

东亚研究所通讯

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Western System Versus Chinese System

Western dominance over the last four centuries has primarily depended on the widespread belief in the "superiority" of the way the West organises the economy, polity and society. There have been attempts to challenge the legitimacy of the Western system, with the Soviet system being a most recent one. However, without exception, alternative systems have all failed.

PAN WEI

To many, the collapse of the Soviet system in the early 1990s meant the "end of history", or the end of the possibility of a non-Western system. This sentiment, however, changed in the new millennium with the rise of China. The question is how to fit a rising China into the Western system. Outside China, some see China as a learner, follower and imitator of the Western system, while others view China as a threat and a challenger.

Within China, there is a growing belief that China is not converging with the West and there is a distinct Chinese system.

Socially, the network of communities and work units is organically connected and overlapping with the vertical and horizontal networks of bureaucracy. This is in sharp contrast to the West, where independent and self-organised civil societies contend for resources through partisan politics.

Politically, a unified and neutral governing group under the principle of meritocracy leads a *Minben* democracy (*Minbenism*: the only reason for the existence of a government is to serve the welfare and maintain the harmony of the entire society (or it will be rightly overthrown), with a division-of-labour mechanism to prevent and correct mistakes. In the West, an electoral democracy of contending parties forms a balance of power under the principle of majority, with an independent judiciary to prevent instability.

Economically, the Chinese system features a guided market economy with two functionally differentiated sectors, a state sector and a private sector, which are mutually supportive to avoid market failures. In the West, it is essentially a market economy of free enterprises.

Unlike the missionary and aggressive Soviet system, the Chinese system is particularistic, non-missionary, absorbing and defensive. It also proclaims itself as a parallel instead of an alternative to the Western system. Nevertheless, the Chinese system does challenge the latter's exclusive legitimacy. The expectation that the size of the Chinese economy will overtake that of the US economy in 20 years poses much less threat to the West than the prospect of the Chinese system becoming a legitimate parallel to the Western system.

In this nuclear age where a decisive military defeat is impossible, the two systems engage each other in two main frontlines. The first is economic engagement, in which the "guided market economy" is growing rapidly, heading towards the largest economic entity in the world. The second and more imperative is ideational engagement. The two sides engage with conflicting aspirations: the West tries to

China Planning for Post-Global Financial Crisis

The Chinese economy did remarkably well in 2009. With all-out efforts to ensure an eight percent GDP growth amidst the worst global economic crisis in decades, the Chinese economy grew 8.7 percent.

Into 2010, while recovery remains the top concern of many governments, the Chinese government is looking beyond this to focus its attention on longer-term issues.

China's plan for the future is two-fold. On the economic front, the focus is shifting from a push for growth to ensuring high quality growth by changing the current growth mode. Relying too much on investment and export, and factor inputs, China's high growth comes with high costs, in the form of increasing trade disputes, excessive foreign reserves, high energy consumption and growing environmental problems.

Chinese leaders have come to see this growth mode as unbalanced and unsustainable. The post-crisis world would make this growth mode even more difficult to sustain. The mounting pressure on Chinese currency appreciation is but one reminder that after the current economic crisis, the world would be different. China has to adapt to the changed environment, just as the world has to adapt to a rising China. As in the past, China is likely to act cautiously not to lose competitiveness in the process of adjustment.

On the social front, improving people's livelihood has been a catch-phrase in recent government documents. It is a response to the strains and stresses produced by China's uneven and unequal growth. As an

ongoing project to improve people's livelihood, a series of initiatives have been formulated to help the poor and the disadvantaged and to build a well-off society by 2020 that features less income inequality, less regional disparity, more social justice and better protection of the disadvantaged.

It is increasingly clear that the two fronts are closely interrelated: improving people's livelihood can help expand domestic consumption and thus facilitate economic restructuring, while sustained economic growth creates favourable conditions to improve people's livelihood. Articles in this issue of the EAI Bulletin will help to shed light on various aspects of the two adjustments. Undoubtedly, how well China adjusts not only matters for its own citizens, but also has important implications for the world. ■



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Possible Answers to China's Currency Dilemma

China's refusal to appreciate its currency has caused tensions in China-US relations of late. It has been labelled as a currency manipulator by US lawmakers. Will it spark a trade war as a result? What are the possible outcomes if China is to appreciate its currency? Read on ...

YANG MU

The currency debate between China and the US has taken a critical turn. A group of 130 US lawmakers sent a letter to the White House on 16 March 2010 urging it to use "all available resources" to seek an end to "China's currency manipulation". In all appearance, it looks like the prologue of a trade war.

China faces a dilemma: change the currency policy and face possible domestic economic problems like Japan's in the 1980s and 1990s after the Japanese yen appreciated, or continue its 20-month-US dollar peg and prepare for a trade war and a sharp fall in its export.

The US administration has made its point clear. American Ambassador Jon Huntsman told Tsinghua students in Beijing: "I would be misleading you if I left you with the impression that this wasn't a very, very important issue in the US, and will continue to be. We'll see how the next few weeks play out."

The move to force *renminbi's* appreciation could easily win popular political support in the US with its 10% unemployment rate and China enjoying 10 percent economic growth. American multinational corporations have pressured the US Senate to impose punitive measures on China.

The issue is apparently not only with the US. India and some other emerging countries have also asked China to appreciate the *renminbi*. Corporations in New Zealand, Mexico, Vietnam and other countries are worried about the competitiveness of China's exports. Indonesia, Malaysia, Thailand and the Philippines have expressed reservations about CAFTA (China-Asean Free Trade Agreement), fearing that tariff cuts on Chinese products would leave their domestic products defenceless. Globally, more voices are sharing the American position.

The argument that the US is dependent on China for its cheap goods may also not stand true. China is not the only one registering remarkable growth rates. Brazil, Russia, India and Africa were developing fast too, with a total GDP of US\$5.7 trillion in 2008, while that of China was US\$3.9 trillion in 2008. There are potential suppliers who can replace China's present position. For example, over the coming years the Indian economy may play a more important role in South East Asia, as more ASEAN member economies are beginning to feel that trade deficits with China have been too large.

A low-profile, pro-business and aggressive set of policies has won for China 30 years of prosperity. Without the continuous growth in export and import China could not maintain its position as the world's manufacturing base and create enough jobs for its people.

On this understanding, China sent an envoy to Washington to try to ease the trade friction, urging US legislators not to

China faces a dilemma: change the currency policy and face possible domestic economic problems like Japan's in the 1980s and 1990s after the Japanese yen appreciated, or continue its 20-month-US dollar peg and prepare for a trade war and a sharp fall in its export.

politicise the row. Considering Japan's policy mistake in the Plaza Accord of 1985, a possible concession China would make is to allow *renminbi* to appreciate step by step through daily fluctuations.

