

IV. CONCLUSION AND PROSPECTS

In this paper China is depicted as being in a state of constant transition since at least 1949. The state of politics, the economy, and society is an evolving mixture of old and new elements, full of contradictions and exhibiting diverse trends towards a fussy vision of modernization. Politics with the CCP at the helm has played a crucial role in the transformations of the economy and society. It has been affected in turn by the consequences of socio-economic changes, in complex ways as competing conceptualization of China's authoritarianism is meant to ascertain.

Looking back, one may say that the most profound transformation has happened at the general level: the State. It can be encapsulated as a retreat from the Communist revolution led by an omnipotent, ideologically committed political party which claims

99. Anthony J. Spires, "Lessons from Abroad: Foreign Influences on China's Emerging Civil Society," *The China Journal*, No. 68 (July 2012), pp. 125-146.

100. Fengshi WU and Kin-man CHAN, "Graduated Control and Beyond: the Evolving Government-NGO Relations," *China Perspectives* No. 2012-13, pp. 9-17.

absolute monopoly of political power. The revolution was carried out through class struggles master-minded by the supreme leader, using repressive tactics such as centralized planning, mass movements and organizational shake-ups to overhaul the economy, reconstruct the whole society down to local communities, and reform the thought of the people. The state today is governed by pragmatic leaders in search of materialistic modernization and high status in the world system.

The new deal of state retreat cloaked in the catch phrase of “Reform and Opening” has resulted in the relaxation of multiple tracks of governmental control in economic, social and political spheres, thereby creating diverse patterns of opportunities, constraints and inequalities. Since hardware development has been given top priority in the state’s agenda, the economy becomes the prime beneficiary of neoliberal policies, with almost all past forms of direct control including micro-management of production and distribution activities removed. As an exception, the system of state-owned enterprises is still under close management of planned macro targets, performance assessments and key personnel movements. The most significant result is the emergence of a market with ever increasing roles in a transitional mixture of market forces and refined state control.

The society is less fortunate, but the fruits of de-revolution are still plenty and significant. The state no longer meddles in the private lives of individuals, except for the requirement of birth control. Migration, free choice of occupation, and social mobility can now be taken for granted, except for the countryside where economic development has received much less attention from the state, and for the peasants who are still discriminated against by household registration regulations and disadvantaged by restrictive land policies designed to serve the interests of urbanization. This institutionalized urban-rural divide, present since the 1950s, thus represents a significant gap between the blessing of modernity and curse of tradition. Urban freedoms, which have contributed to the growing wealth and autonomy of the registered residents, are matters for envy by the rural people who dream of reincarnation in their next life. Amidst this old divide are new patterns of social inequalities and novel social relations. The most significant changes though concern new life aspirations and moral landscapes of the once tightly bound individuals now liberated by institutional transformation. The millennium-old “Chinese person” has given way to an “entrepreneurial, aspiring Chinese” in the context of a modernizing

state in a globalizing world. It is the most fundamental shift in social ethics from an emphasis on responsibilities in the service of group (family, the state) interests to an emphasis on rights for the self. In competition however is another trend, albeit later and weaker, towards more philanthropy, charity work and voluntary services. In a similar vein but at a broader level, civic groups are multiplying fast and maturing, giving hope for a genuine civil society that can one day be unbound from the state.

The retreat of the state is least prominent in the political proper. The most important change pertains to the end of totalitarianism. The ruling party as the core of the political system has made great efforts to modify its outlook, membership, organization, professional quality as well as the managerial skills of governing cadres, and style of ruling, all with a view to adapting to the consequences of socio-economic changes. It is no longer a movement machine of revolutionary cadres with lofty ideals, but a pragmatic plutocracy of red capitalists and selected private entrepreneurs, who have big stakes in the status quo of interest allocation. It is an effective but not necessarily efficient plutocracy that is highly adaptive to challenges from the changing economy and society, experimenting with ways to solve problems arising out of the Reform and Opening. Adaptation is not meant to promote justice, liberty and equality. Rather, it is mandated to enhance the ruling party's capacity to govern forever. Among all adaptive measures, the most important is to revamp political representation by co-opting new social forces (theory of three representation) into its membership. Beyond internal transformation, the CCP insists on its monopoly of power and holds firm its grip on instruments of powers such as army, police, peoples' congresses, courts, propaganda, mass media, and educational institutions. Last but not least, the evolving mixture of old and new trends include the pending reform of the notorious system of education through labor [*laodong jiaoyang zhidu*] set up in 1957, an increasing readiness to bargain with materialistic petitioners and protesters for a compromise, and at the same time continued repression against the other kinds of dissenters and demonstrators at the same time. The same coercion and "consent" strategy of governance applies equally to dealing with non-governmental organizations.

In sum, what we have in China today is an effective economy with a proud record of extraordinary GDP growth. Nevertheless, it is not necessarily efficient, given lots of wasteful and duplicate investments, over-capacity production, rapid depletion of key re-

sources, and irreversible environmental degradation. We have a modernizing, pluralizing and vibrant organizing society that is however full of inequalities, post-industrial risks and a morality deficit. We have a strong Party-state with an authoritarian political system that can shape socio-economic transformations in the enabling context of globalization. It is however incompetent in dealing with widespread corruption and legitimacy problems.

