

东亚研究所通讯

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## High-Speed Rail in China: A Hotbed for Corruption

*The 23 July Wenzhou accident has accelerated speculation and criticism of the connection between governmental corruption and high-speed rail constructions.*

WU GUOQUANG

**C**onstructions in China involve both the intensive roles of government and the huge investments of public and private funds, which often create good opportunities for corruption. This is especially true for China's ambitious high-speed rail projects, which are virtually monopolised by the Railway Ministry, or the "Railway Big Brother" (铁老大) as it is known among Chinese bureaucrats. According to a report released on the eve of the 23 July Wenzhou accident, the total length of high-speed rail in China reached 8,385 km in May 2011. Another 4,715 km for 12 more high-speed rail projects have been planned, requiring an investment of RMB639.3 billion (<http://finance.ifeng.com/roll/20110514/4021445.shtml>, posted 14 May 2011; accessed 11 Aug 2011). Investments in high-speed rail during the 12th Five-Year Programme period are appended in the Table below.

The report also estimates that from 2011 to 2015, total investment in railway, including other railway construction investments, will hit RMB2,800 billion. Without mentioning how the investments will be allocated, the report also states that all these constructions come under the umbrella of the Railway Ministry.

With such tremendous resources in the hands of one ministry, in a bureaucratic system without effective supervision, corruption becomes inevitable. For example, an interim audit report publicised by the National Audit Office in March 2011 revealed rampant corrupt practices in the then uncompleted construction projects of the Beijing-Shanghai high-speed railway. Up to July 2010, these corruption cases included 1) projects like railway bridges which were assigned to contractors before competitive biddings, implying black-box decisions of construction contracts with huge bribery that could involve funds of up to RMB4.95 billion; 2) prepaid contractors even before the commencement of projects involving funds of more than RMB50 million; 3) the misappropriation of funds of RMB187 million for construction projects; and 4) cheating with fake receipts, amounting to RMB324 million. The report discloses that a total of RMB5.573 billion was lost to corrupt practices (*Xinhua wang*, [http://news.xinhuanet.com/politics/2011-03/23/c\\_121222690.htm](http://news.xinhuanet.com/politics/2011-03/23/c_121222690.htm), posted 23 March 2011, accessed 10 August 2011).

This is of course only a tiny tip of the gigantic iceberg of corruption relating to high-speed rail constructions in China. A mere nine months since October 2010 eight high-

PROJECTED INVESTMENTS IN HIGH-SPEED RAIL DURING THE  
12TH FIVE-YEAR PROGRAMME PERIOD

Year	Mileage to be completed (km)	Projected investment (billion RMB)
2011	4,715	639.3
2012	3,038	330.3
2013	2,667	365.0
2014	4,421	542.9
2015	3,847	343.4

Source: *Ershiyi shiji jingji baodao [21st Century Economic Report]*

continued on page 13

# The Derailment of 'Harmony' High-speed Rail and Crisis Management in China

**I**n a matter of just a few years, China has made a name for itself in high-speed railway development, attracting tremendous attention worldwide. By 2010, the total operating length of China's high-speed railway had reached more than 8,000 kilometres, making it the world's largest high-speed rail network. The rapid economic growth, industrialisation and urbanisation have led to the breakneck expansion of high-speed railway in China since 2007. Taking into account the uneven regional development and industrial distribution, China's vast geographical area of 9.6 million square kilometres and huge population size have naturally created a high demand for both freight and passenger rail travel.

To meet this demand and boost domestic consumption, both the Chinese central and local governments have invested heavily in the upgrading and modernisation of the railway sector over the past decade. The railway and other transportation sectors have taken the lion's share of the government's four trillion *yuan* fiscal stimulus investment that started in 2008. Indeed, the railway sector is the biggest beneficiary of this huge stimulus package aimed at increasing domestic consumption and boosting economic growth.

The railway sector boasts of the most advanced technologies developed through indigenous innovation and the strong support from the government; it is eager to adopt a "going out" strategy to promote China's high-speed railway and related technologies worldwide, and compete in the global market. Nevertheless, the domestic railway sector faces the challenges of low efficiency and high operational costs mainly because of the dual role of regulator and operator played by the Ministry of Railway.