However, currency appreciation might cause China's export to fall and lead to job losses. In response, China is already conducting stress tests (*yuan* tests) at more than 1,000 firms in 12 industries. Some analysts say the *yuan* may start to rise in this second quarter and gain as much as five per cent by the end of this year. Based on the experiences between 2005 and 2008, China not only did not suffer any slowdown in its two-digit export growth but even register an annual currency appreciation of five percent.

Another concern of China is the possibility of attracting short-term hot money. To overcome this, some scholars of the Chinese Academy of Social Sciences suggested a policy of gradual appreciation of the *yuan* but with up- and down-side fluctuations in line with market forces.

China could also draw on the experiences of Brazil whose economy had not encountered disruptions with the biggest inflow of hot money in the world last year. China, with its capital control and \$2.4 trillion foreign currency reserves, is in a much stronger position than Brazil to deal with any challenges arising thereof. China could always make use of market mechanisms to deal with the hot money, a move which is in line with its ambition to internationalise *renminbi* in the future. ■

Yang Mu is Co-ordinator, China Cooperation Programme at EAI

China's Economic Restructuring Matters to the World Economy

China will transform its current growth pattern and explores a new development model. This would help correct the imbalances in the global economic systems.

ZHAO HONG

China will adjust its current growth pattern and explore a new development model in the post-crisis era. This is the main theme of this year's National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC) annual sessions.

In spite of China's remarkable economic performance in 2009, it has serious structural problems. China's basic growth patterns are still heavily dependent on investment and exports. In other words, 2009's increase in GDP was mainly generated by the rise in domestic investment and net export.

In 2009, domestic investment grew at a hefty rate of over 30% compared to that of 2008. Both Shanghai's and Guangzhou's construction sectors are in full swing in preparation for the Expo and the Asian Games respectively. Many other major cities in China are rapidly expanding their urban facilities like building new subways and highways. Is China over-investing in too many mega-projects, which can be wasteful or having low capacity utilisation? Many large projects are clearly not appropriate for the conventional cost-benefit analysis but China, being a large and rapidly growing economy, would be able to absorb such inefficiencies and externalities in the long run.

In general, the Chinese economy's dependence on trade is considered quite substantial as its exports amount to about 30% of its GDP. China has continued to incur trade deficits with its neighbouring economies in Asia, which are exporting intermediate goods and raw materials to China's vast domestic markets. China turns around by running a huge trade surplus with the EU and US. Such trading patterns are further reinforced by the existence of numerous global and regional production networks and supply chains that are based in China. Today, China is the world's largest exporter and its trade surplus is among the highest ever as a share of global gross domestic product. This also limits its ability to respond to domestic contractions.

By comparison, the consumption component of growth for 2009 grew at about 15%, which still lagged very much behind investment and exports despite the government's various incentives to stimulate larger consumption demand by giving subsidies to rural households to purchase home appliances and incentives for urban people to buy cars. Domestic consumption is still a weak link in China's economic growth.

In short, China's economy remains largely growth biased and investment biased as there are too many institutional and economic constraints to expanding domestic consumption. The widening income inequalities and income distribution

mechanism are certainly not conducive to the government's policy of promoting greater consumer spending. In China, the share of "wages and salaries" accounts for only 42% of national income, compared to 55% for the developed countries. Furthermore, households, state corporations and government together put aside almost 50% of China's GDP as savings. Thus how can the government effectively expand domestic consumption?

Economic restructuring has to be a long-term strategy. Some western economists and commentators have continued to urge Chinese policy makers to rebalance China's economic growth patterns, which are crucial to global macroeconomic rebalancing efforts.

Evidently, the structural problems have aroused much attention from the Chinese leadership this year. In his government work report to the NPC this March, Chinese Premier Wen Jiabao said China would focus on "transforming economic growth pattern and adjusting the economic structure" in its economic policies in 2010. He also stressed that China will work hard to adjust industrial structures and develop low-carbon technology as well as new and renewable energy resources to actively respond to climate change.

The need to explore a new development model was also raised by Chinese Vice Premier Li Keqiang in his keynote address to the annual World Economic Forum held at the Swiss ski resort this January. He said that "China will transform its current growth pattern and explore a new development model in the post-crisis era. As we stand at a new historical juncture, we must change the old way of inefficient growth and transform the current development model that is excessively reliant on investment and export".

All signs show that China will further intensify economic restructuring in 2010 to optimise growth pattern and lay a sound foundation for long-term development. China's efforts at economic restructuring and the changing of its economic development model would effectively increase its domestic expenditure and consumption, which in turn will lead to the expansion of imports in the long run. This would help correct the imbalances in global economic, financial and trade systems. Moreover, China's economic restructuring necessitates industrial upgrading and more exploration for clean energy, which would lead to considerable emission cut, and enhanced possibilities of achieving sustainable development of the global economy. ■

Zhao Hong is Visiting Senior Research Fellow at EAI

“GDPism” and People’s Livelihood in China

While social reform in China has proven to be promising, the history of post-1949 China shows that it is extremely difficult for the issue of people’s livelihood to be given top priority.

QI DONGTAO

People’s livelihood (*min sheng*) has increasingly become an important topic on the Chinese central government’s national agenda. At this year’s two sessions of 11th National People’s Congress (NPC) and 11th National Committee of Chinese People’s Consultative Committee (CPCC), the major issues of people’s livelihood, such as housing, education, healthcare and income distribution, have received extraordinary attention from both the central government’s annual report and participants’ discussions.

Some Chinese scholars applaud the coming of a new era of people’s livelihood and social reform in China. They believe that this new era will have extremely important implications for China’s sustainable development in the long run.

First, solving various issues of people’s livelihood through social reforms will transform China from a risky development pattern of “rich state but poor people” (*guo fu min qiong*) to “storing wealth among the people” (*cang fu yu min*), which will stabilise and harmonise state-society relations.

Second, the significantly improved livelihood with higher income and better social welfare system for ordinary Chinese will greatly improve people’s consumption power and tendency, which will in turn help transform China’s economic development model from export-driven to domestic-consumption-driven.

Finally and as a result of the said changes, the stabilised state-society relation and sustainable economic development will enhance Chinese top leaders’ confidence in introducing more profound political reforms at various levels. Therefore, the era of social reform will be the necessary transitional period for China to move from its current economic reform to future political reform which will eventually establish the political safeguard for China’s sustainable development.

While the general direction of social reform seems very promising to both the Chinese government and ordinary people, China’s post-1949 history has shown that it is extremely difficult for the issue of people’s livelihood to become the government’s top priority. Furthermore, the issue of people’s livelihood has become more and more complicated in the past three decades, because “people” has turned into an increasingly divided and heterogeneous group.

During Mao years, the society was under the rigid control of the party-state’s planned economy. Chinese people’s livelihood was second to the improvement of national power. The widely accepted rationale underlying this sacrifice of ordinary Chinese’s livelihood was collectivism—national interests as collective interests had higher priority over an individual’s interests.

