

东亚研究所通讯

INSIDE PAGES

...

**Communist Party of China:
Intra-Party Democracy and
Growing Pluralism**

**Whither China's National
Development and Reform
Commission?**

**Loosening Controls in Times
of an Impatient Society**

**China's Social Policy
Reform: Unfinished Business**

**China Moving Towards
a More Balanced Path in
Trade and Growth**

**China's New Provincial
Party Leaders**

**Diaoyu Islands Disputes in
2012: What's New this Time
Round?**

**Brinkmanship in the
Senkaku (Diaoyu) Islands?**

**China's Foreign Policy in the
South China Sea under Xi:
Resilient or Rudderless?**

Communist Party of China: Intra-Party Democracy and Growing Pluralism

With the emergence of civil society, growing intra-Party pluralism and the development of social media, different voices can be heard at the NPC and CPPCC sessions, and are seen as manifestations of intra-Party disagreement and factional rivalry that call for democratic solutions within the Communist Party of China.

CHEN GANG

The annual sessions of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) have often been dubbed by the Western media as "rubber stamp" events. In recent years, however, with the emergence of civil society, growing pluralism inside the ruling Communist Party of China (CPC) and the development of social media, different voices on many occasions can be heard at the sessions, and are more accurately seen as manifestations of intra-Party disagreement and factional rivalry that call for democratic solutions within the CPC. The intra-Party democracy, with the unchanged premises of CPC's monopoly of political powers and its intolerance of opposition parties, has been hailed by some analysts as an incremental experiment of Chinese-style democracy and an important step towards coordinating different interest groups and regularising leadership transition in the party-state.

As a gradually formalised institution that routinises the competitive balloting system within the Party and moralises the CPC's power monopoly in the face of an increasingly pluralistic society, intra-Party democracy is essentially a political façade built by the CPC to fend off democratic outcries as well as a cautious but substantial experiment towards introducing contested elections to the monolithic political system. The word "intra-Party democracy," which appeared in the CPC's documents as early as the Eighth Party Congress in 1956, has been reiterated by all the Party Congresses since the end of the Cultural Revolution. To a large extent, it is a political rhetoric aired by the CPC leadership; however recent development at both the top and local levels in the second term of the Hu-Wen leadership (2007-2012) has revealed that key party/government officials across China are facing increasingly competitive voting tests before they can be promoted to higher levels.

The transformation of the CPC has been very rapid. Since no opposition party is allowed, for any social groups, entering the political process of the CPC is the most efficient way to express their interests. To a large extent, the "Three Represents" proposed by the CPC in the early 2000s typically reflects its realistic perception that the CPC has to represent different social interests. Behind the "Three Represents" are various social and economic interests. To represent different social interests requires the CPC to include different social interests into one political process. If the West practises "external pluralism", the Chinese party system tends to be characterised by "internal pluralism." Different interests are "internalised" first, that is, included in the existing system, to compete for and coordinate their interests within. After the successful incorporation of private entrepreneurs into the party and the political process, the CPC has begun to emphasise on "social management" to expand its ruling foundation by absorbing more social forces, which have gained significant growth and development in the past decades. As the social base of the CPC enlarges,

continued on page 15

China's New Leaders: New Direction?

The year-long real-life political drama that pales Hollywood finally ended with the conclusion of the 18th Party Congress. The new Political Bureau Standing Committee, as well as the political report drafted under Xi Jinping, has probably disappointed many, both left and right. What can be hoped from this leadership team in the next five years? Probably not much, given the high expectations and the monumental challenges the new leadership faces.

The first sign is not encouraging. Xi's first move is to take on the lavish lifestyle, the privileges and the sloppy work style of the cadre corps. He may be excused for the urgent need of all new rulers to consolidate power and shore up authority. Since Mao's time fighting corruption has been popular with the masses and intimidating to all cadres.

But the history of the PRC has also shown repeatedly that campaign-style anti-corruption campaigns always taper out with hardly a dent made on the problem. Xi knows it well that he cannot hope to reverse the tide of corruption without addressing the root problems in the political system. But so far it is all silence on the political reform front, after the monumental struggle of 2012. Does he have the courage, the tenacity and sufficient political support to tackle the issue of political reform with which the Hu-Wen regime had played a game of passing the ball for 10 years?

Many hope that Xi is just abiding his time to launch political reform. However the premise is that he knows where to go. For all that is known, his political

imagination is limited by his upbringing and life experiences, and his toolbox is filled with dated arsenals from the Mao era. His advocacy for plain living, populist work style and purification of the party echoes the Yanan Rectification of the early 1940s.



Professor Zheng Yongnian
EAI Director

It hooks China to a past legacy instead of a future promise.

But China is in an entirely new situation and facing a totally different set of problems. The essays of this bulletin sort out and analyse some of the salient issues the new regime has to wrestle with: the increasingly tense and complex security environment, the structural change of the economy and the associated role change of the government, the increasingly pluralist and vocal society, the glaring income gap, the rising demand for social justice, to name only a few. Is the new regime up to the monumental challenges?

All said, the new leadership should not be written off just yet. The personnel settlement at the *lianghui* may still produce some bright spots and hope. The scholars at the East Asian Institute will continue to follow the developments in the above fronts. ■

EDITORIAL COMMITTEE

Prof Zheng Yongnian
eaizyn@nus.edu.sg

Dr Lance L P Gore
eaigore@nus.edu.sg

Ms Jessica Loon
eailmh@nus.edu.sg

EAI Bulletin is published twice yearly by the East Asian Institute (EAI), an autonomous research organisation set up in April 1997 under a statute of the National University of Singapore. EAI succeeds the former Institute of East Asian Political Economy (IEAPE).

All rights to the materials in this newsletter belong to EAI. The views expressed in this newsletter are those of the authors and do not necessarily reflect the views of EAI. The Institute welcomes contributions and comments from readers.

Please address all correspondence to: **Mr James Tan**, East Asian Institute, 469A Tower Block #06-01, Bukit Timah Road, National University of Singapore, Tel: (65) 6779 1037 • Fax: (65) 6779 3409 • Email: eaitanj@nus.edu.sg.

<http://www.eai.nus.edu.sg>

Whither China's National Development and Reform Commission?

Given the reality of a market economy still dominated by state actors, the National Development and Reform Commission is in a sense unreformable—it has to conduct macroeconomic policy through microeconomic control.

LANCE L P GORE

As the 12th National People's Congress draws near and as the Xi-Li regime reaffirms, vaguely but nevertheless emphatically, its determination to forge ahead along the Dengist reform line, the next round of administrative reform at the State Council becomes a hot topic. In particular, what should be done with the National Development and Reform Commission (NDRC) is the subject of intense debate.

The State Council—China's central government—has had seven rounds of restructuring in the reform era so far but the result each time invited almost identical criticism years later: too much state intervention in the marketplace and the hardening of bureaucratic interests. In recent years such criticism is directed particularly at the NDRC, whose power has ballooned following the four trillion yuan stimulus package of 2009, which was mostly directed and allocated by the agency.

The NDRC has been criticised for engaging in massive recentralisation of power and blamed for state-owned enterprises (SOEs) crowding out private firms in many sectors (*guojin mintui*). It has gained the reputation of being the “mini-state council”, with a portfolio much larger than the famed Japanese MITI (Ministry of International Trade and Industry) at its prime. The extent of its intervention at the microeconomic level after decades of transition to a market economy is surprising, raising important questions about the nature of China's “market economy” as well as the possibility of reforming the NDRC. The rationale for its existence as a super-bureaucracy seems to follow a strange logic of using bureaucratic divisions to bridge bureaucratic divisions: it is meant to coordinate and integrate the operation of other State Council bureaucracies. With 30 departments/bureaus (司/局) and 146 sections (处) and a workforce of more than 1,000, the NDRC has a subdivision corresponding to almost every ministry and other agencies of the State Council.