What about the prospects? Can China meet the challenges with success? Let us start first with the economy. In the beginning of this paper, this author argues that politics has a pivotal role in shaping China and starts to chart the changes in politics, followed by economics, society and culture as a result of the grand development strategy of Reform and Opening. China's development has entered into a new stage where social, economic and cultural forces have acquired their own dynamics to which the Party-led government must respond with prudence. Therefore, we need to first address the non-political aspects of development before coming back to see whether the political system requires further adaptive changes.

With regard to the economy, the more immediate question is whether rapid growth can be sustained and for how long. No economy can grow forever. Like China, Japan had experienced continued economic growth for more than four decades starting from 1945. However, Japan's economy has suffered two lost decades of economic stagnation since 1990. While China is not Japan, the case serves as a good reminder of the vulnerability of any economy to changing circumstances and new challenges. The adverse effect of the financial tsunami in 2008 is a case in point when China was caught by surprise. Since the end of that year, policy makers have been scrambling to cope with an alarming economic slowdown and the government was quick to pump a tremendous amount of fiscal and monetary stimuli into the economy to get the downdraft under control.¹⁰¹ China has also adjusted its growth strategy by shifting from the investment-led, export-driven model to the domestic-con-

101. It does not mean that the risk of financial breakdown is over. The specter of huge and increasing government debts, with an annual increase in the credit to GDP ratio of more than 5%, is just around the corner. In 2011 a red alert was posted on China, as reported by Reuters. See Swann, Christopher, "IMF Financial Crisis Indicator Bodes Ill for China", *Reuters Breaking Views*, September 21, 2011, <http://blogs.reuters.com/breakingviews/2011/09/21/imf-financial-crisis-indicator-bodes-ill-for-china/>.

sumption-led one.¹⁰² In addition, it has been investing more aggressively in infrastructure and accelerating urbanization to boost up domestic demand. The success of these strategies depends on whether external and internal challenges can be adequately met, a question to be explored further below.¹⁰³

The external context of globalization (including the WTO factor) and regionalization (Greater China and Free Trade agreements in Asia) were presented above as the first factor for China's growth. It is a structural context for global trade liberalization, unlike Japan's growth model that unfolded during the Cold War era, benefiting from American assistance in technology transfer and subsidies to firms. The rise of China in an era of keen global competition has in contrast invited suspicion and even fear of a rising China abroad. In short, the external environment that had once contributed to China's economic rise is no longer the same, carrying very uncertain, if not altogether adverse, implications for China's growth in the future. The political leadership has to manage the perception of the Chinese threat well and, at the same time, invent new ways to stay ever competitive enough to keep its economy going.

Domestically, the success of a domestic consumption-led economy hinges upon, among other things, a delicate balance between the steadfast application of growth-boosting measures and meeting the rising demands of the people for a fairer share of economic gains.¹⁰⁴ To meet these demands, the government must abandon its policy imbalance of "letting some people get rich first" and the priority of developing the coastal provinces over the past three decades. Since wealth distribution is extremely unequal, the political leadership must also work hard to redress the widening wealth gap in society. To ensure a higher consumption growth, the government needs to transfer, directly or indirectly the large amounts of wealth

102. According to a published report by World Bank in 2012, domestic consumption is at 37.71% of GDP in 2011. See <http://www.tradingeconomics.com/china/household-final-consumption-expenditure-etc-percent-of-gdp-wb-data.html>

103. Challenges of a socio-political nature will be discussed in the following sections. The ruling party's failure to deal with them may also have adverse implications for further economic development.

104. For instance, both workers and peasants have had great grievances against the predatory practices of manufacturers, real estate developers and local governments for decades. For the workers, the issues are low wages, poor working conditions which includes workplace safety. The peasants are angry about forced acquisition of their land with very inadequate compensation. In more general terms, demands for social justice have also been driven by increasing consumer prices and rising rights consciousness of the people.

accumulated in the public sector over past decades to private households by privatization of state firms, developing a better social security network, especially in the countryside, and paying fairer compensation to peasants for their expropriated land. The top leadership seems willing to do more, with an uncertain degree of resolve. Redistributive policies already in place can be adjusted upwards more easily. For example, the statutory minimum wage was recently raised. Land acquisition costs are expected to increase too, partly as a result of the protests of the affected and partly due to the government's readiness to change policies. Acquisition and compensation of lands have so far been regulated by *The Land Management Law (tudi guanli fa)*. In practice, acquisition is often illegally executed and compensation highly inadequate. Pressures for fairness in compensation have been growing over the years. To sum up, meeting all these demands for social redistribution will drive up the costs of production factors, such as land and labour, for economic growth.¹⁰⁵ China will soon, according to the French bank *Natixis* and the Boston Consulting Group, no longer be a competitive place for production.¹⁰⁶

The redistributive policy will definitely meet resistance from the established interests.¹⁰⁷ It is expected that the government will proceed cautiously testing the water before any new measures are to be experimented or launched on a full scale. At any rate, the trend of rising costs for economic production is there to stay. China

105. Demographic changes will additionally raise labor costs. According to Professor Francis T. Lei, China enjoyed a population dividend between 1978 and 1990, i.e. the increase in the ratio of working age bodies to the total population, to the effect that labor contributed 16.2% to the growth of GDP. The proportion has dropped in the next decade to just 1.8%. Economic growth had to rely more on investments out of high domestic savings and improved productivity. Starting from 2012, China has entered into a new period of population deficit. See his essay “*zhongguo rekou hongli kuai jiang xiaoshi* (The rapid phasing out of the population dividend in China),” in *Skypost*, 14 December, 2012, p. 10.