On the other hand, it was believed that a wealthy and powerful state would naturally lead to the improvement of individual’s well-being. Therefore, during Mao years, production, accumulation of national wealth and the development of military and heavy industries were far more important than consumption, distribution of national wealth and the development of light industry on the government’s agenda.

However, pre-reform history showed that although China’s military and economic power had been improved moderately, people’s livelihood was in severe difficulties. On the other hand, “people” under Mao was not homogenous. They were divided by the household registration system (*Hukou*) into two categories: peasants/rural residents and urban residents. Peasants’ livelihood was sacrificed even more for the state as compared to urban residents’.

The extreme difficulty of people’s livelihood was one of the major reasons for Deng Xiaoping’s reform and opening of China. It is fair to say that these reforms in the past three decades have significantly improved ordinary Chinese people’s livelihood. However, this does not necessarily mean that people’s livelihood has been the government’s top priority

in the post-Mao period. After the honeymoon period in the late 1970s and the early 1980s when most ordinary Chinese, especially peasants, and the state benefitted from the economic and political decentralisation, “GDPism” has dominated the Chinese governments’ agenda at both central and local levels.

GDPism is the belief that rapid GDP growth should always be the nation’s highest priority because it is the panacea for most national issues and the way to consolidate the government’s legitimacy. An implication of GDPism is that to maintain higher GDP growth rate it is acceptable to “temporarily” sacrifice some social groups’ well-being. This belief in rapid GDP growth actually shares the same rationale

GDPism is the belief that rapid GDP growth should always be the nation’s highest priority because it is the panacea for most national issues and the way to consolidate the government’s legitimacy.

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Guangdong's Economic Transformation and Housing Prices

Economic restructuring attracted the most attention from delegates during the two annual sessions (liang hui) of the 11th Guangdong People's Congress and 10th Guangdong People's Political Consultative Conference in January 2010.

YU HONG

The global economic crisis has badly affected Guangdong since 2008, as shown in the shutdown of thousands of export-oriented manufacturing factories and the loss of millions of migrant workers' jobs in the Pearl River Delta (PRD). This region is suffering greatly from the sharp fall in foreign trade and drastic slowdown in economic growth. It seems that Guangdong is becoming a victim of its past success and its over-dependence on foreign trade and low-cost workers has exposed the vulnerability of Guangdong's economy.

The PRD region has traditionally been more reliant on low-end processing and assembling activities which, rather than high-end advanced manufacturing, technological research and new product design, dominate industrial production and exports. Overall, the economy of the PRD region is widely known as the 'global manufacturing factory', especially for low value-added products. Whilst the export-oriented and low-end manufacturing industries have contributed greatly to Guangdong's fast economic growth in the past, this development model is no longer a winning formula.

Guangdong badly needs to change its economic development mode and focus more on manufacturing high-end and high value-added goods than those at the low-end of the spectrum which tend also to have high environmental pollution costs. The local government needs to fully recognise that future success can only be achieved through industrial upgrading and economic restructuring.

From the historical perspective, Guangdong was one of the first provinces in China to implement reform policies adopted by the central government to transform China's traditional planning economy to a modern market economy. This province has, indeed, been a reform pioneer and laboratory region in terms of economic development. Once again, the provincial government of Guangdong is seeking to take the initiative and act as a pioneer for national economic restructuring and transformation of economic development patterns for the next decade.

Currently, the provincial government of Guangdong is working hard to implement the double transformation strategy of industries and labour forces and to become a high value-added world manufacturing centre through technological upgrading.

Wang Yang, the Party Secretary of Guangdong, expounded the idea of "double transformation". The strategy was later endorsed by President Hu Jintao during his visit to Guangdong in December 2009 and the provincial government of Guangdong has announced various preferential policies, such as tax cuts and funds, to support technological

advances for the upgrading of low-end manufacturing industries located in Guangdong.

Nevertheless, serious labour shortages in the PRD following the Chinese New Year festival show that manufacturing firms are still heavily reliant on low-skilled and low-cost workers. Also, the disappointing progress of industrial and technological upgrading has been a setback to government efforts to modernise the economic structure. The global crisis has not led to the acceleration of Guangdong's economic restructuring and industrial upgrading as anticipated by its provincial leaders.

Despite the rallying speech on economic restructuring made by Wang Yang, local governments have made it their priority to maintain economic growth and secure jobs by saving low-end and labour-intensive manufacturing factories, instead of committing to developing high tech and value-added manufacturing sectors. It is important to understand that industrial restructuring in Guangdong is a very challenging task. The existing industrial structure and particularly the low value-added manufacturing enterprises that have benefited from past successes in the region tend to resist changes. The shortage of skilled human capital in the PRD is another main roadblock to economic advancement. For Guangdong, economic transformation will be a long drawn-out process.

The surging price of housing was another issue widely discussed during the two Guangdong sessions in 2010, as many Cantonese cities witnessed rocketing growth in housing prices in 2009. Renting a decent apartment, not to mention buying one, has become an affordability issue, especially to the young.

The popularity of the television drama "Snail House" (*wu ju*) televised in 2009 reflects people's deep concern and anger towards property developers and the failure of the government's housing policies. In fact, taking into account average house prices as a ratio of people's income, China has probably become the most expensive place to live in the world.

Ironically, Guangdong is likely to see a continuing rise in property prices this year as a result of the increase in middle class population and the significance of the real estate market to the local economy and government tax revenue. Pressure from lobbyists for property developers is likely to push the government to do whatever it can to support the property sector and stabilise housing prices. ■

Yu Hong is Visiting Research Fellow at EAI

China Making Progress in Environmental Protection and Energy Efficiency

Widespread environmental pollution has pushed the Chinese government to include “Conservation Culture” in its political report.

CHEN GANG

Serious environmental pollution, one of the major byproducts of China’s sizzling economy, has caught intensive attention from the Chinese government, citizens as well as international community.

With mounting environmental problems across the country, the ruling Chinese Communist Party (CCP) included the notion of “Conservation Culture” (*shengtai wenming*) in its political report for the first time as new content for “Building a Comprehensive Well-off Society” (*quanmian jianshe xiaokang shehui*). Environmental and resource cost to economic growth also topped all other problems and difficulties mentioned by CCP General Secretary Hu Jintao in his political report at the 17th Party Congress held in October 2007.

Since then, a number of new stringent policies and programmes, economic incentives and disincentives as well as institutional changes have been introduced to punish violators of environmental rules and encourage more environmentally friendly actions. Among them, one of the most effective policies is the use of green indices to measure local officials’ performances.

Since early 1990s, China’s officialdom has adopted GDP growth as a major indicator of the performances of administrative chiefs and a determinant of their future promotions. Meanwhile local officials are incentivised to promote pure economic growth as it is the source of local fiscal revenue increase.