Perhaps the biggest issue is with the safety of high-speed rail and the government's capability to efficiently and

safely manage China's huge high-speed rail network. The recent fatal derailment in Wenzhou in July 2011, which took about 40 lives and resulted in hundreds of injuries, has marked a major setback to the development of China's high-speed railway. The Chinese people are not only frustrated with the government's poor handling of the incident, but also eager to know the precise cause of the accident. Such accidents not only destroy the confidence and enthusiasm of government leaders in high-speed railway, but also shock the whole nation. To achieve long-term sustainable development of the industry and to regain domestic and international confidence in China's high-speed railway, Beijing has to handle public anger effectively, thoroughly investigate the accident, and demonstrate greater transparency and a willingness to share information.

All these aspects are discussed in this issue of the *EAI Bulletin* which examines the development, challenges and problems of high-speed railway and crisis management in China and the region. These include construction and corruption, train crash investigation and compensation, media reporting, high-speed rail and land subsidence problem in Taiwan, and overall crisis management in China and in Japan. ■



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# China's High-Speed Rail Faces the Most Serious Challenge Ever

*Chinese railway sector needs to rethink its management and safety standards to regain public confidence and to stay competitive in the industry internationally.*

YU HONG

China's rapid economic growth, industrialisation and urbanisation have greatly spurred domestic high-speed railway construction over the past few years. The government's four trillion *yuan* fiscal stimulus package has further boosted the development of this sector. Moreover, China's vast geographical area and its population of 1.3 billion have naturally created a high demand for freight and passenger travel. Developing an efficient and reliable railway system is crucial to China.

An example is the snowstorm in Guangdong during the Lunar New Year when millions of people were on the way home for family reunions. The 2008 snowstorm, which stalled the operation of many cargo and passenger-carrying trains and vehicles for several days and trapped millions of passengers at railway stations, resulted in serious social tension on the eve of the Lunar New Year. Chinese Premier Wen Jiabao had to personally make a trip to the railway stations to comfort the angry passengers.

Coupled with the domestic demand is the bottleneck growth that has intensified the flow of both railway and highway passengers and freight, and pressured the government to build more rail lines and highways to meet the increasing demand.

This led to the dramatic increase in railway lines across the country. In 2010, China had an operational high-speed railway length of 8,358 kilometres (km), making it the world's longest high-speed rail network. By 2012, 42 new high-speed rail lines and 13,000 km of high-speed rail lines are expected to be completed and put into operation. Specifically, 8,000 km and 5,000 km of railway lines that are capable of handling trains travelling at between 200 and 350 km per hour, and between 200 and 250 km per hour, respectively would be constructed.

The Chinese government hopes that when the China's high-speed railway train passes its foreign counterparts in a whoosh, it will leave an unforgettable impression of China's rapid ascendancy and increasing power. From design, construction to maintenance, China is seeking to become the world leader in the high-speed railway sector, creating a new and high-tech brand that will strengthen the global competitiveness of China's high-speed railway. China is eager to play an important role in high-speed rail construction in other countries by transferring technology and equipment.

However, the development of a high-speed railway industry is not just about design and speed. Perhaps more importantly, it is the authority's capacity to efficiently and safely manage and maintain this huge high-speed network. The operation of the Beijing-Tianjin and Beijing-Shanghai high-speed railways demonstrates that China

has successfully developed the technologies for high-speed railway design, construction and maintenance; however, the fatal high-speed rail crash accident in Wenzhou, Zhejiang Province in late July 2011 has raised serious question on the government's capacity to safely supervise and manage the high-speed network. This train accident resulted in the death of about 40 passengers and hundreds injured.

Is there an overemphasis on the speed of high-speed railway and its construction? In reality, the safety record of China's railway sector has not been good. In April 2008, a serious high-speed train crash in Shandong province led to more than 70 people dead and 400 injured. During the same year, a high-speed train hit a group of track-maintenance workers in Shandong, resulting in the death of 18 people. China currently has the fastest locomotive in the world. Nevertheless, the problem for China is that when the high-speed rail system is running close to its designed maximum speed, the risk on train safety is also greater.

Low efficiency and high operational costs are another long-standing and pressing issue. In terms of employee productivity, China is lagging behind most of the developed nations in the world. In China, the railways are owned and operated by the state, a key reason for the generally low efficiency and employee productivity within the domestic railway sector.

Currently, the Ministry of Railway (MOR) is performing a conflicting role of a regulator and an operator of the national railway system. Though the MOR has been making progress in implementing organisational reforms and taking some steps to encourage competition, the fundamental problems of monopoly control, low efficiency and bureaucracy have not been resolved. In order to increase efficiency and improve services, the Chinese government has to acknowledge the importance of introducing a minimum set of competitive conditions for the railway sector.