106. As reported by API on 29 July 2012, see “China labor costs like US within years,” <http://www.news.com.au/business/worklife/china-labour-costs-like-us-within-years/story-e6frfm9r-1226438065496>. The same sources also reported that the monthly wage of workers in Cambodia for Adidas is US\$130, as compared to their counterparts in China, at US\$300.

107. For instance, due to staunch resistance, the State Council could, in its the efforts to revise the Land Management Law, succeed only with a single clause, i.e. #47, whereby the principle of compensation according to the original use of land was removed. Yet, the bill approved by the Council at the end of 2012 could not be put on the agenda of the first meeting of the newly elected National People's Congress in March this year (2013).

now knows that its economy can no longer rely on the role of a world factory and prosperous trade to maintain past growth rates. Top leadership has resolved to use domestic consumption as a new engine, apart from a greater effort to improve productivity.¹⁰⁸ It is expected that more investments in infrastructure and faster urbanization will push up domestic consumption.

Investment infrastructure and urbanization often go together, especially in China where infrastructure is mostly provided for within cities, e.g. power plants or inter-city rails. Urbanization is a main element of modernization and tends to positively correlate with economic growth. There is therefore a high hope that more rapid urbanization in China can help sustain the growth of its economy, which will then serve to support economic growth.¹⁰⁹

The general trend described above seems corroborated by available Chinese statistics. Large cities such as Shanghai grow faster than smaller ones and the countryside and average income of urbanites is higher than the people in rural areas. As analysed by the UN-Habitat in their *State-of-the-World-Cities-2010-2011*,¹¹⁰ there are inclusive or exclusive cities and functional and dysfunctional ones. To elaborate, the UN-Habitat warns that while urbanization is a positive force of transformation, especially in the search for better spatial organizations for higher returns, cities typically generated various degrees of spatial fragmentation of different uses and residential differentiation.

The prospect of China is therefore that the faster the urbanization (with another 300-400 million people living in cities in the next 15 years), the more divisive cities there will be. Apart from many urban problems known in other countries, China's urban-rural divide is a result of past and present policies designed to exploit the countryside and the peasants for the benefits of capital accumulation for economic growth and urban sprawl. As reiterated above,

108. It is no less difficult. The state can of course raise economic productivity by pumping more investments into applied research and technological application. In a market economy, a better and more innovative contribution comes from the private sector. However, while many Chinese firms used to eschew investments in innovation, foreign firms that are in general not generous in technology transfer produce only half of China's exports but almost 90% of China's high-tech exports. Even domestic high-tech firms cannot absorb the advanced technology embodied in FDI, because of their own poor R&D. Should these structural problems persist, China has no other way but focusing more on domestic consumption as the stimulus for future economic growth.

109. David Satterthwaite, "Urbanization and sustainable development", http://www.un.org/esa/population/cpd/cpd2008/Satterthwaite1_presentation.pdf

110. <http://www.unhabitat.org/pmss/listItemDetails.aspx?publicationID=2917>

the biggest problem lies with the *hukou* (household registration) system. Under this system, peasants may go to the cities to become a huge pool of cheap labor without the right to urban *hukou*, without which they cannot enjoy various kinds of public goods such as education, housing and social security. It is a huge system of segregation, urban vs. rural and urban residents with *hukou* (460 million) vs. those without (206 million).¹¹¹ The leadership's grand strategy of structural reform, towards a domestic- consumption-led economy, must remain a half-baked plan without improving the lots of these rural migrants.

The shift from heavy investments, export-led strategy to a domestic consumption driven model, reinforced by accelerated urbanization as the major booster of consumption is likely to keep China's economy growing for a while, albeit at increasingly lower rates. For the sake of sustainable growth in the long term however, the leadership must abandon the incremental and experimental approach to reforms. It is the view of this author that the over-emphasis on industrial and tertiary development needs to be revamped by shifting more resources to modernize agriculture and the countryside. Past institutions that had once worked well for economic growth may have become either obsolete or barriers to further development. The most important institutional reform is to scale down the power of the state sector and enlarge the role of the market. Apart from these financial-economic measures, steps must be taken to eliminate local favouritism and to enhance the certainty of the legal environment for business operations through improved quality of the judiciary.