The NDRC today is a logical outcome of the historical evolution of the Chinese system of political economy. The forerunner of the NDRC was the State Planning Commission (SPC) established in 1952. In March 2003, the SPC merged with another super-ministry—the State Economic Commission (SEC)—and absorbed the State Council Office for Reforming the Economic System (the watered down version of the once powerful State Commission for Reforming

the Economic System) to create the NDRC. For the first time in its history the word “plan” disappeared from its name, which was hailed as a milestone in China's transition to a market economy. But it is a departure mired in massive continuity.

The NDRC is deeply rooted in a past tradition grown out of the planned economy era and an economic reality in which state-ownership of land, resources and capital assets is still extensive and state agencies, local governments, as well as SOEs continue to play a dominant role. Both its macro-regulatory and micro-management roles bear the birthmark of a communist legacy that continues to shape the way it operates, i.e. conducting macro-regulatory policies through micro-management of economic issues. This in turn leads to extensive state intervention in the marketplace and rapid expansion of NDRC's power, especially during economic uncertainties.

The NDRC prospered during both the 2004-6 economic over-heating and the 2008-9 economic downturn following the Wall Street meltdown. The two events called for the opposite macroeconomic policies but had the same effect of strengthening the NDRC. In the Chinese political economy both austerity and stimulation policies must take effect through the dominating state actors operating in the marketplace. In other words, the original intent of establishing NDRC as a macro-regulatory agency is flawed from the beginning in the Chinese context—it lacks the proper

microeconomic foundation.

The NDRC has potential jurisdiction over almost all socioeconomic issues. Its power and advantage over other state agencies come from the breadth and amorphousness of its jurisdictional coverage. It has forayed into diverse areas from setting national holidays to price audits, taxation, subsidies, the regulation of land use, environmental standards and regulating the property markets. It does not own but control the power of the purse: by taking charge of planning, it holds great sway over major investment projects and various development programmes proposed by local governments and other ministries.

Through its power to plan and screen, the NDRC can effectively relegates state agencies and local governments including even the more conventional macroeconomic regulators such as the Ministry of Finance and the state-owned banks to an auxiliary role of policy implementers.

The NDRC does not own but control the power of the purse: by taking charge of planning, it holds great sway over major investment projects and various development programmes proposed by local governments and other ministries.

continued on page 15

Loosening Controls in Times of an Impatient Society

The new Chinese leadership's recent loosening of controls and its societal repercussions follow an established political playbook. The question is whether a seemingly more impatient society will continue to play by the rules.

H CHRISTOPH STEINHARDT

Following major power reshuffles, the Chinese leadership has initiated several phases of more relaxed political controls (*fang*, in Chinese) over the last two decades. In such times past leaders released a blend of reformist and populist signals to establish their own political credentials and gather support from ordinary citizens and reform-minded intellectuals. In a system in which political life still revolves around deciphering the leadership's latest "ways of putting things" (*tifa*), it is not surprising that social forces respond when the wind at the top appears to be turning.

Intellectual elites tend to regard reformist gestures as an opportunity to push the boundaries. Many ordinary citizens interpret an intensification of populism as a signal to bring their grievances with local officials to Beijing's attention. In the past, such unintended societal repercussions eventually prompted the centre to re-tighten the political climate (*shou*). Hence, subsequent to a loosening of controls in 1997-1998 ferocious repression campaigns against the newly founded Democracy Party of China and the over-ambitious Falun Gong sect were unleashed. Likewise, after the new Hu-Wen administration had begun its first term with a series of populist-reformist overtures in 2002-03, it soon closed the gates for petitioners who had been flocking to the capital en masse and dashed intellectuals' hopes for political change.

Just like his predecessors, Xi Jinping has started out with the typical mixture of reformist and populist gestures. Right after his inauguration Xi put the fight against corruption at the top of his agenda. Since then he has followed up with investigating a number of officials and more strong words. Xi also embarked on a campaign to make party cadres' "work style" (*zuofeng*) and "communication style" (*wenfeng*) less formalistic and more accessible. On the first day of 2013, the state media published his nebulous call for more "political courage" (*zhengzhi yongqi*); more recently he suggested that power would need to be "shut into the cage of the system". In addition, the new chief of the Political-Legal System, Meng Jianzhu, surprised many when he announced in January 2013 that the notorious re-education through labour system was "expected to come to a stop this year".

Although framed in characteristic party mumbo jumbo, these signals from the top amount to a noticeable relaxation of the political atmosphere. And predictably, social forces have begun to respond. Netizens have put Xi Jinping's words into action by intensifying an online anti-corruption campaign. Around Christmas 2012 a group of academics published a proposal with a modest sounding, but nonetheless significant, demand to avert a "violent revolution" by governing in accordance with China's constitution. Similar calls have also emerged in other intellectual outlets.

Moreover, the year 2013 began with a fury when reporters from Guangzhou's *Southern Weekly* went on strike to protest a radical change of the paper's New Year edition by the propaganda authorities. Although similar acts of collective media worker resistance had happened before (e.g. in 2005 staff of *The Beijing News* went on strike to protest the removal of an editor), what is new this time around are the strong societal repercussions. The whole affair immediately spilled over to the internet; intellectuals published an open letter in support of the media workers, and a few hundred citizens, some of them brandishing slogans against censorship and for "media freedom", took to the streets. Remarkably, given the open articulation of such demands, police were apparently ordered to show restraint and a commentary with mild criticism of over-zealous censorship was published in the *People's Daily*. However, an editorial that portrayed the incident in very hostile terms was published in the hawkish *Global Times* simultaneously and propaganda authorities instructed the news media to republish it. This message may have encouraged conservative citizens to stage a counter-demonstration and clash with liberal *Southern Weekly* supporters. In the end compromise between defiant journalists and provincial propaganda authorities defused the situation.

What does all this mean? First, if Xi Jinping is serious about his stated intent of reining in the officialdom, he will need to grant society more space and unveil some more concrete reforms to that end. Implementing such measures requires broad popular support because significant resistance from vested interests will have to be overcome. If the new leader, however, decides to follow the footsteps of Jiang Zemin and Hu Jintao, it can be expected that a series of conservative remarks to signal a renewed tightening of the screws will be released in the not so distant future.

Second, besides these hard to predict elite inclinations, a variable to watch closely is societal response. In the first scenario, ordinary citizens' apparently much stronger appetite for activism than just a few years back, plus intellectual elites' seemingly growing impatience, suggest that Xi would have a hard time maintaining a momentum of reform while preventing social forces from rocking the boat. In the second scenario, the same conditions could imply that society would not as easily fall back into line as it had in previous times. In addition, the *Southern Weekly* row indicates that different social forces can also be mobilised against each other. Thus, regardless of what the leadership's next steps will be, Chinese state-society relations may be headed for a considerably more intricate future. ■

H Christoph Steinhardt is Visiting Research Fellow at EAI

China's Social Policy Reform: Unfinished Business

China's ongoing social policy reform needs to balance sustainability, equity and efficiency.

ZHAO LITAO

China's social policy reform has made some significant breakthroughs in the past decade. The key question is whether China can carry on the momentum. In the area of social security, basic pension has yet to cover all its urban and rural residents. In some other social policy areas, such as education, health care and public housing, China has already made reform plans up to 2015 or even 2020. In addition, rural-urban integration and income distribution will attract a great deal of attention under the new leadership of Xi Jinping and Li Keqiang.

Despite significant progresses, there are also concerns that China's reform is entering into "deep waters", "a period of fatigue" and "a stage of stagnation". If China's "golden period of development" is not to be ruined by "manifested contradictions", many feel that more needs to be done.

The very first question for China is the positioning of social policy in its development discourse and agenda. Social policy reform is made more difficult in China by the ongoing sovereign debt crisis in some European countries. Many inside China are closely watching the sovereign debt crisis in Europe. There is fear that China will head into the same problems if China's social policy is moving towards strengthening social protection. Against this backdrop, the challenge for China's social policy advocates is to make a convincing case that many "welfare problems" are mainly due to economic mismanagement in the context of globalisation rather than welfare institutions per se.