The railway sector is facing fierce competition from other transport sectors, in terms of prices, convenience and services. However, it should not compromise on safety to expand its market share and increase profitability. More importantly, to regain domestic public enthusiasm and support in China's high-speed railway and help the government adopt a "going out" strategy and promote the industry worldwide, the high-speed railway industry would do well to slow down its expansion speed and relook at its management and safety standards. There is a need for the government to enhance its capability to supervise the entire high-speed rail network. ■

Yu Hong is Research Fellow at EAI

# China's Media Management Problem

*The Chinese leaders' poor media management of the Wenzhou rail crash incident demonstrated its contempt and lack of understanding of the media and the people.*

DAVID KURT HEROLD

**T**he train crash in Wenzhou in late July 2011 demonstrated forcefully that the Chinese government has still not learned to successfully interact with the media. While the accident was certainly unfortunate, the ineptitude of the Chinese government at handling both the professional media, as well as China's internet users, exaggerated the event beyond all reason.

What happened? On July 23, 2011, tens of people died and hundreds were injured when a train ran into another train while they were crossing a viaduct. This has been the first fatal accident in China since 2008, given that China's railway system is the largest and busiest in the world. Tens of thousands of passengers travel by train in China every day. By comparison, the Wenzhou accident was a minor incident – despite the tragic loss of lives.

However, the actions of the Chinese government since the accident have only served to achieve the exact opposite of the calm and control they tried so hard to promote. Instead of being seen as decisive, quick to respond, and caring, the government has ended up being seen as cynical, uncaring, disinterested in the welfare of the people, and untrustworthy.

The government allowed the media and online debates to dictate the framing of the stories. Instead of technical problems, the focus was on government corruption and inefficiency. Instead of a regrettable, but minor accident, the media reported the crash as a symbol of China's overly fast development. Instead of a clear message about the handling of the accident, the poor official media management further undermined public confidence in the government.

While the media and online groupings discussed the specifics of the Wenzhou rail crash and demanded answers, the government stubbornly followed its standard 'crisis manual', even though it neither fitted the situation nor answered the questions raised. Without waiting for an inspection of the crash to even begin, the cause of the accident was announced (lightning). Media outlets were ordered to downplay the crash, to report only Railway Ministry statements and to refrain from speculating about the possible causes of the crash. Vice-Premier Zhang Dejiang flew to the scene of the accident to demonstrate the central government's involvement, and three senior railway officials were sacked – all within 24 hours, and with the clear intention of calming public distress as fast as possible.

These immediate and nonsensical actions on the part of the government which did not even attempt to engage the media or the (online) public and ignored the reality of

the situation backfired spectacularly. Less than 24 hours thereafter, media outlets at all levels and across different types disobeyed the guidelines set by the government censors and challenged the government's approach to the crash in an unprecedented manner. News anchors on CCTV, journalists and editors at the *People's Daily*, and other 'mouthpieces' of the Communist Party all joined in. At the same time, online China erupted with accusations and suspicions about a government cover-up and conspiracy that soon spiralled out of control.

The central government reacted as it has always done by ordering the censors to clamp down on all unauthorised information, and by trotting out Premier Wen Jiabao to grieve with the victims and to calm down the nation, while the victims were offered compensation by the Railway Ministry. However, once again the presentation of the government bungled badly and backfired. Wen Jiabao was accused of lying about his health to garner public sympathy and of running an orchestrated press conference with prepared questions from designated reporters. Internet users and much of the media believed the accusations, and saw them as further evidence of the government's callousness and intention to cover up the real causes of the accident. The compensation offer was seen as an admission of guilt, and even its eventual doubling was derided online.

Online and offline media, discussion forums, and the Twitter-like Sina Weibo went into an attack frenzy that the government did not know how to handle. Its reactions were never fast enough, its understanding of the situation inadequate, and its engagement with the messages being broadcast non-existent. Government

officials were busy with a crisis management that faithfully followed pre-existing plans, but ignored their main audience. As a result, their behaviour and their statements contributed to their unfavourable media images.