In November 2007, however, the State Council released a circular that used green figures of per unit GDP energy consumption and major pollutants reduction to assess provincial officials’ performances. Under the new policy, for all provincial governments, the energy conservation and pollution reduction assessment results would be provided to the personnel department as an important basis for the comprehensive assessment of the leading group and leading officials of the government. The accountability system and one ballot veto system have been implemented. Officials who helmed provincial governments which failed to meet these targets shall not be eligible to take part in the annual award competition, or to receive any honorary title.

A series of stringent measures taken by the Chinese government to tackle the environmental problems have shown some effect. From 2006 to 2008, the first three years of the 11th Five-Year Plan, some leading indicators of environmental protection and energy efficiency improved significantly. During the three years, China’s two major pollutants, SO₂ and COD (chemical oxygen demand), respectively dropped 8.95% and 6.61%, and energy intensity

In the long run, energy scarcity could become a real bottleneck for China’s sustainable development due to its increasing dependency upon imported oil and lower-than-average per-capita energy resources.

decreased by 10.1%. These figures were not very far from meeting the ambitious requirement set by China’s 11th Five-Year Plan (2006-2010), which demanded a 20% drop of energy consumption per unit GDP and 10% reduction of major pollutants in five years. Environmental figures in 2008 were especially good, showing some substantive improvement. In 2008 alone, China witnessed 5.95% reduction in SO₂, 4.42% in COD, and 4.59% reduction in per unit GDP energy consumption. In 2008, 71.6% of Chinese cities met China’s grade II air quality (no harm to human health) standard, and 21 cities attained the grade I standard. Five years ago, only about 60% of Chinese cities met this grade II standard.

To improve its image in global climate politics before the Copenhagen Climate Summit, China, for the first time, declared that it was targeting a hefty 40-45% cut in carbon intensity, the amount of carbon dioxide emitted per dollar of GDP, by 2020. China’s new carbon-intensity pledge is closely related to its long-term ambition of reducing energy intensity, improving energy efficiency and restructuring its industries. Energy intensity, referring to energy consumption per unit of GDP, is positively correlated to the variation of carbon intensity. Changes in energy intensity can arise from technological changes as well as through structural changes in the economy, e.g., a move from heavy industry to a service economy. The relationship between economic growth and energy utilisation matters greatly not only from an emissions perspective, but from an energy security perspective as well. In the long run, energy scarcity could become a real bottleneck for China’s sustainable development due to its increasing dependency upon imported oil and lower-than-average per-capita energy resources. About half of China’s

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Recent Staff Publications

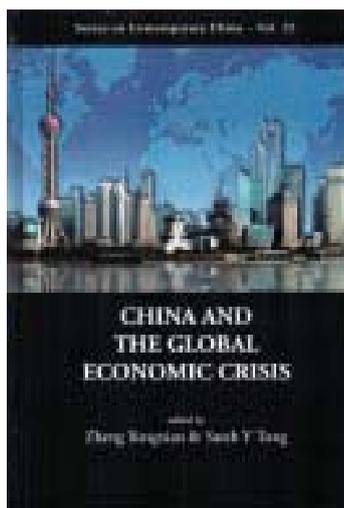
Books

China and the Global Economic Crisis

Editors: **Zheng Yongnian and Sarah Y Tong**

Publisher: **World Scientific Publishing**

Year of Publication: **2010**



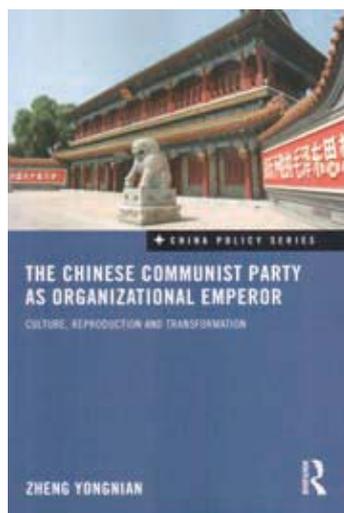
The current global financial turmoil, triggered by the US subprime crisis, has spread quickly and resulted in the worst global economic crisis since the 1930s. As the world's third largest economy and the second largest trading nation, China is inevitably affected seriously. How China responds to the crisis and how effective its measures are in sustaining a healthy growth will have important implications, both domestically and internationally.

The Chinese Communist Party as Organizational Emperor

Author: **Zheng Yongnian**

Publisher: **Routledge**

Year of Publication: **2010**



With rapid socio-economic transformation, the Chinese Communist Party (CCP) has itself experienced drastic changes. The author argues that while the concept of 'political party' in China was imported, the CCP is a Chinese cultural product: an organisational emperor wielding its power in a similar way to the Chinese emperor of the past. Using social and political theory, this book examines the CCP's transformation

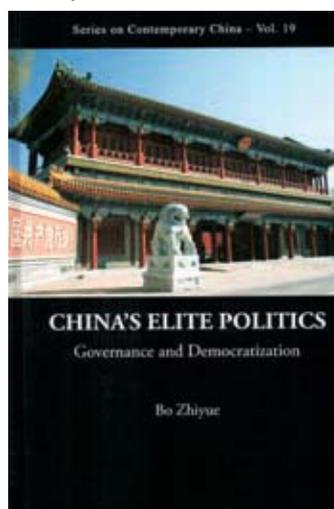
in the reform era, and how it is now struggling to maintain the continuing domination of its imperial power. The author argues that the CCP has managed these changes as a proactive player throughout.

China's Elite Politics: Governance and Democratization

Author: **Bo Zhiyue**

Publisher: **World Scientific Publishing**

Year of Publication: **2010**



A sequel to the author's trailblazer (*China's Elite Politics: Political Transition and Power Balancing*), this book tackles the issue of governance in China. It provides up-to-date information on China's political elites and evaluates their ability to deal with crises through four case studies: the Tibet issue, the Taiwan issue, the Sichuan Earthquake, and the Beijing 2008 Olympic Games.

Along with *China's Elite Politics: Political Transition and Power Balancing*, this book provides rich empirical information on and insightful theoretical understanding of national-level politics in China and serves as a good reference source for students of Chinese politics.

The China Model

Author: **Zheng Yongnian**

Publisher: **Zhejiang Publishing United Group**

Year of Publication: **2010**



The China Model has recently become a buzz word among mainstream media and academic communities. As a leading expert and veteran observer on China, the author offers in this book an objective thematic assessment of the experiences and dilemmas of the Chinese model of development. Much of the discussion centres on important issues underlying the dynamics of China's social, economic and political development

in the reform era. Based on careful analyses of the successful stories and the problems facing the China model, the author puts forward the principle of further openness to society and liberalisation of the mind as the way ahead for China's future development.

As Book Chapters

"One Country, Two Cultures: An Alternative View of Hong Kong" In Elizabeth Sinn, Wong Siu-lun and Chan Wing-hoi (eds.), *Rethinking Hong Kong: New Paradigms, New Perspectives*. Hong Kong: Centre of Asian Studies, University of Hong Kong, 2009, pp. 1-24

By Wang Gungwu

In Journals

"Chinese History Paradigms", *Asian Ethnicity*, vol. 10, no. 3, October 2009, pp. 201-216.