With regard to the prospect of social development, existing trends of changes are expected to continue, with implications for economic as well as political development. They include the move towards post-modernity, aggravation of the living environment,

111. See Kam Wing CHAN, "Can China's Urbanization Save the World?" *East Asia Forum* (of the East Asia Bureau of Economic Research), 23 June, 2012, downloadable via <http://www.eastasiaforum.org/2012/06/23/can-china-s-urbanisation-save-the-world/> Chan's book *Cities With Invisible Walls* published by Oxford University Press in 1994, albeit outdated, still offers the best analysis of policy formation backgrounds. He examines how and why invisible walls within China's cities - legal restrictions separating the urban and rural populations - were built during the early days of socialism and why they remain during the current reform period. These restrictions represent long-term government efforts to promote industrialization while containing urban costs. In the reform era city 'walls' have only been strengthened, as the government limits the costs of urbanization by refusing state-subsidized benefits to many of the cities' new migrants.

changes in the demographic structure, and emergence of a new family system.

It has been said that the trajectory of social, economic and political development after 1949 is but a small part of China's millennium-old search for modernization. She has by now gone through the process of extensive industrialization and bid farewell to the traditional, agricultural society and dynastic politics. China finds herself on a post-industrial path whereby intensive industrialization is accompanied by a growing tertiary sector with services, knowledge and innovation will serve as the new engine for economic progress. The drive towards a post-industrial society will be marked by rising levels of educational attainment, increases in the application of science and technology, a faster rate of urbanization, and continued pluralisation of the society.

As the trend of economic growth persists, ills produced by past and new industrialization in the past are likely to worsen, unless the government invests more in the remedies. Since economic growth, albeit at a lower rate, is still a much higher priority compared to green efforts, environmental degradation is expected to deteriorate. The various kinds of social inequalities as a result of skewed allocations of economic fruits will become more serious. Inequalities in education will likely worsen, as the polarization of elitist education and universal education has already taken hold. The urban-rural divide appears to have a chance of attenuation, given the cumulative effects of recent government measures to improve rural income together with a more fair land acquisition package, and the planned reform of the household registration system. In addition, further rapid urbanization that will reduce the percentage of agricultural workers and the urban-rural divide may lose significance with time. Yet, these positive factors are likely to be balanced out by more fundamental negative factors that will contribute to worsen a urban-rural divide of a different kind. Rural areas in China will be increasingly populated by elder people. Rural areas will age much faster than urban areas because of accelerated urbanization with an estimated figure of 1.5 billion agricultural workers scheduled to be attracted away from the countryside within eight years starting from 2012.¹¹² In other words, the urban-rural divide will take on a new character, cities of the youth vs. villages of the elderly.

112. The policy target is to attain close to 70% of non-agricultural employment by 2020.

Aging is but one aspect of demographic changes, albeit very significant in terms of implications for economic production and social order. Behind aging, there are demographic issues of important consequences. The government's one-child policy and changes of popular attitudes as a result of modernization (in social, economic, medical and health terms) have accelerated a demographic trend of low growth, low fertility and low mortality. According to the 6th general census in 2010, China had a population of 1.37 billion people, an increase of 5.84% (N=74 million) over the last census of 2000. The annual growth rate is 0.57%, i.e. half the rate of 1.07% in the previous decade. The fertility rate is just 1.56 (2.6 in the previous census) far below the replacement rate of 2.1. Lastly, the under-five mortality rate is 18.40 per 1,000 live births as of 2010.¹¹³ The "three lows" in turn carry wide-ranging implications, which will not necessarily be felt immediately, but rather in the long run. However, there are some positive factors. For instance, the current generation of parents have a mitigated burden in child care. They can work more to accumulate wealth while having fewer children to care for and perhaps caring better for their own health and education. The negative implications are perhaps more intriguing. First, the younger single child generation will eventually have to care for their aging parents. Next, the same single child generation will represent a smaller workforce which implies an increase in labor costs which does not bode well for sustainable economic growth, unless China's economy can rely more on knowledge and innovation as a new production factor. The dependency ratio as of 2010, i.e. 38.21 (persons younger than 15 or older than 64) per 100 working-age population, was in fact the very best since 1950 and will contribute well to China's economic growth for about two more decades before it rises up to over 60.¹¹⁴ A more immediate implication of the "three lows" has to do with the sex ratio of the one-child generation. According to the National Commission for Population and Family Planning [*Guojia renkou jihua shengyu weiyuanhui*], in 2012

113. Source: Level & Trends in Child Mortality. Report 2011. Estimates Developed by the UN Inter-agency Group for Child Mortality Estimation (UNICEF, WHO, World Bank, UN DESA, UNPD), as cited by Index Mundi, <http://www.indexmundi.com/facts/china/mortality-rate>

114. World Bank staff Estimates, <http://www.indexmundi.com/facts/china/age-dependency-ratio>; See also Matthew Weinschenk, "The Dependency Ratio: Use This Number to Find the Best International Investments", *Investment U*, Issue #1186 (29, 2010), <http://www.investmentu.com/2010/January/the-dependency-ratio.html>

China had a sex ratio at birth of 117.7.¹¹⁵ On the one hand, women are in short supply but reap the benefits of better education, brighter careers and higher social status. On the other hand, drug addiction, AIDS, and sexual crimes are on the rise.¹¹⁶ It still remains to be seen whether the abnormal sex ratio can be reversed through the campaigns efforts, but without abandoning the one-child policy remains to be seen.