The railway accident may have been minor, but the lasting memory of the crash will be one of a government which clearly demonstrated its contempt and lack of understanding of the media and the people. Nor will the media or the people be quick to forget that for a short while they were able to shout down the government and its censors. The question remains: How long can a government that has lost the trust and respect of the media and of its citizens survive? ■

David Kurt Herold was Visiting Research Fellow at EAI

**The train crash in Wenzhou in late July 2011 demonstrated forcefully that the Chinese government has still not learned to successfully interact with the media.**

# Why Did China's 'Harmony' Train Derail?

*Despite the many advances made in rail technologies, China still falls far short in its safety management standards.*

YANG MU

China names its high speed trains, "Harmony", which symbolises China's society. On 23 July 2011, two "Harmony" trains crashed, leaving about 40 people dead and hundreds injured. The news shocked China and the world.

Once hailed as the pride of China, the Chinese rail sector has penetrated the world rail market like the speed of its bullet train. China has transformed its outdated rail sector into a strong international competitor within just a few years. And for a country which prided itself for being the first to recover from a global financial crisis that has the United States, the European Union and Japan mired in recession even up till today; the only economy to register double-digit growth for three decades; the country to surpass the United States in value added manufacturing, and the country to overtake Japan as the world's second largest economy in 2010, this rail disaster came almost like a national disgrace.

According to a Fortune magazine report in 2009, China's high speed rail "can be seen properly as part and parcel of China's economic rise..." Countries, such as Russia, Brazil, Turkey, Malaysia and others, have negotiated with China to buy its "Harmony" trains. Chinese officials also claimed that "many technological indicators used by China's high-speed railways are far better than those used in Japan's Shinkansen." The Wenzhou rail crash has thus put the safety of China's high speed trains to question.

On the part of the government, the State Council was quick to set up an investigation team to probe into the causes of the disaster. The investigation results are expected to be made public soon. A preliminary analysis based on media reports made so far revealed at least three causes to the crash.

The first has to do with the trains' signalling system. In an ordinary situation, when a train stalls, as D3115 did, the system would automatically send an alert to other trains. However, this was not the case in the Wenzhou crash. The signalling system, a technology first mastered more than a century ago, has failed.

The second is linked to the question of why the defective signalling system was approved in the first place. Driven by political ambition, the development of China's high speed train system has been prioritised over the most important precondition for any technological progress: rail safety. The loss of about 40 lives and the injury of many were a grim wakeup call to the Chinese government. On 15 August 2011, China announced a service cut to its Beijing-Shanghai high-speed rail link by a quarter as CNR Corp recalled its 54 CRH380BL for retesting.

The third is in the way the high-speed rail network is being run. The fact that the said train ran for the last two years without a hitch is indicative of a structural setback. A high-

speed rail network depends on individuals at multiple levels of command taking responsibility for effective operation and cooperation. China's top-down approach makes it difficult for cooperation and coordination horizontally. This is aggravated by the fact that in 2011, the Railway Ministry has had several of its senior officials, including its former minister, ousted amid a corruption probe.

In sum, though technology could be improved and safety systems could be established, what matters more is a society that could be nurtured to safely and effectively administer by itself. Without institutional changes, the derailing of China's "harmonious society" is not an impossibility. ■

Yang Mu is Senior Research Scholar at EAI

## Submission of Papers

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EAP invites submissions of insightful policy articles from East Asian specialists. All articles must be between 3,000 and 3,500 words, not including a 70-word abstract. Submissions should conform to a stylesheet provided on the website mentioned below. All editorial correspondence should be sent to:



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# China's Recent Train Crash Investigation and Compensation: A Legal Perspective

*China's railway sector is trailing far behind the country's rapid economic growth. Reform in this sector is thus long overdue.*

WANG HANLING

From a legal perspective, the "7.23" fatal train crash accident in Wenzhou, though a national tragedy, has given the Chinese leadership good reasons to improve on its legal system. Although a parliamentary independent investigation system has been legislated for nearly 30 years, it has never been activated. Article 71 of the Constitution of China reads, "The National People's Congress and its Standing Committee may, when they deem it necessary, appoint committees of inquiry into specific questions and adopt relevant resolutions in the light of their reports. All organs of state, public organisations and citizens concerned are obliged to supply the necessary information to those committees of inquiry when they conduct investigations."

According to Article 21 of the Rules of Procedure for the Standing Committee of the National People's Congress (NPC), the Standing Committee may, when it deems it necessary, organise investigation committees on particular issues and make decisions in the light of the reports prepared by the investigation committees. This provision has never been used since the Constitution was adopted on 4 December 1982. The NPC has never organised any investigation committee although there have been many major accidents and disasters of national and international impacts.