By Wang Gungwu

"Why privatize or why not? Empirical evidence from China's SOEs reform", *China Economic Review*, 20 (3): 402-413, September 2009.

By Sarah Y Tong

"Market Segmentation and the Location of Production Activities", *Comparative Economic Studies* 51 (3): 302-322, September 2009.

By Sarah Y Tong (with Haoming Liu)

"Are US-China Relations Destined to be Conflictual?", Papers, Essays and Reviews, *Yonsei Graduate Journal of International Studies*, Vol.1, Season 2, Fall/Winter 2009, (Seoul: Yonsei University Press), pp. 105-114.

By Courtney Fu Rong

Book Reviews

Women's Movements in Twentieth-Century Taiwan, by Doris T. Chang, (Urbana and Chicago: University of Illinois Press, 2009), in *Woman's Studies International Forum*, Elsevier Publisher, 2 February, 2010.

By Yang Lijun

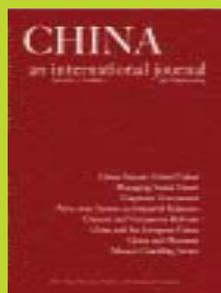
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Some topics in the next issue:

- Rural Migrants
- China's Administrative Monopoly
- Chinese Way of Democratisation
- Environmental Policy Priorities



ON THE MOVE

After more than two decades of service with the East Asian Institute, Professor John Wong has decided to retire from his position of Research Director with effect from 1 January 2010. The Institute was previously known as the Institute of East Asian Political Economy (IEAPE), Singapore (1990-96) and under the good leadership of Dr Goh Keng Swee, then Chairman and Singapore's former Deputy Prime Minister and Defence Minister. Professor Wong was then the Director of IEAPE.

Of Professor Wong's contributions to the Institute, Minister Mentor Lee Kuan Yew has this to say: "You have done well at EAI and laid a firm foundation for its growth. You can still make a contribution to scholarship on China's development. Hope your experience will not be unused."

Professor Wong's contributions have also not gone unnoticed at NUS. NUS President, Professor Tan Chorh Chuan and Deputy President and Provost, Professor Tan Eng Chye, have also conveyed their appreciation.

The Institute would also like to express its deepest appreciation to Professor Wong for his unceasing efforts in building what the EAI is today. Although Professor Wong has stepped down as Research Director, the Institute is happy that he has agreed to continue to provide academic advice to the institute and serve at EAI in the capacity of a Professorial Fellow.

China's New Deal in Tibet

Following the violent riots in Tibet and Xinjiang, major adjustments to China's ethnic policies have been implemented. However, the effects of these adjustments have yet to be assessed.

SHAN WEI

Riot in Tibet in March 2008 and Xinjiang in July 2009 have called into question China's ethnic policies. Based on the system of regional autonomy for ethnic minorities, Beijing has promoted a series of preferential policies (of particular importance is economic development) for minority groups. Thousands of billions of dollars have been channelled to ethnic areas in the past two decades on the presumption that ethnic minorities with improving material conditions would eventually legitimise Beijing's rule in those areas.

This development-centred policy has made several achievements. Since the middle of the 1990s GDP in minority areas has grown more rapidly than the national average. In 2000 Beijing launched the western development programme and in 2005 a "flourishing borders and prosperous people" programme. These programmes subsequently gave ethnic regions an edge over the nation in growth. In the meantime, comparable medical services have been provided to minority areas. Electricity and drinking water have also been improved. To a large extent this policy turns out to be successful as most of the 55 ethnic groups in China seem contented and have apparently accepted the existing regime.

However, bloodshed in Tibet and Xinjiang revealed deep-rooted ethnic tensions and suggested that the economy-based policy might not work well in the two regions. Two major lines of criticism appear significant and empirically valid. One is about income distribution. Critics pointed out that although the Chinese government had spent a lot in ethnic regions to enhance local economy, the Han benefitted more than local minorities and have become much richer than their minority neighbours. Another criticism refers to Beijing's anti-religion policy. All kinds of constraints on religious activities have made Tibetans (Uyghurs as well), who are Buddhists, angry and resentful.

Under such circumstances, people have expected major policy adjustment in Beijing to tackle the post-riots ethnic issues in Tibet and Xinjiang. From 18 to 20 January 2010, the Chinese Communist Party held its 5th Tibet Work Conference in Beijing, almost nine years after the last conference. Chinese leaders kicked off new Tibet policies and new strategic plans in the area (a similar top-level conference on Xinjiang is scheduled later this year).

The importance of the conference was indicated by the attendee list: the Party's General Secretary and state president Hu Jintao; premier Wen Jiabao; vice president Xi Jinping, the vice president, and executive vice premier, Li Keqiang; and all other politburo members, as well as all the relevant cabinet ministers, provincial leaders, military leaders, and chiefs of the armed police. There were 332 persons in attendance and it was the largest among the five Tibet work conferences.

According to the official Xinhua Agency, conference participants have come to a consensus that the "major contradiction" in Tibet is between the increasing material demands of the people and the decreasing social productivity. A special contradiction is between "the people in Tibet" and the "Dalai Lama clique." Based on these two contradictions, the attendees believe that the focus of governmental endeavour in the Tibetan region is on economic development and political stability.

In the official conference statement the objective of development is clearly defined: Until 2015 the average net income of farmers and herdsmen in Tibet should be close to the national average, with basic public services significantly enhanced, ecological environment further improved, infrastructure projects considerably promoted, and the society more harmonious and stable.

As demonstrated in the previous Tibet work conferences, Chinese leaders still see the solution to the Tibet problem as one of "supplying creature comforts." They showed great confidence in dealing with the Tibet issue by economic development: If the region can develop fast enough, then Tibetans will accept Chinese rule and their dissatisfactions will disappear.

Xinhua reported that the Chinese government has invested US\$45.6 billion in Tibet since 2001. GDP in this provincial unit, approximately US\$6.4 billion in 2009, has increased 170 percent since 2000. Beijing has vowed to pour more money and aid into Tibet and other Tibetan populated areas in the next 10 years. The average income of Tibetan farmers and herders is expected to match the national level by 2020.

Yet three aspects are new compared to former conferences. First, ecological security, or environmental protection, is for the first time included in this top level meeting agenda. In 2006 the ambitious Qinghai-Tibet railway project received a lot of criticisms from the international society. One of the major criticisms was targeted at the environmental consequences

The new plan still ignores an important issue: religion. The official statement is largely unchanged: "guiding Tibetan Buddhism to match the socialist society." Control over religious activities will still be there.

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Finding a New Equilibrium in China-US Relations

Relations between China and the US seem to be settling to a new equilibrium. However, given inherent limits in their relations, China and the US are expected to continue to experience roller-coaster rides in their relations for a long time to come.