The second question is whether China is willing to change its structure of expenditure in favour of social development. Until recently, social development is not really China's priority. First, China's government expenditure on social programmes as a percentage of total government expenditure did not increase much in the past decade. Second, China's public expenditure on social programmes is low by international standards. In this light, China has a large room to increase its social expenditure. Economic growth will continue to generate resources and there is room to change the structure of expenditure in favour of social development.

Apart from the level of expenditure, the distribution of social expenditure across social groups is also an important issue. Some critics characterise China as a system of "negative welfare", suggesting that the needy and the disadvantaged are subsidising the well-off and the privileged. Seen in this light, increasing the level of social expenditure has to proceed in tandem with a fundamental change in the

way social expenditure is redistributed. There is a need to turn "negative welfare" into "positive welfare".

The third question is whether a synergy between different stakeholders can be forged. These stakeholders include different levels of government, and different types of enterprises, households and social organisations. One issue is whether the central government can play a larger role in equalising basic public services nationwide. Another important issue is the meaning of "social management innovation" to social organisations and social enterprises. There should be a rethink of social organisations and social enterprises for their importance in providing not just social services, but also social capital, cohesion and trust, which are greatly needed in China.

The fourth question is whether China will move towards a higher level of professionalism in policy making and implementation. There are still cases in which the space for scholarly discussion and debate is limited. One recent example is the decision to increase government spending on education to four per cent of GDP in 2012, amounting to RMB2,200 billion, an increase of nearly RMB400 billion over 2011. For those who advocate more government spending on education, it is a hard-won victory. How to allocate is a big issue. However, education scholars are discouraged from openly discussing such questions even though the discussion may help the education administration improve the efficiency and equity of resource utilisation.

In this regard, China can learn from the East Asian developmental model where the political elite have learned to leave economic affairs to economic bureaucracy. Technocrats in economic bureaucracy are competent and professional. There is a high level of professionalism in economic management. It will be in China's interest if there is a high level of professionalism in social management and in social policy making.

Of course more questions can be asked. Down the road, China is in a good position to finance the needed social programmes as its economy will keep growing, albeit at a slower pace. More institutional changes are needed, however. The key question is how the government balances different social interests while ensuring the sustainability of its social programmes. ■

Zhao Litao is Senior Research Fellow at EAI

Many inside China are closely watching the sovereign debt crisis in Europe. There is fear that China will head into the same problems if China's social policy is moving towards strengthening social protection.

China Moving Towards a More Balanced Path in Trade and Growth

In 2012, both China's trade and its overall economy registered the decade's slowest growth.

While observable structural improvements occurred, more are needed to direct the economy into a more sustainable path.

SARAH Y TONG

The year of 2012 witnessed many important transformations in China's economy, from considerable growth deceleration to various structural changes. Indeed, gross domestic product (GDP) increased by less than eight per cent, the first time since 1999, and much less than the 9.3% of the previous year. Such may be seen as a confirmation that China's hyper growth in much of the 2000s has ended.

More significantly, the sharp downward shift in growth is underscored by various structural changes in the economy, most evidently in trade. The general trend towards a more balanced trade since 2008 had continued in 2012; the ratio of annual surplus to total merchandise trade declined from 12% in 2007 to six per cent in 2012. In absolute terms, current-account surplus rose slightly to \$213.8 billion in 2012 from \$201.7 billion a year earlier, indicating the robustness of China's trade. However, its ratio to GDP fell to 2.6%, from 2.8% a year earlier and more than 10% in 2007.

Consequently, net export was an insignificant factor to growth, based on conventional growth accounting. In fact, it subtracted 0.2 percentage point from annual growth, while domestic consumption and gross capital formation each contributed 4.1 and 3.9 percentage points to GDP growth in 2012. This is highly desirable since the country seeks to reduce the economy's reliance on external demand for growth. Moreover, net export positively correlated with gross capital formation in previous years, as much investment had been made in trade-related activities. The economy's shift away from export-orientation also helps to reduce its dependence on fixed-asset investment.

There were also considerable structural changes within trade. First of all, although coastal regions remain dominant in trade, provinces in China's central and western regions are gaining significance in relative terms. In 2012, exports of 10 coastal provinces, including those in the Pearl River Delta (Guangdong, Fujian and Hainan) region, the Yangtze River Delta (Shanghai, Zhejiang and Jiangsu) region, the Jing-Jin-Ji (Beijing, Tianjin and Hebei) region, and Shandong province, amounted to \$1.76 trillion, or 87% of the country's total. Although this represents only a modest decline, from 89% in 2009, the gains for inland regions are nonetheless substantial. The shares of six central (Shanxi, Anhui, Jiangxi, Henan, Hubei and Hunan) and two western provinces (Sichuan and Chongqing) nearly doubled, from 4.5% in 2005 to 8.6% in 2012. To a lesser extent, similar pattern occurred

also in imports, where the combined share of six central and two western provinces rose from 2.1% in the early 2000s to 3.4% in 2012.

Interestingly, there are indications that foreign invested enterprises (FIEs) are relocating from coastal regions towards the inlands. FIEs contributed a large portion of exports in these regions. In the six central provinces, FIEs made up 38% of the region's exports in 2012, up from only 15% in early 2000s. Similarly, in Sichuan and Chongqing, FIEs made up 55% of the region's total exports, a sharp increase from 11% in 2002. The opposite is true of coastal regions.

Another important tendency is the continuous decline in importance of process trade. In 2012, process export made up 43% of total exports, down from around 55% in the early to mid-2000s. The declining importance of process trade was evident in imports, where their share in total fell from over 40% in the mid-2000s to 26% in 2012. This suggests that exporters direct their purchases more from domestic and local sources, as well as adding more values to their products.

Nonetheless, more needs to be done as structural trade imbalances remain. Process trade continues to generate large amount of surplus. Regional imbalances persist; China has large trade surpluses with the United States and the European Union, significantly outweighing the country's deficit with its neighbouring economies of Taiwan, Korea and Japan. Changes in sectoral mix of trade products are at best modest. Machinery and miscellaneous manufactured articles continue to drive trade growth in recent years.

Key economic indicators for 2012 suggest that China has to prepare itself for much slower growth in the coming years. Trade increased by 6.2% in 2012, compared to over 15% a year in the previous decade. Weak external demand was due to uncertain economic prospects, as well as rising domestic production cost had placed additional pressure on China's export. Meanwhile, competition also intensifies from not only other developing countries but also advanced economies in their efforts to revitalise their manufacturing sector.

Constraints in external conditions and the need to sustain growth highlight the importance of domestic consumption, especially that of household. The new leadership is likely to place more emphasis on raising household income and encouraging consumption. Measures to reduce income inequality and enhance social welfare will also be effective to boost consumption. ■

Sarah Y Tong is Senior Research Fellow at EAI

Key economic indicators for 2012 suggest that China has to prepare itself for much slower growth in the coming years. Trade increased by 6.2% in 2012, compared to over 15% a year in the previous decade.

China's New Provincial Party Leaders

As a result of provincial reshuffles before and after the 18th Party Congress, a new provincial party elite has emerged.

BO ZHIYUE

Ahead of the 18th National Congress of the Chinese Communist Party (CCP), China's provincial units had held their party congresses in two major waves. Fourteen provinces held their congresses in October to November 2011 and 17 in April to July 2012.

Altogether, 404 standing members/times have been elected in 31 provincial party committee standing committees. Since Wang Sanyun 王三运 and Yin Deming 尹德明 were elected in two places because of lateral transfers between provincial units, the actual number of standing members is 402.