Another implication of the demographic trend is equally significant, although its nature is not necessarily negative since value judgment is controversial. It involves a fundamental change of the Chinese family system. For the past 2000 years, China has had an extended family system. Many anthropologists and sociologists have characterized the Chinese society as family-oriented, with the clans and villages operating as communities of fate that lived on familistic values. Even the state, as a political society of strangers, takes the family community of fate as a model of governance. The traditional Chinese family system has survived both the failed Peoples' Commune movement and the Cultural Revolution, but has been eroded by the joint forces of globalization and modernization unleashed by the policy of Reform and Opening. The erosion is epitomised by the demographic trend of low fertility, low mortality and low growth. What follows are changes in family structure and related attitudes.¹¹⁷ It is often said that the change is moving towards a 4-2-1 family structure, i.e. husband and wife (2) have to support their parents (4) and the single child (1). This cannot be true. According to census findings, the average size of family in China has consistently gone down from 3.96 persons in 1990, through 3.44 to 3.10 as of 2010. It is also more important to note whether the parents and children live together in a single household. As the 5th general census reveals, the mode of household structure is two generations (59%), whereas one generation and three generation households make up 21% and 18% respectively. The attitudes of the single children are apparently most important in this demographic change. There are at present about 100 million

115. The normal range is 102-107. See "Erling yisan nian jiang jiada dui chusheng renkou xingbiebi zonghe zhili lidu" [Greater Efforts in 2013 to Tackle the Sex Ratio at Birth], *zhongkuo chengshi ditan jingji wang* [China Web on Low-Carbon Municipal Economy] http://www.cusdn.org.cn/news_detail.php?id=242509

116. It is unclear why the former two evils have anything to do with the abnormal sex ratio.

117. To save space, this paper will not deal with value change and other family related issues, such as single parent families, co-habitation, divorce and so on.

single children. Two thirds of the single children who married preferred to live separately from their parents. The simplification of the family system means reduction in family-based social relations, with fewer or no siblings, cousins, uncles and aunts to be related to. These demographic changes have weakened the functions of the family, i.e. reproduction, livelihood protection (expenses in daily necessities, education and health), emotional support.¹¹⁸ Concomitantly, the market, the state and social organizations have to fill in the gaps. Many other countries have experienced the same as a general pattern of social and economic modernization. However, what is particular about the present case is the speed of change, the promotional role of the government (one-child policy), and the lag in timely and effective efforts to address the ills because of the growth-oriented development strategy.

We now come to the last issue — whether China's political regime can cope with the various challenges, such as an abrupt economic downturn, a huge environmental disaster, a protest movement of a scale larger than the one in 1989, or an external war. Will it collapse, change or remain resilient? Authors who subscribe to the first scenario used to base collapse on factors such as social decay and unrest, resistance of subversive religious sects, challenges from ethnic minorities.¹¹⁹ To this author, it seems unlikely that China's political system will move in the coming decade towards democracy, a kind of government by the consent of the people that is realized through free, competitive and fair elections. Chinese leaders have consistently rejected the democratic credo using "Chinese circumstances" as an excuse. The major stumbling block actu-

118. For a contrary assessment however, see Anqi XU *et. al.* *Chinese Family Strengths and Resiliency*, Faculty Publications #53, Department of Child, Youth, and Family Studies, University of Nebraska-Lincoln, accessible via <http://digitalcommons.unl.edu/famconfacpub/53>

119. See Gordon Chang, *The Coming Collapse of China*, N.Y.: Random House, 2001. Minxin PEI also believes, albeit less strongly than Chang, in the possibility of collapse. His reasons are mainly (1) the declining contribution of political repression and economic performance to regime survival as a result of growing capacity of opposition groups and (2) the probability of a split within the CCP's rank during a fall in economic fortune. See his article "Is CCP Rule Fragile or Resilient?" *Journal of Democracy*, Volume 23 (2012), pp. 27-41. However, Pei seems more inclined to think China is going nowhere, since it has been trapped in partial reform, thus being unable to prevent the decays in various fields. See his book *China's Trapped Transition: the limits of developmental autocracy*, Cambridge, Mass.: Harvard University Press, 2006; and his article, "China is Stagnating in Its 'Trapped Transition'," *Financial Times*, 24 February, 2006. <http://carnegieendowment.org/2006/02/24/china-is-stagnating-in-its-trapped-transition/7tr>.

ally lies in their desire to cling to power and hence inability to accept “party politics” whereby political parties take turns to govern in response to electoral results.¹²⁰ The view that China’s authoritarian regime is resilient has so far been supported by the reality. The regime has not only survived internal as well as external occasions of serious crisis such as the Korean War, the Big Famine, the Cultural Revolution, the Tiananmen democracy movement, and the collapse of the Soviet bloc of Communist regimes. It has also succeeded in engineering China’s rise to a world power, thereby reinforcing the rise of nationalism as an alternative, more effective ideology to Communism. Apart from economic success, nationalist sentiment, China regime legitimacy is also embedded in widely held traditional values, such as a paternalist orientation toward the relationship between the ruler and the ruled, a belief in benevolent governance and a belief in the priority of the state as the custodian of the nation’s collective well-being over individual rights and interest.¹²¹ In light of the above, why should the leadership change their system of governance? The materialist success of China seems so obvious that Western observers can’t help but sing its praise. This “authoritarian capitalist regime may represent a viable alternative path to modernity, which in turn suggests that there is nothing inevitable about liberal democracy’s ultimate victory or future dominance.”¹²² In a similar vein, other authors maintain that China’s authoritarianism is resilient for a number of reasons. For Andrew Nathan, the main cause lies in institutionalization. Specifici-