LYE LIANG FOOK

China-US relations began on a rather acrimonious note in 2010, a stark contrast to 2009 that emphasised partnerships and shared responsibilities. China is prepared to stand firm on its core interests and the US does not appear ready to change its usual way of handling issues considered core to China. Ties between the two big countries have swung from a high point to a low point. Yet, this readjustment in the relationship provides a more realistic basis for the two sides to move forward.

RECENT DISAGREEMENTS

Beginning 2010, a number of events have dampened relations. The US State Department and White House first took China to task in early January 2010 for a cyber attack on Google and other large corporations. Subsequently, China was berated by the US for refusing to support tougher action by the United Nations to curb Iran's nuclear ambitions. China barely flinched on these two counts. In particular, on the Google episode, China deftly avoided escalating tensions by responding through its foreign ministry spokesmen.

Then it was China's turn to talk tough. It reacted vehemently after the US Congress was notified in late January 2010 of an arms sale package worth US\$6.4 billion to Taiwan. Various key Chinese institutions (such as the Defense Ministry, the Foreign Ministry, the National People's Congress, the Chinese People's Political Consultative Conference and the Taiwan Affairs Office) have voiced strong objections and China even threatened economic sanctions for the first time.

The US further angered China when President Obama met Tibet's spiritual leader the Dalai Lama in February 2010 as an "internationally respected religious leader and spokesman for Tibetan rights". In an effort to show that this was a routine meeting, Obama met the Dalai Lama in the Map Room with limited press coverage of the event. Nevertheless, China has accused the US of seriously undermining political relations.

REASONS FOR CHINA'S VEHEMENT RESPONSE

There are several reasons for China's firm response. Foremost among them is China's perception that the US has trampled on its core interests. Last August, China's

State Councilor Dai Bingguo had said that for China-US relations to develop soundly, it was important for both sides to "mutually understand, respect and support each other, and to safeguard one's core interests". Taiwan and Tibet are part of China's core interests.

China's harsh response can also be attributed to the fact that the arms sale notification and meeting with the Dalai Lama have undermined the positive momentum in bilateral relations during the first year of Obama's administration. Beijing seemed to have very positive expectations of a new era in US-China relations, one where the two countries respect each other's core interests and work together for mutual benefit.

Another explanation for China's reactions is the US apparent disregard of China's enhanced international stature and the due respect that Beijing expects from this. Chinese leaders also cannot appear to be soft when its core interests are challenged. Given China's raised status and the growing national pride among Chinese within and outside China, its leaders are expected to be seen as being able to stand up to the US. Not doing so would erode their legitimacy in the eyes of the Chinese public.

The arms package, in particular, goes against the 1982 China-US communiqué where the US stated that it does not seek to carry out a "long-term policy of arms sales to Taiwan" and that it intends to "reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution". Instead of scaling down its arms sales to Taiwan gradually and over time, the Obama administration had done the exact opposite by announcing its first ever and biggest arms package.

GOING FORWARD

Beijing is likely to be more assertive in safeguarding its core interests. The US would be expected to be more sensitive to its concerns, particularly on matters which are core. Where necessary, Beijing may also impose punitive actions to show that it means business.

Most recently, Foreign Minister Yang Jiechi said on the sidelines of the National People's Congress in March 2010, that China is prepared to take a principled stand on issues that concern its sovereignty, security and development.

Indeed, Beijing's actual response over the arms sale notification and meeting with the Dalai Lama has been a calibrated one. While suspending exchanges of military personnel, China did not stop US warships from docking in Hong Kong in February 2010.

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China Making Progress in Environmental Protection and Energy Efficiency

oil consumption is imported, and the country has become a net coal and natural gas importer. The World Energy Outlook 2007 in its Reference Scenario expected China to overtake the United States in becoming the world's largest energy consumer soon after 2010. To better tap renewable energy and improve energy efficiency, China's parliament, the National People's Congress, passed the Renewable Energy Law in 2005, and amended the Law on Conserving Energy in 2007. China has planned to increase the proportion of renewables in primary energy consumption from seven percent in 2005 to 15% in 2020, substituting fossil energy by 400 million tons of coal equivalent and cutting carbon dioxide discharge by one billion tons and sulphur dioxide discharge by more than seven million tons. Renewable sources still account for only a very small portion of domestic power supply, mainly because of the high generation costs. The government itself has been giving large subsidies for cost sharing. China distributed two billion *yuan* (\$293 million) in subsidies for power generated by renewable energy sources in the second half of 2008. Despite aggressive measures to address climate change and other pollution problems, the government's "growth first" strategy remains unchanged, and it is unlikely that China in the near future will accept any legally binding carbon emission caps that may slow down its economy. ■

Chen Gang is Research Fellow at EAI

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China's New Deal in Tibet

of the project. This time Chinese leaders have demonstrated their concern for the environmental costs of modernising Tibet.

Second, the four neighbouring provinces with significant Tibet population, Sichuan, Yunnan, Gansu and Qinghai, have been included in the Tibet development plan for the first time. The four provinces are required to give priority to the development of the Tibetan-populated areas and ensure that people in these areas are not left behind in the pursuit of rapid economic growth. It is a big step forward for Beijing to seek co-coordinated development of the whole Tibetan-populated regions, making Tibet and its neighbouring regions more integrated politically and economically. Although Beijing refused to accept Dalai Lama's proposal of a "Greater Tibet", in this new plan, the government implicitly agreed with the idea that Tibetans in different provincial jurisdictions should develop as a whole.

The third new policy is the new focus of governmental financial transfer and aid. The previous development plans gave emphasis to infrastructure projects. These projects,

while setting a foundation for economic growth, were largely done by Han workers who tend to be more skillful than their local ethnic counterparts. It is hard for minorities to benefit directly from those projects. Some observers believe this is one of the major reasons for the Tibetans' anger at the modernisation brought by the Han. In the new plan, more central financial aid will go to improving social welfare and livelihood, and helping in agriculture and animal husbandry. If this policy is well enforced, Tibetans will be the beneficiaries, and their attitudes towards the government may change in Beijing's favour.

While there are such policy adjustments, their effects have yet to be assessed. The new plan still ignores an important issue: religion. The official statement is largely unchanged: "guiding Tibetan Buddhism to match the socialist society." Control over religious activities will still be there. There is also no new proposal to deal with the Dalai Lama. In the week right after the conference, there was a new round of negotiation between Beijing and Dalai Lama's envoy, albeit without much progress.

There are also challenges from the international society. About a month after the conference, US President Barack Obama met Dalai Lama. Beijing appeared very angry, but its actual response was quite moderate. The Tibet issue remains a major challenge to the Chinese government on the international stage. ■

Shan Wei is Research Fellow at EAI

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Finding a New Equilibrium in China-US Relations

However, he cautioned that this is not tantamount to a China bent on acting tough in terms of its foreign policy.