AGE DISTRIBUTION

The average age of provincial party leaders is 54.9 years old, with the youngest at 44 and the oldest at 67. The youngest standing member is Yang Yue (杨岳), standing member of the Fujian Provincial Party Committee and Party Secretary of Fuzhou. He was born in July 1968. The oldest standing member is Yu Zhengsheng (俞正声), former party secretary of Shanghai. He was born in 1945.

Only eight standing members were born in the 1940s. The majority of the standing members were born in the 1950s. Out of 401 with known information, 277 (69.1%) were born in the 1950s. Of 31 provincial party secretaries and 64 deputy secretaries, 22 (71%) and 51 (79.7%) were born in the 1950s, respectively.

Those born in the 1960s have become more numerous than before. In comparison to 34 standing members who were born in the 1960s and elected in the last round of provincial party elections five years earlier, this round of elections has generated 116 standing members born in the 1960s, taking 28.9% of the total. Among those who were born in the 1960s, there are three provincial party secretaries, 11 deputy secretaries and 102 standing members.

EDUCATIONAL BACKGROUND

The new provincial party leadership is highly educated. Out of 399 people with known educational background, 95 (23.81%) have doctoral degrees, 228 (57.14%) have graduate diplomas (including masters' degrees and graduate diplomas from party schools at various levels) and 72 (18.05%) have bachelors' degrees.

In terms of distribution of PhD holders, there is a negative correlation with the rank. The lower the rank, the more likely they have a doctoral degree. There are only four party secretaries with doctoral degrees but 15 deputy secretaries and 76 standing members are Ph.D. holders.

The percentage of PhD holders is also negatively correlated to the age distribution: the younger are more likely to have PhD degrees. There are no PhD holders among standing members who were born in the 1940s, while 21% (57) of those who were born in the 1950s have doctoral degrees and 33% (38) of those who were born in the 1960s have received PhD degrees.

Among standing members with graduate diplomas, there are at least three major categories. First, some obtained masters' degrees through full-time studies. Second, some got masters' degrees through part-time studies. Third, some acquired graduate diplomas through party schools at various levels.

Only four received three-year college education, taking one per cent of those with known information on educational backgrounds.

HOME PROVINCE DISTRIBUTION

In terms of home province distribution, Shandong tops the list. Fifty-five standing members in 22 provincial units have identified Shandong as their home province, about 14% of the total. Notably, Shandong has more standing members from its own province than any other provincial units. Of 13 standing members in the province, nine are from Shandong. The party secretary and two deputy secretaries of Shandong are all from Shandong.

In terms of provincial party secretaries, Shandong, Hebei, Henan and Anhui are the largest producers. Shandong has produced five provincial party secretaries, and Hebei, Henan, and Anhui have each produced three provincial party secretaries.

ETHNIC AND GENDER DISTRIBUTION

Ethnic minorities and women are in the minority in the new provincial party leadership. Forty-nine (12.2%) leaders are from ethnic minorities, more than half of which are from autonomous regions. Tibet tops the list. Of the initial 15 standing members elected on 15 November 2011, seven were Tibetans, taking almost half of the total. Guangxi is the second. It has six minority leaders of the 13 standing members.

There are 37 (9.2%) female standing members. Twenty-six provincial units have one female party leader each; Liaoning, Fujian, Guizhou and Gansu have two each, while Jiangsu has three female standing members.

YOUTH LEAGUE BACKGROUND

There are 132 provincial party leaders with youth league background, taking 32.8% of the total. Of 31 provincial party

Shandong has produced five provincial party secretaries, and Hebei, Henan, and Anhui have each produced three provincial party secretaries.

continued on page 15

Recent Staff Publications

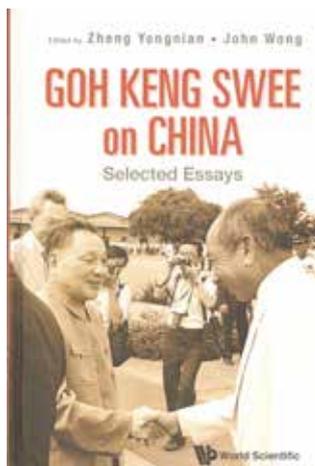
Books

Goh Keng Swee on China

Editors: **Zheng Yongnian and John Wong**

Publisher: **World Scientific Publishing**

Year of Publication: **2013**



This collection of Dr Goh's writings and speeches on China shed light on the various challenges China faced in the late 80s and early 90s. Covering a broad range of topics from the growth of industries and enterprises to financial reforms and the difficulties of doing business in China, this collection provides a comprehensive view of problems faced by the Chinese government while providing possible solutions.

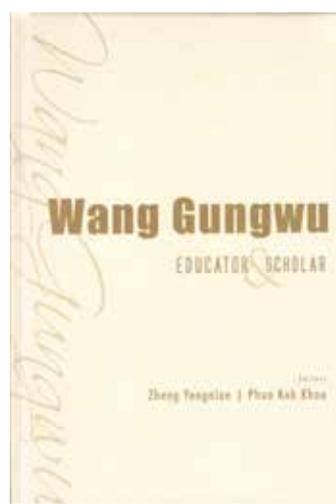
Though they were written two decades ago, the issues raised in these speeches and writings are uncannily relevant of the issues that the current Chinese government is facing today

Wang Gungwu: Educator and Scholar

Editors: **Zheng Yongnian and Phua Kok Khoo**

Publisher: **World Scientific Publishing**

Year of Publication: **2013**



This book focuses on Wang Gungwu as an educator and scholar. It features 24 selected writings of Wang in the field of higher education, many of which were previously published in prominent journals. Several essays originated as keynote speeches at conferences. Wang shares in the essays his perspectives on a broad range of topics - the relationship between the university and community, the role of universities in

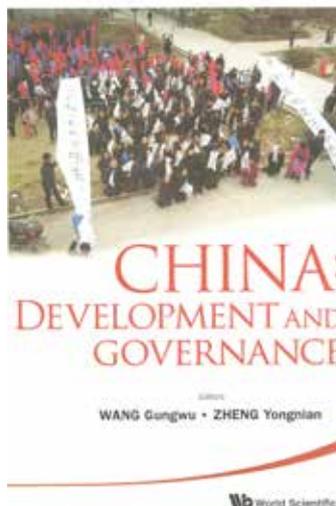
Asia as global institutions, the benchmark of excellence in education in the Asia-Pacific region; the state of social science study in Asia; the shifting paradigms and their impact on research and writing; and the role of university in shaping modernity in Asia, etc.

China: Development and Governance

Author: **Wang Gungwu and Zheng Yongnian**

Publisher: **World Scientific Publishing**

Year of Publication: **2013**



This 541-page book comes with 57 short chapters based on up-to-date scholarly research written in a readable and concise style. On China's domestic developments, it faces a host of pressing challenges that include the need to rebalance and restructure the economy, the widening income gap, the poor integration of migrant populations in the urban areas, insufficient public housing and healthcare coverage, the seeming lack of political reforms

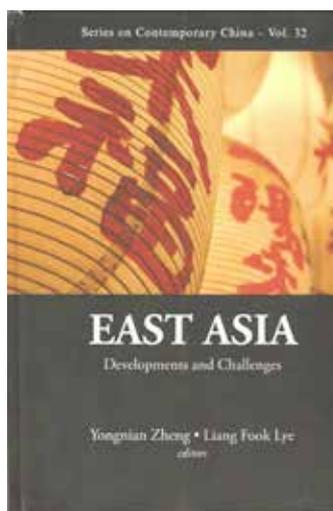
and the degree of environmental degradation. It also covers China's external relations with the United States, Japan, Korea and Taiwan.