120. Bruce Gilley believes in the inevitability of democracy in China, given the tradition of democratic ideas, a growing middle class, the presence of a pro-democracy factions in the CCP as well as in society. A breakthrough may materialize if in a future power struggle the democratic forces in and beyond the Party come together to install the democratic procedure. See his book *China’s Democratic Future: How it will happen and where it will lead*, N.Y.: Columbia University Press, 2004. A weak link in Gilley’s hypothesis is the insufficient attention to the CCP’s unified will to maintain the power monopoly. It is difficult for any democratic voice to establish a momentum for change, as attested to by the seven failed attempts of premier WEN Jiabao to publicly advocate for democratic changes in 2010. See QIAN Gang ed. *The Big Game of Political Reform: the Storm of Wan Jiabao’s Seven Talks about Democratic Reform*, Hong Kong: Cosmos books, 2010. Another caveat about the hypothesis is the established theory about the uncertain nature of transitional outcome. Democratic forces in the government and society may not come together and even if they do they may not necessarily be powerful enough to overcome the conservatives’ resistance.

121. Yun-han CHU, “Sources of Regime Legitimacy and the Debate over the Chinese Model,” *The China Review*, Vol. 13 (Spring 2013), pp. 1-42.

122. Azar Gat, “The Return of Authoritarian Great Power,” *Foreign Affairs*, Vol. 86 (July-Sept. 2007), pp. 59-69.

cally, it refers to “1) the increasingly norm-bound nature of its succession politics; 2) the increase in meritocratic as opposed to factional considerations in the promotion of political elites; 3) the differentiation and functional specialization of institutions within the regime; and 4) the establishment of institutions for political participation and appeal that strengthen the CCP’s legitimacy among the public at large.”¹²³ On another occasion, Nathan adds that partial reforms undertaken by the regime should not be disparaged, since continuing reforms, albeit partial, do demonstrate the regime’s awareness of both its governance deficits and the strains in society as well as its incessant efforts in taking steps to address them. He summarizes by arguing that authoritarian resilience is well grounded:

[T]he central fact of Chinese political life today: the power and unity of the central party elite. The fate of dictatorships is decided less by the societies they rule than by the dictators themselves. Authoritarian regimes survive if the members of their core leadership stick together, believe in themselves, and keep the support of the army and the police.¹²⁴

Scholarly assessments aside, it is obvious the Chinese leaders themselves are trapped in a dilemma. They have lived under siege, haboured a sense of insecurity,¹²⁵ and had to spend large amounts

123. Andrew J. Nathan, “Authoritarian Resilience,” *Journal of Democracy*, Vol. 14 (2003), pp. 6-17. In “China at the Tipping Point? Forseeing the Unforseeable,” he refers to a consensus on the resilience of the authoritarian regime “approaching its limit”. See *Journal of Democracy*, Vol. 24 (2013), pp. 20-25, quote at p. 20. The analysis in 2013 is based on the perspective from the regime. This update offers well-argued explanations from the angle of outsiders in society.

124. See “Present at the Stagnation: Is China’s Development Stalled?” *Foreign Affairs*, Vol. 85 (2006), p. 177. Other observers in the school of resilient authoritarianism dwell with more practical reasons such as the CCP’s ability to learn from lessons of regime collapses, such as those in the Soviet bloc and improve its governance through measures to enhance state capacity. See for example David Shambaugh, *China’s Communist Party: Atrophy and adaptation*, Berkeley, Calif.: University of California Press, 2008; Dali YANG, *Remaking the Chinese Leviathan: Market transition and the politics of governance in China*, Stanford: Stanford University Press, 2004 or his article “State Capacity on the Rebound,” *Journal of Democracy*, Vol. 14 (2003), pp. 43-50.

125. Signs abound that the top leaders have had an acute sense of crisis. They talk about it in public as well as internal speeches and keep reading literature about regime collapse. Recently, WANG Qishan, a new member of the Standing Committee of Politburo of the CCP, repeatedly recommended people to read *Jiu zhidu yu da geming* [*L’ancien Régime et la Révolution* by Alexis de Tocqueville].

of resources to keep public order.¹²⁶ On the other hand, they have shunned any fundamental political reform for fear that the subsequent process may get out of hand. There is therefore a greater likelihood that authoritarianism in China will stay on for quite a while. It does not mean that there will be no change whatsoever, but change will be confined to administrative patching-up, designed primarily to enhance the capacity to govern and to serve economic growth.

The very recent initiatives in administrative reforms demonstrate precisely the mentality of the present leadership. It is more a mass campaign to demonstrate that the government is close to and care about the people, sincere in cutting down on unnecessary spending for banquets, cars and the like, and serious about the fight against bureaucratic corruption. What is actually in store in all these initiatives, and inclusive of the planned reform of the State Council, is a repetition of the same kind of changes made in the past. There is no shortage of past campaigns in which the leaders exhibited a humanist face to the people, prosecuted corrupt cadres at various levels, and trimmed down the swelling government departments. Once the campaigns subsided, the situation was back to square one.