Indeed, Beijing's actual response over the arms sale notification and meeting with the Dalai Lama has been a calibrated one. While suspending exchanges of military personnel, China did not stop US warships from docking in Hong Kong in February 2010. It also hosted the visit by US Deputy Secretary of State James Steinberg and National Security Council Senior Director for Asian Affairs Jeffrey Bader to China in March 2010, where China reiterated its stand on Taiwan and Tibet.

Relations between China and the US seem to be settling to a new equilibrium. This may not necessarily be a bad outcome as it will provide a more realistic basis for the two countries to take stock and move on.

The prophetic words of Deng Xiaoping bear mentioning here. On China-US ties, Deng used to say that there are inherent limits to their better relations and also inherent limits to their bad relations. Hence, one can expect China and the US to continue to experience roller-coaster rides for a long time to come. ■

Lye Liang Fook is Research Fellow at EAI

《选举法》修订或将改变中国的政治生态

张录强

2010年3月14日，中国第十一届全国人大第三会议表决通过《中华人民共和国全国人民代表大会和地方各级人民代表大会选举法修正案》（简称《选举法修正案》）。这次修正案最大的亮点是首次在立法意义上实现了城乡人口的“同票同权”，也就是“城乡按相同人口比例选举人大代表”。这应该是中国政治生活中的重大事件，是中国走向公民平权的重要一步。

中国1953年的《选举法》规定，各省每80万人口选举1名全国人大代表，直辖市和人口在50万以上的省辖市每10万人选举1名代表。1979年《选举法》规定，农村每位全国人大代表代表的人口数八倍于城市代表，也就是每位农民享有八分之一城市居民选举权。1995年《选举法》修正案，把这一比例调整为四分之一。正是这些立法和制度歧视，至少在名义上，在国家最高权力机构（即：全国人大）的权力格局中，把占中国人口绝对多数的农民转变成了绝对少数。这在一定程度上可以帮助我们理解，为什么新中国成立60年来，农业、农村和农民始终处于弱势的地位？给予绝对多数的人口配置以绝对少数的权利，这是损害大多数人利益的政策得以延续的重要原因。

本次《选举法》修正案，首次在立法意义上实现了城乡居民享有同等的选举权。至少从名义上，把农民在中国政治权利格局中“绝对少数”的地位扭转过来，这或将改变中国的政治生态，开启了中国公民的平权之路，启动城乡二元社会向公民社会的根本转型。除同票同权外，本次《选举法》修订还在设置秘密写票处、候选人和选民见面等方面做出了细节改进，这些修正都具有积极的意义。

当然，对《选举法》修订的意义也不应过度解读。法律文本意义上的同票同权与现实政治生活中的同票同权毕竟还不是一回事。如何在现实政治生活中实现公民的选举权平等，对执政党依然是严峻的自我挑战。本次选举法修订对多年来呼声很高的问题并未做出回应。选举的实质是民主，没有民主的选举徒有形式。当前中国的形式民主在不断推进，而实质民主却仍然步履蹒跚。建议《选举法》再修订应从加强实质民主的角度，着力解决以下几个方面的问题：

(1) 改进候选人提名办法，保障公民的被选举权。按照修订后《选举法》，候选人提名依然基本被执政党垄断，客观上剥夺了绝大多数公民的被选举权，把许多热心公共事务的社会精英排挤在政治权利运作之外，明显缺乏包容性和代表性。

(2) 提高直选层级。当前以间接选举为主的选举方式，相当大程度扭曲了选民意志和政治人物的行为激励，恶化了政治生态。《选举法》再修订，应逐步提高人大代表的直选层级或扩大各级代表的直选比例。

(3) 减少对正常竞选活动的限制。按照修订后《选举法》，选举委员会应当安排选民与候选人见面；在现实操作中，拉票通常被党政部门视为破坏选举而严厉打击。这些规定或“惯例”明显为候选人与选民互动

设置障碍。在《选举法》再修订时，应明文禁止对正常选举活动的干扰。

(4) 强化人大代表的选民服务功能。选民服务几乎是各级人大代表的缺项。在《选举法》再修订时应明确各级人大代表的选民服务功能，加强代表与选民互动，使之真正了解选民和代表选民诉求，更好地承担“代议”和监督职能。

总而言之，本次《选举法》修订取得了一定的进步，但总体上还无法从制度上保障选举产生的人大代表能真正代表民意，各级人大在中国政治生态中的地位和作用，也暂时看不到因此发生根本改变的可能性。在中国现实政治环境条件下，选举法修订的象征意义大于实质意义。

张录强为山东理工大学经济学院教授（山东淄博），新加坡国立大学东亚研究所访问学者。

图1



图2



Western System Versus Chinese System

undermine the Chinese system and place China in the US-led global regime of hierarchy, while China strives for equality and independence in coexistence.

Revisiting the dazzling ideational engagement in the last three decades, it seems that the attempt to convert China has paradoxically strengthened China's ideational independence, the result of which is similar to the half-century Soviet-China ideational engagement.

The recent fervour of the "China Model" discussion within China suggests that a movement of cultural renaissance is in sight, wherein the support for the Chinese system is tremendous and a "Chinese school of thought" is emerging.

The idea in favour of a systemic Westernisation remains a significant one in China today, for it is a rapidly changing society troubled with many features of underdevelopment.

Its fascination may have been diminishing, however, as the Chinese system consolidates and the state feels safer, more confident, and become more tolerant and less oppressive.

There are four alternative scenarios of the West-China engagements in the future: (1) Launching an all-out ideational warfare against the Chinese system; (2) Erecting higher trade barriers against China's access to the world markets; (3) Continuously playing the status quo game in the old issue areas but with more emphasis on "international responsibilities" and "international standards" defined by the existing world system of hierarchy; and (4) Cooperating with China on a smooth transition from the hierarchical model of world dominance to the horizontal model of common wealth with refined new rules. What is going to happen might well be a mixture of the four.

The struggling engagement between the two systems will offer a very large space of manoeuvring for the countries around China. Even "Fourth World" countries like Myanmar might well take advantage of it and prosper. ■

Pan Wei is Professor, School of International Politics at Beijing University

"GDPism" and People's Livelihood in China

as the Mao government's belief in improving national power. For both governments, when necessary, social well-being, especially some disadvantaged groups' well-being, should be "temporarily" subordinated to a higher level and sacred national goal. In Mao years, this goal was the "stronger China", and in post-Mao years, it has been the rapid growth of GDP.

Following this belief, over 200 million peasant workers and 30 million SOE laid-off workers (ie, almost half of the SOE workers) became victims of GDPism. GDPism also commercialised national education, housing and healthcare systems, creating "three new mountainous burdens (*xin san zuo da shan*)" to every Chinese family. In addition, while the government's revenue as proportion of GDP has increased substantially, the Chinese people's income as proportion of GDP has decreased greatly in recent years.

The conflicts between GDPism and people's livelihood are avoidable in theory, but it has been extremely difficult for the Chinese government to balance the relations between the two. As Premier Wen Jiabao implicitly pointed out in this year's government report, GDPism is about how to make the pie bigger, and people's livelihood is about how to distribute this pie well.