East Asia: Developments and Challenges

Author: **Zheng Yongnian and Lye Liang Fook**

Publisher: **World Scientific Publishing**

Year of Publication: **2013**



The aim of this book is to provide readers with an understanding of the importance and emerging political, economic and social trends and challenges in East Asia in the coming years. A review of the state of East Asian affairs is needed as the international and regional environments seemed to be headed towards greater uncertainty. In East Asia, a number of countries had undegone major elections to elect a new leadership to take over the helm. The

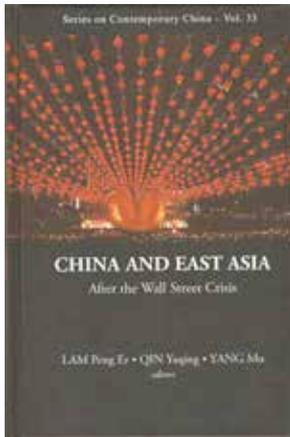
developments have great implications for policy adjustments or possibly even policy changes in these countries in the years to come.

China and East Asia: After the Wall Street Crisis

Editors: **Lam Peng Er, Qin Yaqing and Yang Mu**

Publisher: **World Scientific Publishing**

Year of Publication: **2013**



This book examines the need for greater East Asian cooperation and the challenges to this grand endeavour. With differing national outlooks, how can East Asia preserve peace, prosperity and stability amidst geopolitical competition? To answer this question, the volume examines the political and economic relations between Beijing and its neighbours against the backdrop of two trends: the power shift from the West to

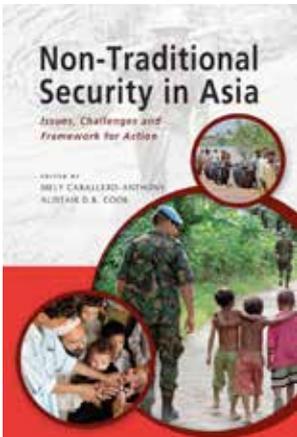
the East in the aftermath of the American financial crisis, the ongoing eurozone crisis and the rise of China.

Non-Traditional Security in Asia: Issues, Challenges and Frameworks for Action

Editors: **Mely Caballero-Anthony and Alistair D B Cook**

Publisher: **ISEAS Publishing**

Year of Publication: **2013**



This book examines the critical security challenges faced by states and societies in Asia including health, food, water, natural disasters, forced migration, energy and cyber security. It also provides a comprehensive analytical framework that establishes the key ingredients to policy evaluation to ensure that all voices are heard including those under-represented and marginalised in society.

Academic and policy debates

will thus be well-informed about the complex and nuanced nature of these non-traditional security challenges.

As Book Chapters

"Global Crisis and China's Trade Adjustment". In Dali L Yang (ed), *The Global Recession and China's Political Economy*, Palgrave MacMillan, May 2012.

By **Sarah Y Tong**

"China's Economy". In Robert E Garner (ed), *Understanding Contemporary China*, 4th edition, Lynne Rienner Publishers, July 2012.

By **Sarah Y Tong and John Wong**

"A Two-Ocean Mediterranean". In Geoff Wade and Li Tana (eds), *Anthony Reid and the Study of the Southeast Asian Past*. Singapore Institute of Southeast Asian Studies, 2012, pp. 69-84.

By **Wang Gungwu**

"New University, Three Generations: China, Malaya, Singapore, 1949-2007", pp. 197-2007. In *Wang Gungwu: Educator and Scholar* edited by Zheng Yongnian and Phua Kok Khoo, World Scientific Publishing, 2013.

By **Wang Gungwu**

"Globalization and East and South-East Asia". In Andrew T H Tan (ed), *East and South-East Asia: International Relations and Security Perspectives*, London: Routledge, 2013

By **Alistair D B Cook**

In Journals

"Thoughts on Four Subversive Words", *The Asia-Pacific Journal of Anthropology*, vol 13, no 2, April 2012, pp. 192-202.

By **Wang Gungwu**

"The China Effect in Anxious Europe", *Asia Europe Journal*, vol 10, no 4, 2012, pp. 335-340.

By **Wang Gungwu**

"The Emerging China-Centric East Asian Economic Order", *Asia-Pacific Economic Review*, no 5, 2012.

By **John Wong**

"China's Emerging Arctic Strategy", *The Polar Journal*, vol 2, Issue 2, 2012, pp. 358-371.

By **Chen Gang**

"How is High Trust in China Possible? Comparing the Origins of Generalized Trust in Three Chinese Societies", *Political Studies*, 2012, 60 (2): 434-454

By **Christoph H Steinhardt**

"Myanmar's China Policy: Agendas, Strategies and Challenges", *China Report* 48:3, 269-281.

By **Alistair D B Cook**

"Mental Health Care in China: Providing Services for Under-treated Patients", *The Journal of Mental Health Policy and Economics*, 15(4) 179-186, 2012.

By **Qian Jiwei**

Book Reviews

"China's Historical Place Reclaimed". Review article in *Australian Journal of International Affairs*, vol 66, no 4 August 2012, pp. 486-492. (Review of Henry Kissinger *On China*. New York: Penguin Press, 2011; and Martin Jacques, *When China Rules the World: the Rise of the Middle Kingdom and the End of the Western World*. London: Allen Lane, 2009).

By **Wang Gungwu**

FORTHCOMING

"Foreign Trade of China" in Gregory Chow and Dwight Perkins (eds), *Routledge Handbook of Chinese Economy*, Routledge

By **Sarah Y Tong (with K C Fung and Francis Ng)**

Diaoyu Islands Disputes in 2012: What's New this Time Round?

Surging nationalism and a shaky US-Japan alliance define new parameters in the Diaoyu Islands disputes.

KATHERINE TSENG HUI-YI

Tensions between China and Japan flared up again in April 2012 when Tokyo Governor Ishihara announced his purchase-nationalisation plan during a visit to Washington. Ishihara's statements triggered a whiff of anxiety in Tokyo, Beijing and Washington DC, for different reasons. As disputes continued to simmer, a surging wave of nationalism has become clearly discernible and kicked in to drive both Tokyo and Beijing to avoid a weak-kneed response. To make things worse, the US steps in as a primary external third party. The US factor brought in issues mainly of security concerns, where the US-Japan Alliance constitutes the main theme.

The 2012 dispute was noteworthy as a resurging wave of nationalism further tantalised the widely yarned peaceful resolutions. Japan's weakened political leadership and stifling bureaucratic system, viewed together, contributed to a surging wave of nationalist sentiments asking for tougher responses to Beijing. Similarly, Chinese netizens and hawkish voices from the military were also crying out loud for tougher stances to strike hard on Tokyo. It is further speculated that the August landing on the Diaoyu Islands by Hong Kong activists could only succeed with implicit official support.

China has long pursued a policy route that provides an issue-linkage between the Diaoyu Islands disputes and the Taiwan problem. It can be traced back as early as in 1971 when China made its first official statement regarding the transferring of Okinawa from the United States to Japan. This theme had since been largely observed by the Chinese Communist Party.

On 25 September 2012, the State Council Information Office issued a white paper, elaborating in great details Chinese sovereign claims over the Diaoyu Islands. The document listed the causes and courses of the disputes from the initial basis of Chinese claims, Japan's intrusion and the World War II impact on this issue, Japan and the US' deal, while debunking the myths of Japanese claims and reiterating its resolute position to re-take the islands.

The white paper demonstrates that China has not changed its stance towards the Diaoyu Islands disputes. Beijing's making an issue-linkage between the Diaoyu Islands and the Taiwan issue has left it with no choices but to adopt tougher positions when confronting Japan. By asserting that the Diaoyu Islands constitute an appertaining part to the Taiwan Island and by associating the Diaoyu Islands issues as a replay of the predatory imperial legacy left by the West, China has left itself literally with not much room but to stick

to its hard-line position.