As one of the recent major disasters caused by human errors, the "7.23" accident again puts this constitutional clause into the spotlight. The NPC is in a position to organise an investigation committee to look into the deep-rooted issues and problems of the railway sector. The current Investigation Group, the responsibility of which is to find out the facts, causes, casualties and direct economic losses of the train crash, is considered by some to have at least two major deficiencies.

Firstly, one of its members is a vice minister at the Ministry of Railway, an interested party and the should-be target of the investigation. Secondly, the group's duty is merely fact finding and not to delve into the roots of the problems. Serious doubts over the credibility of such an investigation group have been expressed by the public.

An independent parliamentary investigation is a normal response to major accidents and disasters of national and international impacts in countries under the rule of law. For instance, the US congress held a hearing on Toyota's gas pedal problems in February 2010. The Norwegian Parliament organised an independent investigation commission to look into the recent terror attack in Oslo. Regrettably, in spite

of the call by some Chinese lawyers, scholars and the public to implement the Chinese constitutional clause and its mechanism, they remain purely symbolic rather than substantive.

The accident compensations expose some major deficiencies in the legislation of insurance and compensation for railway accidents. The existing law and regulations pertaining to insurance and compensations of accidental injury and death of railway passengers are mutually contradictory and outdated. The Regulation on Compulsory Insurance for Accidental Harm of Railway Passengers which was adopted in 1951 and amended in 1992 imposes a premium of two percent of the basic train fare for the injured and a total of 20,000 *yuan* each for the dead.

This provision has two setbacks. First, the requirement of compulsory insurance is contrary to the law concerned. According to the 1990 Railway Law and the Insurance Law adopted in 2009 and amended in 2002, no passenger shall be compelled in any manner to enter into insured transport or to buy transport insurance policy. Insurance that concerns public interest or the compulsory categories of life insurance shall be submitted to the insurance supervision and administration department for examination and approval. However, this outdated compulsory insurance clause has never been reviewed and revised.

Second, the rate of two percent has never been changed although train fares have been on an upward trend over the past two decades. The Ministry of Railway announced a profit of 15 million *yuan* in 2010, while the annual income from premiums stood at 2.7 billion *yuan*.

The 2007 Regulation on the Emergency Rescue, Investigation and Handling of Railway Traffic Accidents set the death compensation limit at 150,000 *yuan*. In addition to the 20,000 *yuan* of insurance compensation, the total compensation amounts to 170,000 *yuan*. However, in the Wenzhou case, compensation was increased to 915,000 *yuan* because the relatives of the victims were not satisfied with the initially proposed amount of 500,000 *yuan*, not to mention the legally prescribed 170,000 *yuan*. In addition, compensations were settled by negotiation rather than by the law and regulations concerned. Evidently, the insurance and compensation systems of China's railway sector lag far behind the country's rapid socioeconomic developments. China's railway reforms are hence long overdue. ■

Wang Hanling is Visiting Research Fellow at EAI

The accident compensations expose some major deficiencies in the legislation of insurance and compensation for railway accidents.

# Crisis Management in China: An Overview

*After 30 years of fast economic growth, China now faces a more diverse range of contingencies.*

CHEN GANG

In response to the devastating natural disasters that had posed fatal threats to their governance, successive dynasties in ancient Chinese history had developed bureaucratic systems to prevent and handle these calamities. Historians have called such crisis management and disaster-relief governance in ancient China famine politics (*huangzheng*), which included policies, practices, institutions and even theories related to the preparedness, relief and recovery in the disaster management cycle.

Today, after more than 30 years of fast economic growth driven by industrialisation and urbanisation, China has to face a more diverse range of contingencies including natural disasters, industrial incidents, social unrest and economic crises. The Chinese government has made tremendous effort to improve its complicated bureaucratic structure in managing these disasters and to enhance relevant financial and technical preparation. Meanwhile, thanks to the country's opening-up and increased international engagement, new norms and guidelines have been gradually introduced to China's crisis management. Many of these norms and guidelines have become well-established principles guiding the country's disaster relief work in the new century.