What the economy and society actually need is bolder relaxation of government regulations and greater reduction of state intervention, i.e. more freedom/autonomy for the market and social institutions such as the mass media, the church, and non-governmental organizations. In a sense, it is a matter of readjustment in state-society relations. It is an area of reform where the political leaders are reluctant to undertake.¹²⁷ The likely scenario is that

126. There has been widespread reporting about the huge cost for China to “maintain domestic security [*weiwen*]”. Specifically, the budget for the police and other public security expenditures in 2012 was 701.8 billion yuan, while that for national defense was 670.3 billion. See Cheng LI, “The End of the CCP’s Resilient Authoritarianism: Tripartite Assessment of Shifting Power in China,” *China Quarterly*, Vol. 211 (Sept. 2012), pp 595-623, here at p. 616. See also “Top Leaders Agree on Posts ahead of China Congress,” *San Francisco Chronicle*, 28 February, 2013, <http://www.etruth.com/article/20130228/API/1302280715>. In a recent forum for Chinese entrepreneurs, a study by Qinghua University was quoted to the effect that the annual growth rate in spending on domestic security (30%) outstrips that for the government budget (percentage unspecified). Yabuli zhongguo qiyejia luntan disanjie nianhui bimushi shilu [Proceedings of the Closing Ceremony of the Third Annual Assembly, Forum of Chinese Entrepreneurs in Yabuli], <http://news.sina.com.tw/article/20130224/9029514.html>

127. Sceptics refers to the so-called *guojin mintui* [the state advances and the private sector retreats], a trend whereby state capital drives private enterprises out through bureaucratic intervention. It is a controversial concept, depending on the choice of mea-

market freedom remains circumscribed as long as the monopoly of state-owned enterprises cannot be given up, mass media must continue to serve the regime's policy of guiding public opinion, the church has to come to terms with intransigent cadres in bureaus of religious affairs management, and NGOs will continue to be treated differently depending on whether their work aligns with the government's interests. Micro-adjustments in social administration abound, in terms of incremental and experimental innovations, and mostly at sub-national levels. For instance, municipal governments have begun to develop "cooperative policies" to encourage the development of grassroots NGOs in social service delivery, community building, and public participation. For sceptics, the prospect is still a guarded optimism.

"[S]o-called cooperative policies can quickly turn into new means of NGO co-optation. It will be the state, rather than the sector of NGOs and civil society, that will benefit most from these policies by inventing a group of quasi-NGOs whose sole mission is to take in retired bureaucrats, absorb resources, put up window-dressing, and reiterate official lines. Grassroots NGOs may in fact be further marginalized by losing out in the new game of competing for official funding and support."¹²⁸

The same guarded optimism equally applies to the fight against corruption that is the cardinal sin of the Chinese political system and the most destabilizing factor. Despite the apparent zeal of XI Jinping, the top leader, to engage in "strike hard" struggles against flies and tigers alike, the likely outcome is "business as usual" after the national campaign. Structural defects go a long way to explaining why corruption in China is intractable. The fight against cor-

surable indicators. In terms of number of enterprises, for instance, both state-owned and private ones register annual growth while the ratio of the former to the latter declines. In those sectors where competition is keen (consumer goods, apparels, electronics, logistics etc.), private business enjoys a greater advantage while state-owned enterprises have to retreat. The reverse is true where there is a certain degree of monopoly (oil, telecommunication, finance, rail, infrastructure construction, tobacco,). In terms of the weight of influence in the entire economy, however, the state-owned sector certainly calls the shots. A key reason lies in the state support of state-owned enterprises especially in hard times. State-owned airlines on the brink of bankruptcy were rescued by the state, whereas private ones in the same situation had to wrap up. Besides, the monopoly sector is expanding with coal, alternative energy, airlines joining as new members.

128. Fengshi WU and Kin-man CHAN, "Graduated Control and Beyond," *supra.*, p. 17.

ruption is futile as long as the government over-regulates socio-economic affairs with bureaucratic discretion and legal loopholes as opportunities for bribery. In addition, the law enforcement system and courts of law are poor in quality and integrity.¹²⁹ Without professionalism and enforceable codes of conduct, governing public security [*gong'an*] officers and court judges, anti-corruption work can go nowhere. If it is still difficult to enact a sunshine law requiring government officials to declare their assets and income, one can expect little from the current campaign against corruption. At a more technical level, the anti-corruption fight faces a tradition of bureaucratic procrastination. There are simply too many bureaucratic units, i.e. the Party, the public security and the judiciary that are involved in the regulatory process, a vivid example of “fragmented authoritarianism” discussed above, investigations often get stuck while units pass the buck round and round.¹³⁰

Our story of China’s transition is coming to an end. It is a narrative of spectacular achievements and failures, with the role of the Party-state on centre stage. The great deed this authoritarian leviathan performed was the grand strategy of “reform and opening,” thereby ending the three decade Maoist revolution through bitter class struggles. The resulting economic miracle is beyond any doubt. So are the adverse by-products that the Party-state has neglected to address or chosen not to. It is the nature of the grand strategy and the associated operational principles that beget this failure. After all, “the reform” has always been partial, incremental and experimental, whereas “the opening” has always been ajar. The former has been largely confined to marketization and material development as the key priority. The latter is subject to closure or control from beginning to end.