In April 2012 when Ishihara announced his purchase plan, it was unexpected that remarks by a single official could lead Tokyo into a diplomatic crisis. Despite the ensuing surprising developments, there emerged changes in Chinese citizens' attitudes. Chinese netizens seem to be more sophisticated, regarding the resurging anti-Japan wave. Chinese netizens not only held against violence committed during the protests, but also ridiculed calls for a boycott of Japanese goods. In a poll on Sina Weibo, one of the most popular microblog platforms in China, the sophistication of Chinese citizens' attitudes to the easily provoked anti-Japanese sentiment indicates a budding civil society where people tend to be more rational and anti-violence. This in turn indicates the growing difficulty for the government to rein in rational minds and multi-dimensional opinions burgeoning therein.

Amid the rows of territorial contretemps in 2012, the role of external stakeholders is worth mentioning. The US is the most important third party who has exercised continuous leverages on these issues. The US-Japan security alliance is described as the keystone to the region's stability and prosperity.

Yet, Tokyo's chest-puffing in this latest round of tensions has something to do with a deteriorating US-Japan relationship. Domestic political malaise undoubtedly has left the countries exposed on the global stage. With six prime ministers in approximately six years, the revolving Cabinet further magnifies the discomfiture of the Japanese towards the future directions of the country. Opinions emerged within Japan, questioning that has Japan been firmly protected under the security web of the US-Japan alliance, would it be necessary to be so tough and serious about territorial issues? These doubts seem to suggest that the US-Japan security alliance needs re-examination, with their relations now placed out on a limb. Washington's current positions can be summarised as follows: Washington is urging Japan to reflect upon further strengthening its self-defence capacity and upon ridding itself of the onerous "historical animosity" with neighbouring countries. Yet, the regional order largely drawn by Washington after World War II remains intact. While it seems too premature to dismiss the US-Japan security alliance, a complete overhaul is clearly needed. ■

Katherine Tseng Hui-yi is Research Associate at EAI

In a poll on Sina Weibo, one of the most popular microblog platforms in China, the sophistication of Chinese citizens' attitudes to the easily provoked anti-Japanese sentiment indicates a budding civil society where people tend to be more rational and anti-violence.

Brinksmanship in the Senkaku (Diaoyu) Islands?

It is not inconceivable that “playing chicken” in the East China Sea may lead to an accidental conflict between China and Japan.

LAM PENG ER

The new leaders of China and Japan have yet to meet and address their tense and festering territorial dispute over the Senkaku (Diaoyu) islands. Leaders of both sides seem to mirror each other: driven by self righteousness and indignation, uncompromising and pandering to mass nationalism for domestic political support. Indeed, China and Japan seem to be playing a game of “chicken” with one another to see who blinks first. This is a dangerous game and an accidental conflict cannot be ruled out. In the worst scenario, an escalating conflict will damage the economic interdependency of both countries, drag the US superpower into the vortex and destabilise East Asia.

Since the Noda administration’s nationalisation of three Senkaku (Diaoyu) islands, Beijing has dispatched its non-military maritime surveillance vessels to the vicinity of the disputed islands to challenge and erode Tokyo’s claim of jurisdiction and effective control. Thus far, only the Japan Coast Guard has engaged in maritime interdiction; the Japanese and Chinese navies have not confronted each other directly in the vicinity of the Senkaku (Diaoyu) islands. But troubling incidents have subsequently led to rising tension between the two northeast Asian neighbours.

In December 2012, one of China’s State Oceanic Administration air plane entered the airspace of the Senkaku (Diaoyu) islands. The Japanese Air Self-Defence Force scrambled F-15 fighter jets to that area after the Chinese plane was detected. According to the Japanese Defence Ministry, this was the first ever intrusion by a Chinese plane into its airspace since Tokyo started to tally such intrusions in 1958. Ominously, the military is now directly involved in the dispute after Tokyo scrambled its fighter jets. It is not inconceivable that Beijing may follow suit by dispatching its fighter jets to “protect” its State Oceanic Administration planes. The worst scenario might well be an accidental collision between the planes of the two protagonists.

In February 2013, Japanese Prime Minister Abe Shinzo told parliament that the alleged radar-lock that a Chinese frigate put on a Japanese destroyer in the international waters of the East China Sea was “dangerous” and “provocative”. According to the Japanese government, weapon systems can be fired immediately once the radar is locked onto a target. If this account is true, then this incident marked the first time that the navies of both countries have confronted each other in the East China Sea. If such incidents were to recur, it is not unthinkable for untoward miscalculations and accidents to happen.

In the same month, People’s Liberation Army Lieutenant General Liu Yuan warned against “accidental warfare” which will derail China’s development. He argued that China should adhere to the late paramount leader Deng Xiaoping’s strategy for the country to “keep a low profile, never take the lead and

bide your time”. However, it remains to be seen whether the new Xi Jinping leadership will adopt a reconciliatory or a tougher position towards Japan. If the Xi Jinping leadership were to adopt a tougher position, Japan would not necessarily yield and many Japanese would conclude that China is hostile towards Japan.

On his part, Prime Minister Abe has to be mindful that Japan should not be perceived as hostile towards the Chinese people. It would be unwise of him to unnecessarily incense the Chinese and Koreans by rejecting the 1993 Kono Statement (an apology to the comfort women for their plight) and the 1995 Murayama statement (an apology for Japanese imperialism). If Abe were to insist on imposing his own brand of rightwing history onto public policy, such an egoistical pursuit will only harm Japan’s relations with China and South Korea.

If both sides of the East China Sea were to engage in brinksmanship and the demonising of the other (self is always right, good and beautiful, the other is always wrong, bad and ugly), then an inadvertent conflict leading to a larger conflagration will not be unthinkable. Both Beijing and Tokyo would do well to pay heed to General Liu Yuan’s warning to avoid accidental warfare for the greater good. ■

Lam Peng Er is Senior Research Fellow at EAI

CIJ in Partnership with Project MUSE

As of Vol 2 No 1, *China: An International Journal* is available by subscription only. In addition to normal print subscriptions, online subscriptions are also available through Project MUSE, a database of journals put together by a consortium of university presses led by Johns Hopkins University Press. The online subscriptions are priced at US\$32.00 per year for a single title subscription. For further details, please go to Project MUSE website at <http://muse.jhu.edu>

For hardcopy joint online/hardcopy subscriptions, please email supbooks@nus.edu.sg. For editorial matters, the email is cij@nus.edu.sg.

Some topics in the coming issue:

- Chinese Students’ Choice of Major Central-Local Relations
- Chinese Currency and Global Rebalancing
- China’s Private Consumption Behaviour
- Gender Wage Differences and Illicit Drug Use



China's Foreign Policy in the South China Sea under Xi: Resilient or Rudderless?

The Chinese leadership transition marks a significant change but will there be progress on disputes in the South China Sea?

ALISTAIR D B COOK

The month of March 2013 heralds the Xi Jinping era as the transition from President Hu Jintao to President Xi Jinping will be completed at the National People's Congress and the Chinese People's Consultative Conference. In the past few months, the Xi Team has begun to project Xi's image as a people's man through understated travel arrangements and basic meals. This gels well with the public who are disheartened by the raft of recent reports of corruption and exuberance they hear either through traditional or online media. During the transition period several statements and speeches suggested the overall direction President Xi would be taking. Undoubtedly, domestic stability will reign supreme for the new administration. That, coupled with a desire to connect with the public, also signals a change in approach from the Hu to Xi leadership.

While the overall thematic focus has centred on anti-corruption measures, there have also been speeches signalling the increasing importance of legislation. The modus operandi for this is to address corruption at all levels of government, with implications for the disputes in the South China Sea. The first was the announcement in December 2012 that legislation will be passed on natural resource exploration and economic development in Chinese territories in the South China Sea. Such a measure will develop its domestic legal regime around the disputed territories, contributing to its 'effective administration' in the South China Sea. While there is a shift to develop this body of domestic law, it will be part of a multi-pronged approach that will also focus on public trust. With Xi making an active effort to reconnect the leadership with the public, the continued use of the Chinese military to reassert its claims in the South China Sea will remain as an easy populist measure. In responding to perceived incursions or diplomatic disputes the People's Liberation Army Navy (PLAN) will also remain an active ingredient in the Chinese approach to the disputes in the South China Sea, as reflected in the recent entry of a Chinese naval fleet into the South China Sea for patrolling and training missions in early February 2013. The multi-pronged approach illustrates there is far more continuity than change in China's position.