Just like many other parts of the world, China today has been making disaster mitigation and preparedness its priority task at the policy, institutional and operational levels. In the crisis management cycle, pre-crisis mitigation and preparedness activities not only reduce the probability of disaster occurrence or the negative effects of unavoidable disasters, but also achieve a satisfactory level of efficiency in response to an emergency situation. Therefore, compared with the post-crisis phases of response and recovery, the preventive and preparation measures are more cost-effective and thus deserve intensive policy attention. With respect to preparedness measures, the Chinese government has not only mapped out national emergency response plans for major types of crisis and disaster, but also introduced three-tiered manpower mobilisation mechanisms that include professional teams, volunteers and community-based human resources to respond to contingencies. Special financial budgets for the response to and relief of general disasters have also been established.

In disaster relief work, the local governments have been authorised by the National Emergency Response Plan for Natural Disaster Relief to play a larger role. The plan works on the principle of combining "central and regional systems while giving priority to the regional system" (*tiaokuaijiehe yikuaiweizhu*), requiring provincial, municipal, county-level and township governments to take due responsibility for implementing local emergency response plans.

Horizontally, the central government has set up various

inter-agency mechanisms to ensure the clear-cut division of work among ministries and departments involved. For routine jobs on disaster relief, it is the Ministry of Civil Affairs that plays the pivotal role in coordinating the work of different sectors, while for catastrophic disasters like the 2008 Sichuan Earthquake or the 2010 Yangtze River Floods, such *ad hoc* inter-agency panels as the Earthquake Relief Headquarters or the State Flood Control and Drought Relief Headquarters take command of the disaster relief campaigns.

What distinguishes disaster relief work in the Maoist era from that of the reform period is China's gradual openness to international aid and media coverage. Many blamed the Chinese government's rejection of foreign aid for the exacerbation of the destructive consequences of the Tangshan quake in 1976. Before the reform period, China had regarded the death tolls of natural disasters as state secret. During the Sichuan Earthquake in 2008, the country's worst natural disaster in the reform period, official media provided

round-the-clock coverage of the earthquake and the rescue efforts, demonstrating remarkable openness. The Chinese government not only accepted international aid and donations, but also welcomed rescue and medical teams from foreign countries to the earthquake regions.

Despite the progress made by China in natural disaster management, problems still exist. Through lessons learnt from previous experiences, the country has further improved on its relief work, reducing potential losses in disasters and crises. Currently the government is still playing an overwhelming role in disaster

management, with nongovernmental organisations providing insufficient assistance. The central government is now overloaded with excessive responsibilities in disaster management, having to take care of almost all trivialities ranging from organising donations, sending reports to disaster zones, transporting aid materials and dispensing compensation funds. This increases the difficulty in coordinating work among various sectors and in implementing detailed instructions and policies, thus leading to inefficiency and even corruption. The one-party political system's lack of sufficient supervision from opposition parties and independent media has provided opportunities for the embezzlement of donated fund and products. Local governments at various levels sometimes do not follow their superior's instructions when allocating relief and recovery fund. For post-crisis compensations, insurance companies still play a minor role due to their limited population coverage. The responsibility for the bulk of the compensation still rests with the Chinese government. ■

Chen Gang is Research Fellow at EAI

...new norms and guidelines have been gradually introduced to China's crisis management.

# Recent Staff Publications

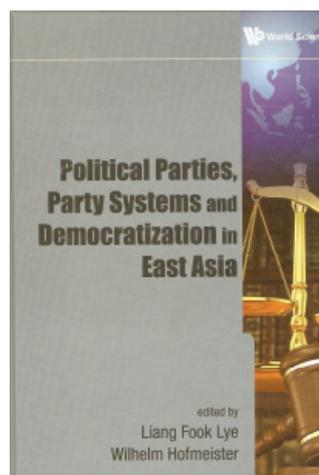
## Books

### *Political Parties, Party Systems and Democratization in East Asia*

Editors: Lye Liang Fook and Wilhelm Hofmeister

Publisher: World Scientific Publishing

Year of Publication: 2011



This book describes how democracy is evolving in East Asia and how it assumes different forms in different countries, with political parties adapting and evolving alongside. It has a two-fold intent. First it contends that the existing variety of party systems in East Asia will endure and may even flourish, rather than converge as liberal democracies. Second, it highlights the seeming political durability of one party systems—unlike two

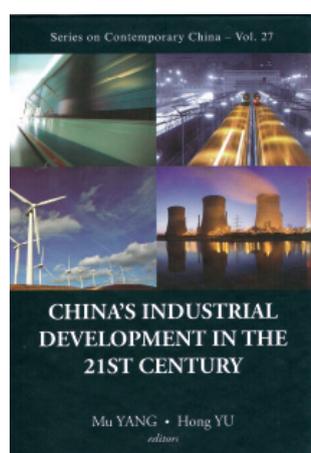
party or multi-party systems in the US and Europe—and their enduring predominance in countries such as Cambodia, China, Singapore and Vietnam.