Distribution of national wealth occurs at two levels: between the state and the society as a whole and among different interests groups within the society. As long as the government accumulates enough revenue, it is relatively easy for the government to provide more public goods for the society as a whole. But distributing wealth among

different interests groups in a society is never easy for any government.

This income distribution problem in China has become more and more complicated and difficult because the Chinese society has undergone profound division and stratification with domination of economically and politically powerful interests groups. These powerful groups, together with many local governments, are strong supporters of GDPism and suspicious of an income distribution system favouring ordinary Chinese.

Ironically, the Chinese government's increasing attention to people's livelihood in recent years is also due to GDPism. The worldwide financial crisis has frustrated China's GDPism by significantly reducing China's export. It has become a consensus in China that to sustain long term GDP growth, China's economic development model must change from export-driven to domestic-consumption-driven.

However, the Chinese government soon realised that its domestic consumption power is extremely weak either because ordinary Chinese do not have much money to spend, or because they want to save money to prepare for the "three new mountainous burdens" and other livelihood issues not covered by China's poor social welfare system. So it turned out that improving people's livelihood is a necessary way to promote domestic consumption, and in turn, sustain GDP growth.

The irony is that people's livelihood is still the instrument of GDPism, not the goal by itself, so it is highly possible that in the future the priority of people's livelihood would be played down again when GDPism supporters find more effective driving forces for GDP growth, such as increased export demand and government investment, or even the private investment and consumption of China's super rich. ■

Qi Dongtao is Visiting Research Fellow at EAI

EAI INTERNATIONAL CONFERENCE

Managing Economic Crisis in East Asia

Jointly organised by Saw Centre for Financial Studies, NUS Business School and East Asian Institute



The conference opened with Professor Yoshino Naoyuki's analysis of Japan's economic policies during its asset bubble in the late 1980s in relation to those of China, South Korea, and the United States. He posited that countries should embark on aggressive Keynesian fiscal policies comparable to the response to the Great Depression of the 1930s.

Professor Shin Jang-Sup followed with his study of Korea's foreign exchange crisis. Structural causes (capital market structure, import structure, and regulatory structure) and circumstantial causes (short-term foreign debts, one-sided hedging) had both resulted in the Korean government losing KRW6.3 trillion (US\$57 bn) in derivatives in 2008 in its foreign exchange market intervention. He suggested that Korea work towards fixing the chronic discrepancy between market foreign exchange rates and 'fundamentals' by coming up with a system that can align foreign exchange rates with the real needs of the economy.

Next, Professor Francis Lui pointed out that since Hong Kong had no central bank, employing monetary policies to deal with crises was not a viable option. The money supply is not dependent on the Hong Kong Monetary Authority but rather on foreign currency inflow. The Hong Kong government could inject money into and stabilise financial and banking institutions by buying up securities from these institutions.

Professor Shen Chung-Hua discussed the role of Taiwan small-to-medium enterprise guarantees as part of Taiwan's response to the financial crisis. He unveiled a "three-pillar" support policy in which the government provides full deposit insurance for banks and addresses their liquidity needs; banks in turn extend loan periods for enterprises and raise the guarantee coverage ratios for small-to-medium enterprises; and finally enterprises decrease layoffs and enforced no-pay leave for employees.

Associate Professor Chen Kang followed with a look at myths and realities in regard to the causes of the global financial crisis. He pointed out that the financial crisis is not a crisis of capitalism but a crisis of public ownership. Public ownership in large financial institutions presents a major challenge to laissez-faire capitalism, and crises are likely to recur if regulators cave in to pressure from financial lobbies.

Dr Zhang Yang presented Dr Zhang Ming's paper on the impact of the global financial crisis on China's foreign

exchange reserve on his behalf. China's huge foreign exchange reserve became a liability after the global financial crisis as the US government's rescue package potentially threatened to substantially lower the market value of US treasury bonds and depreciate the US dollar. Dr Zhang stresses that measures adopted by the Chinese government are not enough, and that China should also decrease foreign exchange reserve flow and speed up the necessary structural adjustments such as increasing household income, providing more social public goods, stimulating domestic consumption, etc.

Next, Assistant Professor Meijun Qian provided a comprehensive review of China's financial system and also explored the challenges and opportunities posed by the global financial crisis. She pointed out that even though the financial crisis had little direct impact on China's financial system because of its relatively closed nature, the indirect impact through the real economy sector is large.

Dr Sarah Tong closed the conference with an investigation of China's trade prospects in the wake of the financial crisis. The global economic slowdown has led to not only a considerable downward moderation in China's projected growth, but also to rising concerns about employment and social stability. Dr Tong suggested that countries may have to shift from investment- and export-driven growth to a more consumption-driven development as their economies mature and the population becomes richer. ■

EAI DISTINGUISHED PUBLIC LECTURE

Reviving Tradition in China Towards Progressive and Humane Confucian Ethics?

by Professor Daniel A Bell, Tsinghua University, Beijing, China



Professor Bell's lecture focused on the current socio-political climate in China. As the nation retreats from communism, the Chinese are in need of a new moral foundation for political rule and a new philosophy that can provide moral guidance in everyday life. Professor Bell

observes that the Chinese have found to the surprise of many China observers that the answer lies not in Western-style liberal democracy but a revival of Confucianism. He points out various reasons for this. Confucian hierarchical rituals may be better suited than Western liberal democracy in contributing to social and economic equality in China. Also, Confucian civility may also have the beneficial effect of tempering Chinese over-competitiveness. Using examples from the 2008 Olympics in Beijing to social norms at karaoke sessions, Professor Bell showed how political Confucianism may lead the way for China's future, such that we may one day see the Chinese Communist Party become the Chinese Confucian Party. ■

Some Highlights at EAI



Top Left: Prof Peter J Katzenstein of Cornell University, USA, at the EAI Distinguished Public Lecture. He spoke on "Avoiding the Fallacy of Misplaced Polarities in the Analysis of East and West". Top Right: Prof Fan Gang of the National Economic Research Institute and Peking University of China gave an EAI Distinguished Public Lecture on "Why China can Sustain High Growth for the Next 10-20 Years".



Top: EAI scholars (right) in discussion with delegates from the National Institute for Policy Studies, Japan (left). Below: EAI's joint workshop with the Institute of South Asian Studies on "China and India: Towards Greater Engagement?"



NEAT WORKING GROUP MEETING ON WATER RESOURCE MANAGEMENT

JUNE 2010



*INTERNATIONAL
CONFERENCE*

CHINA'S SOCIAL POLICY REFORM: CHALLENGES AND DIRECTION*

Jointly Organised by
EAI and Research Department of Social
Development,
Development Research Center of the
State Council, China

30 AND 31 JULY 2010
YORK HOTEL, CARLTON HALL

* Conference on 31 July in Mandarin titled
"China's Social Development and Challenges"

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