The continuity of approach to the South China Sea has been met with a persistent tit-for-tat game between disputants. After China announced the development of domestic legislation, within a month the Philippines formally notified China that it was seeking international arbitration

at a special tribunal through the United Nations Convention on the Law of the Sea. While Chinese reservations to the Convention exist limiting its impact, alongside China's dominant rhetoric and push for bilateral negotiations between disputants, it is clear that all disputants are also documenting legal evidence as the ultimate avenue for conflict resolution. This was most notable in January 2013 when on the side-lines of the sixth Tribuna España-Filipinas, a high-level dialogue between Spain and the Philippines, Spanish Ambassador to Manila Jorge Domecq said Spain was willing to turn over to the Philippines some 70 of the latter's historical maps. According to the report, these maps from 1734 identify disputed territories as part of the Philippines. In addition to domestic and international legal developments, stated military and strategic interest by external parties such as the US over the disputed territories provides for incremental policy developments with potential flashpoints remaining.

In September 2012 Xi Jinping sought to allay Southeast Asian fears by reaffirming China's commitment to peaceful dispute resolution. Concurrently by the end of 2012, ASEAN and Chinese officials had begun negotiations to move the Declaration on the Conduct of Parties in the South China Sea towards a more formal Code of Conduct to manage the disputes. Indeed after an uneasy period of disputes in both the South China Sea and East China Sea, and the subsequent leadership changes across the region, there is a renewed focus on building upon common interests rather than issues that divide them. Xi noted this in January as the "open, cooperative and win-win" development model yet

continued military exercises in the South China Sea stymies mutual trust. With the dawn of the Xi Jinping era, sustaining an agenda focused on common interests will face many challenges particularly if a strong avenue to systematically manage and focus on China's international credibility remains wanting. With the completion of the formal transition of power, Xi Jinping will need to focus on balancing domestic stability with China's international outlook, an unenviable task. However, with agenda setting already underway and policy discussions abound on the side-lines of the National People's Congress and the Chinese People's Consultative Conference, the building blocks and priorities of the Xi Jinping era will become apparent. ■

Alistair D B Cook is Visiting Research Fellow at EAI

... with agenda setting already underway and policy discussions about on the side-lines of the National People's Congress and the Chinese People's Consultative Conference, the building blocks and priorities of the Xi Jinping era will become apparent.

EAI's 15th Anniversary

PUBLIC FORUM • China's New Leadership and the World



From left: Guest-of-honour of the public forum, Mr Tharman Shanmugaratnam, Singapore's Deputy Prime Minister and Minister for Finance; the audience at the public forum; and the four distinguished panelists in the discussion

The East Asian Institute (EAI), National University of Singapore celebrated its 15th anniversary on 24 and 25 October 2012. The occasion was marked by a public forum, titled "China's New Leadership and the World" and an international conference, titled "China's 18th Party Congress: New Leaders, New Direction". Professor Saw Swee Hock and Lee Foundation were co-sponsors of the two events.

Singapore's Deputy Prime Minister (DPM) and Minister for Finance Tharman Shanmugaratnam presided at the public forum as guest-of-honour. EAI Director Professor Zheng Yongnian chaired the public forum featuring Professor Lawrence J Lau, Ambassador Wu Jianmin and Professor Lowell Dittmer in the panel of distinguished scholars.

In his opening remarks, EAI Chairman Professor Wang Gungwu traced the genesis of EAI to its predecessors—the Institute of East Asian Philosophies (IEAP) set up in 1983 and the Institute of East Asian Political Economy (IEAPE)—which were the brainchildren of Singapore's former Deputy Prime Minister, the late Dr Goh Keng Swee.

On China's development in the last two decades, Professor Wang noted that the CPC's leadership succession is more institutionalised and regularised now, and that political reform has already occurred on a graduated scale in tandem with economic reform. He stressed that both economic and political reform should be given equal emphasis against China's changing social landscape.

In his keynote address, DPM Tharman highlighted that the world is now more dependent on China to strengthen the complementarity of economy between regions and in preserving a stable international economic and monetary order, and as an important source of demand and investment,

DPM Tharman added that China is approaching the Lewinian's turning point much earlier than that of Japan, South Korea and Taiwan. This is unique as China is still considered a developing country. Thus, greater emphasis is placed on efficiency and productivity, and presenting tremendous scope and potential for China to catch up.

At the start of the public forum, Professor Lawrence J Lau, chairman of CIC International (Hong Kong), explained the

fundamentals of China's economy, which are characterised by a high savings rate averaging about 40% of the gross domestic product, substantial surplus labour, higher-educated workforce and widening income inequality.

Since the 1994 tax reform, the central government has become affluent with large rising surpluses whereas the local governments are starved of resources. Fiscal intervention between the central government and provincial governments is therefore critical.

Other key challenges to address include liberalisation of the financial sector, market regulation to mitigate monopolisation, and prevention of corruption, especially at the local level. With a rapidly ageing and declining population, China needs to take stock of its one-child policy, increase retirement age and reexamine its pension system.

On the diplomatic front, China's veteran diplomat Ambassador Wu Jianmin identified both international and domestic issues that the new leadership will face—the China-US relations, China's relations with its neighbours, and rising nationalism and populism. Ambassador Wu highlighted that Xi Jinping's visit to the US in early 2012 perpetuated the tone of diplomacy set out by Deng Xiaoping—that is, China will not seek hegemony, expansion and develop military alliances with other powers.

Professor Lowell Dittmer, professor of political science at the University of California at Berkeley, opined that China's remarkable achievements were a result of institutionalised national learning process. He gave a concise description of China's politics through the eras of Mao Zedong, Deng Xiaoping, Jiang Zemin and Hu Jintao. The Mao's era was characterised as revolutionary, for which its foreign policy was also modelled after. Deng, on the other hand, rejected the revolutionary model, advocated marketisation of its economy and learned from the Singapore experience.

The question-and-answer session brought out a variety of questions ranging from China's stance in the South China Sea and Diaoyu islands territorial disputes, accusation of China as a currency manipulator, China's resource tax reform and the Trans Pacific Partnership, etc. ■

EAI INTERNATIONAL CONFERENCE • China's 18th Party Congress: New Leaders, New Direction



Professor Wang Gungwu giving his opening remarks (left) and panelists at the conference

The four “*wei*”—*weixin*, *weifa*, *weiquan* and *weiben*—are keywords from which East Asian Institute (EAI) Chairman Professor Wang Gungwu crystallised his thoughts at the Institute’s international conference co-sponsored by Professor Saw Swee Hock and Lee Foundation on the direction that the Chinese leadership has undertaken since China’s opening up. It was a timely discourse coinciding with China’s transition to a new leadership which took place on 8 November 2012 at the 18th National Congress of the Communist Party of China (CPC) when a younger top leadership led by Xi Jinping assumed the reins of power.

Delivering his opening remarks at the conference in commemoration of EAI’s 15th anniversary, Professor Wang described the road of reform that Deng Xiaoping, in 1978, led and galvanised the entire Chinese population into action and progress as *weixin*. Deng’s famous *Nanxun*, was a major step forward for China to embark on an all-out rapid development of scientific and technological progress, also known as *weifa*. The impact of the *Nanxun* legacy was impressive, leading to China’s tremendous economic success. That said, the Chinese people equated *weifa* with “getting rich quickly”, and the objective of *weifa* became muddled and the direction less clear-cut at the later stage.