### *China's Industrial Development in the 21st Century*

Editors: Yang Mu and Yu Hong

Publisher: World Scientific Publishing

Year of Publication: 2011



In response to the global economic crisis in the short run and to cope with the existing structural problems of production in the long term, the Chinese central government has successively released new development outlines for 10 key industries since 2008. In this book, the authors used key sectors including automobile, steel, shipbuilding, high-speed railway and new energy to analyse the development of

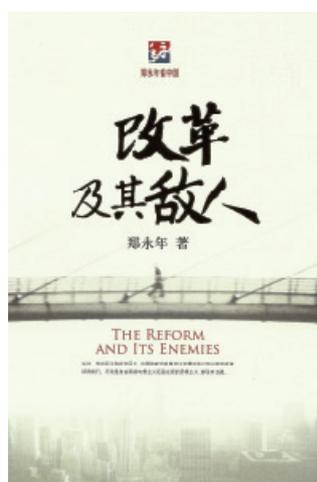
China's industries, along with their challenges and future prospects. The effectiveness of state-oriented policies in rejuvenating these industries has been evaluated. The authors assess the contribution of these policies to industrial development and identify and analyse existing and potential challenges to the sustainable development of China's industries.

### *The Reform and its Enemies*

Author: Zheng Yongnian

Publisher: Zhejiang Publishing United Group

Year of Publication: 2011



*The Reform and Its Enemies* is the third volume in the series, *Zheng Yongnian on China*. While the first two volumes in the series are heavy on the social and institutional aspects of the reform, the third book begins to unravel what is the most profound and sensitive part of the reforms, namely the political reform. Consisting of about 50 commentaries on current development in Chinese politics, this volume

addresses masterfully the most critical political problems of today, including party building, power succession, ideological rebuilding, political corruption, democracy and last but not least, political reform. Together this collection offers an integrated view of Chinese politics that is incisive and intriguing.

### *The China Model and its Future*

Author: Zheng Yongnian

Publisher: World Scientific Publishing

Year of Publication: 2011



This large volume is a continuation of Professor Zheng's last collection, *China Model: Experience and Dilemma*, which was ranked among 10 best books of the year by *Asia Week* in 2010.

This new collection gathered more than 120 articles carefully selected from the vast number of commentaries on China's politics, economy, society and international relations made by Professor Zheng, one of the leading authorities

on contemporary China. In these papers, which were written over a decade, Professor Zheng discussed a wide range of issues regarding the domestic and international conditions that enable, and the institutional limitations that restrain China's rise, arguably one of the most important developments in the world today.

## As Book Chapters

"Goh Keng Swee Remember". In Barry Desker and Kwa Chong Guan (eds) *Goh Keng Swee - a Public Career Remembered*. Singapore: World Scientific; Rajaratnam School and National Archives, 2011, pp. 156-159.

By Wang Gungwu

## In Journals

"Governing a Mixed Heritage" (How will China's mixed heritage shape its reform of government?), *East Asia Forum Quarterly*, vol. 3 no. 2, April-June 2011, pp. 34-35. (Reprinted as "The Chinese Way", in *South China Morning Post*, 12 August 2011, p. A13)

By Wang Gungwu

"Hong Kong's 20th Century", *Hong Kong Economic Journal Monthly*, no. 411, June 2011, pp. 50-56

By Wang Gungwu

"Developing China's Hainan into an International Tourism Destination: How Far Can This Go?", *East Asia: An International Quarterly*, 2011, 28:2, pp. 85-113

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# The Failure of Japan's Nuclear Safety Management: Causes and Consequences

*Japan's March 2011 triple whammy is a wake-up call to its government on the need for reform and a rethink of its nuclear option.*

LAM PENG ER

Japan experienced its worst national crisis since the end of World War II when it suffered from a triple whammy on 11 March 2011—a catastrophic earthquake in northeast Japan which triggered a devastating tsunami and a nuclear meltdown at the Fukushima number 1 nuclear power station. While the Japanese are mentally prepared for earthquakes and tsunamis due to their historical experiences with natural disasters, they were caught flatfooted by the Fukushima nuclear meltdown and radioactivity which will probably take years to contain and decontaminate.

