

**STATUS QUO INTERESTS STALL
CHINA'S REFORM**

Lance L. P. GORE

EAI Background Brief No. 748

Date of Publication: 23 August 2012

Executive Summary

1. For 15 times in the past 5 years Premier Wen Jiabao has openly called for political reforms. He warned against the dangers of a delay that may reverse the gains of economic reforms. His plea has met with significant resistance from the Chinese political establishment. Response was usually that of hesitation followed by inaction.
2. Meanwhile, a sense of urgency for political reform is spreading. The left and the right share the same fear of a pending crisis arising from the deterioration of social conditions and anticipated economic slowdown. With China's halfway reform, the old system is badly eroded while the new order is unable to fully establish because of political obstacles posed by status quo interests.
3. Nine main clusters of status quo interests can be distinguished. They have reaped most of the wealth generated, creating one of the most lopsided income distributions in the world. They have also prematurely hardened the class structure and reduced social mobility.
4. Public policy making has become a balancing act among different status quo interests who delay or redirect new reforms to serve their own interests. The notion of reform is also losing popular support because most reform measures since the late 1990s have disproportionately benefited status quo interests, often at the expense of the masses.
5. At the other end of the scale, progressive forces that favor further reforms are still weak and divided, and lack effective political instrument. They will grow stronger in the long run but in the foreseeable future, the balance of power favors the status quo interests.
6. The continued delay in necessary reforms will only accumulate more (and more difficult) problems. The regime's dominant strategy to calm a restive society is *weiwen* (maintaining stability)—building up a gigantic (and

extremely costly) coercive apparatus to hold things together. Such an apparatus may only be able to prevent social unrests from spinning out of control but does nothing to arrest societal atrophy.

7. Building a healthy, thriving and self-regulating civil society is the key to stem social unrests and societal atrophy, as well as to overcome status quo interests. In the near future, bold reforms will be difficult if not impossible given the balance of power.
8. The reform experiments in Guangdong thus offer a glimmer of hope. The “Guangdong model” attempts to re-engage the society, utilizing social forces to break up status quo interests. Low-intensity (controllable) social upheaval is consciously used as an energy source to push for new reforms, as what Guangdong has done with several high-profile mass protests in recent years.
9. The ascension of the 5th generation leadership later this year may provide a window of opportunity but not the energy for new reform initiatives. If the regime’s dominant strategy of *weiwen* remains instead of society building, the status quo interests may be able to perpetuate themselves. In any case, China is entering a difficult stage in its development.