In the 1990s, the Chinese government raised public awareness of the need for greater respect for the law and human rights, an aspect which China came under international pressure. The greater emphasis on and respect for law hence lifted people’s hope and expectation of the different rights protected by law, such as legal rights, human rights, workers’ rights and property rights, etc. *Weiquan*, the social movement for defending civil rights, emerged subsequently but its weak emergence did not replace *weifa* between the late 1990s and the first decade of the 2000s. By around 2007, the Chinese public security and judiciary authorities became wary of the dire consequences that this social movement would have on the party legitimacy and hence, took draconian measures to discourage *weiquan*. *Weiben*, or stability maintenance, was therefore implemented to substitute *weiquan*.

The US “return” to Asia and its pivot in the region in recent years have attracted major attention. With relative decline in the US economy, China’s clout as an economic superpower increases, given its economic impact and contribution to Asia

and the world. The Americans are aware of their diminished economic strength and the need to bolster their strategic interests in the Asia-Pacific region. To this, Professor Wang commented that the US has every right to protect its strategic position in the region but the tone and language it adopts gearing towards military terms is detrimental and will not help the region’s future direction.

In view of the continuation of US military presence in the Asia-Pacific region, Professor Wang said that the major challenge for next generations of leaders, both China and the US, is about working out the two country’s imbalance in economic and military emphases to avoid further misunderstanding.

Professor Zheng Yongnian’s concluding remarks at the close of the two-day conference touched on Professor Wang’s four “*wei*” analogies, Professor Zheng envisioned that China would and should return to *weixin*, taking the path of reform in the imminent future. The past decade had seen little of the CPC making effective changes to the country. To prove that it is a party that indeed takes action instead of empty talk, induction of new blood into the CPC is necessary to bring about fresh ideas and changes.

Professor Zheng remarked that the establishment of EAI in 1997, 15 years ago, coincided with several major events in China that year—Jiang’s second term, the passing of Deng, and the handover of Hong Kong to China. On this note, as he recounted EAI’s celebrations of its fifth, 10th and 15th anniversaries with conference themes aligned with China’s major milestones and leadership handover, Professor Zheng is hopeful that EAI will continue to value-add to the analysis and study of East Asia and China for the academic and intellectual community as well as the region at large.

Other topics discussed at the conference included the CPC and political change, sustainable economic growth, China’s external environment, social policies and management, and reform. Speakers came from as far as the US (Professor Barry Naughton, Professor Lowell Dittmer and Professor Tang Wenfang), Canada (Professor Ake G Blomqvist), Australia (Professor You Ji), China (Professor Peng Xizhe, Professor Wang Rong, Professor Ngok Kinglun and Professor Albert Park) to name just a few. ■

continued from page 1

Communist Party of China: Intra-Party Democracy and Growing Pluralism

the demand for intra-party democracy has also increased, leading the ruling party to emphasise the importance of intra-party democracy and search for manifold inner-party democracy in recent years.

The effectiveness of such internal pluralist openness is no less than that of any other system. Recently, the Chinese regime has been equated with regimes in the Arabic world after the rise of the Jasmine Revolution in the Middle East and North Africa. While these regimes in general can be categorised as authoritarianism, they are quite different in terms of their internal structure. The Arabic world basically has no external or internal pluralism; most regimes are closed, with one family (monarchy) or a few families chronically monopolising political power and dominating the country. The rule of the CPC is not based on a political family. It is a mass party with highly diversified interests.

More importantly, because of the age limit (i.e. all leaders should retire from their position once they reach retirement age), the speed of elite succession at all levels is incomparable to any other systems, including democracy. Although for outside observers the retirement system based on age is unreasonable, it did have various positive political outcomes. Such a system of power succession has two advantages for China. First, it avoids personal dictatorship which prevailed from Mao Zedong to Deng Xiaoping. One contributing factor is “intra-party democracy” or intra-party collective leadership system engendered by internal pluralism. The other factor is the fixed-term appointment system or term limit. Now in general, leaders including the General Secretary of the CPC, the President of State, Premier and other important positions are allowed to serve at most two terms in office, i.e. 10 years. Obviously, the term limit is an effective institutional constraint on personal dictatorship.

China’s political system allows politics to refresh itself at an extremely fast pace and can thus effectively reflect generational changes and changes of interests. Besides strengthening the dominant position of the CPC, intra-party democracy has another important task, namely, to maintain the openness of the whole social system. As the American economist Mancur Olson verifies, even in Western multi-party democracies, the behaviour of individuals and firms in stable societies leads to the formation of dense networks of collusive, cartelistic and lobbying organisations that make economies less efficient and dynamic and politics less governable. The longer a society goes without an upheaval, the more powerful such organisations become. China’s experience of reform and opening up has shown that maintaining the openness of the system and having an open political party could become an effective way to overcoming vested interests. ■

Chen Gang is Research Fellow at EAI

continued from page 3

Whither China’s National Development and Reform Commission?

As the only central agency that can reach a broad range of social and economic issue areas, the NDRC had been used by Premier Wen as a handy policy tool.

The ascendance of the NDRC highlights the underlying reality of the Chinese political economy: it is a unique market economy in which state actors are dominant players. Given this reality, the NDRC is indispensable to controlling these statist market players to keep the economic engine from running out of control. As long as this reality persists, reforming the NDRC is doomed.

Furthermore, increasingly bogged down in micro-economic and social issues, the NDRC has neither the time nor the incentive and the manpower nor adequate authority to effectively address reform issues. It is a mistake to assign the reform role to the NDRC, vesting it with only a bureau level unit. With the renewed emphasis on reform by the new leadership, perhaps a super-agency in charge of comprehensive reforms is called for provided the leaders have a clue where to go from there. ■

Lance L P Gore is Visiting Senior Research Fellow at EAI

continued from page 7

China’s New Provincial Party Leaders

secretaries, 14 (45.2%) are former youth league cadres, while 24 deputy secretaries have youth league work experiences. Ten of them are chief government leaders. Nine provincial units are prominent in youth league cadres. Guangdong, Shandong, and Guizhou have seven party leaders with youth league background, while Anhui, Hainan, Hebei, Inner Mongolia, Jilin and Xinjiang have six party leaders with youth league background. In Inner Mongolia, Guangdong, and Guizhou, both the party secretary and the governor (or the chairman) have worked in youth league organisations previously.

RECENT TRANSFERS

China’s provincial party leadership has gone through a major reshuffle after the 18th National Congress of the Chinese Communist Party, affecting 10 provincial units. Shanghai, Tianjin, Chongqing and Guangdong have new party bosses who are new Politburo members. Following a usual pattern of political mobility, a large number of provincial governors have been promoted to provincial party secretaries either in their original provinces or elsewhere. These new provincial party leaders and their colleagues will have to tackle various political, social and economic issues of their localities. ■

Bo Zhiyue is Senior Research Fellow at EAI

Some Highlights at EAI



Above: Professor Wang Gungwu (left) and Professor Zheng Yongnian at the book launch of "Wang Gungwu: Educator and Scholar" in November 2012



Above: At the forum on "East Asia Outlook 2013" in January 2013.

Below: Some of the panelists at the China-Singapore Forum in November 2012



Below: EAI scholars in meetings with overseas delegates



JOINT WORKSHOP

FEDERALISM IN CHINA AND INDIA

Jointly organised by
Institute of South Asian Studies and
East Asian Institute

AUGUST 2013
Singapore



INTERNATIONAL CONFERENCE

URBANISATION IN CHINA: CHALLENGES AND PROSPECTS

Organised by
East Asian Institute

SEPTEMBER 2013
Singapore



INTERNATIONAL SYMPOSIUM

JUDICIAL REFORM AND POLITICAL DEVELOPMENT IN CHINA

Jointly organised by
Centre for Asian Legal Studies,
Faculty of Law, National University of
Singapore, and
East Asian Institute

NOVEMBER 2013
Singapore

FOR CONFERENCE DETAILS, CONTACT

JAMES TAN

TEL: (65) 6779 1037

EMAIL: EAITANJ@NUS.EDU.SG