The grand strategy has promoted a tactic of governance by encouraging the people to find satisfaction in wealth creation at the

129. To be fair, it must note that in January 2010 the Supreme Court announced a new regulation “renmin fayuan gongzuo renyuan chufen tiaoli [Regulation on Punishment for Workers in the People’s Courts of Law]” to deal with four types of corruptions within the court system and their respective punishments. The BO Xilai – WANG Lijun case in 2012 also reveals serious corruption within the public security bureau in Chongqing. There have been plenty of Press reports over the years on individual cases of corruption in China’s law enforcement system.

130. For a recent, pertinent case on corruption involving the long-haul bus station in Zhengzhou that has been appropriated by the local party secretary for his personal benefits, see XI Jialin and OU Yangde, “Zhongguo nanyi genzhi fubai [China can hardly Eradicate Corruption],” *Financial Times* (Chinese Version), 18 February, 2013. <http://www.ftchinese.com/story/001048989>

risk of moral decay. The principle of “crossing the river by feeling the stones” has allowed the long-term coexistence of imperfect market, stop and go state control, and bureaucratic discretion, thereby generating plenty of incentives and loopholes for corrupt practices in government, business and society. The policy principle of “letting some people get rich first” and local favouritism in development projects have justified the growth of all sorts of inequalities, without any trickling effect of growth from the top to the bottom. The current and following generations will have to pay the deferred costs of environmental degradation as a result of the blind zeal for development in GDP terms.

Three major policies in the past have made significant contributions to China’s economic success. The one-child policy has relieved China of the burden of feeding a growing population. It has also shaped an age structure in terms of a large workforce and small population of dependents, hence very favourable to economic development. The policy governing the countryside with the household registration system and price control of agricultural goods has facilitated the primitive accumulation of capital and other resources for both economic growth and urbanization. The policy of upholding state-owned enterprises is said to have many benefits. It has ensured macroeconomic stability, safeguarded the state’s control of key economic resources, maintained a decent employment rate by keeping “redundant” workers when needed, and facilitated China’s firms to go global.

The downside of these policies is significant as well. Thanks to the one-child policy, the spectre of unsustainability of the Chinese population is looming. One also has to worry about spoiled generations of single children and the demographic time bomb of the shrinking able-bodies generation having to care for the dependents of the generation above and below. With regard to the second major policy, a lot have been said about the urban-rural divide and its associated human injustice. The major unintended policy of SOE-favouritism is the emergency of monopolies or oligarchies with profitability lower than private and foreign enterprises, a situation that does not bode well for sustainable development.

So, the balance sheet is mixed. The context of China’s development is radically different from what it was thirty years ago. Thirty years ago, there was no market at all and the incapacitated society was at the whim of the Party-state. Today, neither the economy nor society is as malleable as the Party-state will dictate. The

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future depends not only on the awakening and the ability of the new leadership, but also the dynamics of the market, as well as private entrepreneurship and the growth of civil society.

GLOSSARY OF SELECTED NAMES

Personal Names

BO Yibo 薄一波	CHENG Yun 陳雲
CHEN Ziming 陳子明	DENG Xiaoping 鄧小平
DENG Yingchao 鄧穎超	GENG Biao 耿飈
HU Chunhua 胡春華	HU Jintao 胡錦濤
HU Yaobang 胡耀邦	JIANG Zemin 江澤民
LI Keqiang 李克強	LI Peng 李鵬
LI Ruihuan 李瑞環	LI Xiannian 李先念
LI Yuanchao 李源潮	LIU Shaoqi 劉少奇
LIU Yunshan 劉雲山	MAO Zedong 毛澤東
PENG Zhen 彭真	QIAO Shi 喬石
RUAN Jihong 阮紀宏	SONG Renqiang 宋任窮
SUN Zhengcai 孫政才	WAN Li 萬里
WANG Qishan 王岐山	WANG Yang 汪洋
WANG Zhen 王震	XI Jinping 習近平
XI Zhongxun 習仲勛	YANG Shangkun 楊尚昆
YU Jianrong 于建嶸	YU Zhengsheng 俞正聲
ZHANG Dejiang 張德江	ZHANG Gaoli 張高麗
ZHANG Lun 張倫	ZHAO Ziyang 趙紫陽

Place Names

Beijing 北京	Chongqing 重慶
Dongguan 東莞	Fujian 福建
Fuzhou 福州	Guangdong 廣東
Guangzhou 廣州	Hebei 河北
Henan 河南	Hunan 湖南
Jinjiang 錦江	Liaoning 遼寧
Shaanxi 山西	Shangdong 山東
Shanghai 上海	Shenzhen 深圳
Sichuan 四川	Tianjin 天津
Wenchuan 汶川	Wenzhou 溫州
Zengcheng 增城	Zhangjiawan 張家灣
Zhengzhou 鄭州	Zhejiang 浙江
Xiamen 廈門	