Before 11 March, energy-dependent Japan relied on 54 nuclear power stations to generate approximately one third of its electricity for factories, offices and homes. Even though serious nuclear accidents had occurred at Three Mile Island, USA and Chernobyl, Ukraine, the Japanese state and electrical companies were confident that such accidents could be avoided because of their belief in superior technology, good management and skilled workers. This is not to say that there were no protest movements and referenda against the construction of nuclear power plants in Japan. Many local governments and communities agreed to host these plants because the central government, electric companies and politicians promised jobs, financial subsidies and pork barrel projects to these poorer and less developed areas suffering from depopulation.

What led to the nuclear meltdown at Fukushima? The first is the claim that the accident was due to an act of nature of such great magnitude that it destroyed the plant. But this explanation is not entirely plausible given that other nuclear power plants (of a different and safer design) along the northeast coast of Japan survived the same earthquake and tsunami. Second is the perception that Japanese state, society and management were guilty of hubris and the complacency that it can manage and master the nuclear genie better than the Americans and Russians. Third is the view that a nuclear accident was waiting to happen due to the corrupt and collusive nature of the “nuclear village”. Simply put, the political economy of nuclear energy in Japan has contributed to a lack of proper and independent regulation of nuclear power plants to ensure their safety.

In the Japanese parlance, the “nuclear village” refers to the triumvirate of the Ministry of Economy, Trade and Industry (METI, which has the contradictory task of promoting nuclear power and regulating nuclear safety at the same time), the electric companies (TEPCO in the case of the Fukushima

number one plant) and pro-development politicians from the then ruling Liberal Democratic Party (LDP). The Nuclear and Industry Safety Agency (NISA) tasked to regulate nuclear safety is not independent but a part of METI—a keen promoter of nuclear energy. Officials of NISA came from METI and would be transferred back to METI after they have completed their stint at the Agency. Top bureaucrats from NISA and METI might work for electric companies like TEPCO after their retirement. In most nations with nuclear power stations, the regulators are independent from the ministries. But this is obviously not the case in Japan.

LDP politicians supported METI and the electric companies because the presence of nuclear power stations in their constituencies would mean government subsidies, economic development, jobs and tax revenues. Public works and economic development can be translated into votes and winning re-elections. LDP politicians at the constituencies would receive political funding from electric companies and even assistance in election campaigning.

Ironically, even the Ministry of Environment in Japan promoted nuclear power because it emits little greenhouse gas for the sake of reducing global warming.

After the historic regime change of power from the LDP to the DPJ (Democratic Party of Japan), then Prime Minister Hatoyama Yukio promised to reduce Japan's carbon emissions by 25% from 1990 level by 2020. This policy shift is predicated on the assumption that Japan continues to rely on nuclear power. It will be difficult for Japan to meet its carbon reduction goals without relying on more nuclear power plants.

Japan's nuclear disaster has led to a profound distrust among many Japanese about the competency and honesty of the electric companies, METI and politicians. The anti-nuclear movement and civil society in Japan are likely to strengthen in the years ahead. The public anger against the “nuclear village” has led the Kan administration to separate the compromised roles of promoting nuclear energy and regulatory safety by NISA and METI. Government offices related to nuclear safety regulation would be unified under a new nuclear safety energy agency placed under the Ministry of Environment to free it from the dominance of METI.

There is also a grave disappointment and despondency among Japanese voters in the ability of the Kan administration to lead and govern amidst a national crisis. Its tardy crisis management of the March 11 disasters was the final nail in the coffin for the Kan administration. Japan has a new Prime

**Japan's nuclear disaster has led to a profound distrust among many Japanese about the competency and honesty of the electric companies, METI and politicians.**

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# Taiwan's High-Speed Rail in Crisis

*Incompatible rail systems and technology, water shortage and serious land subsidence problem could render Taiwan's high speed rail inoperable if problems are left unchecked.*

KATHERINE TSENG HUI-YI

**T**he Taiwan High Speed Rail (THSR hereafter) was put into operation in 2007 to serve as the main artery of north-south transportation in the island. However, just four years after its inauguration and the rail system has been plagued with serious safety crises.

One of the recent ones includes a research conducted by the Industrial Technology Research Institute. It cautions that a new station of THSR, Huwei station and its vicinity, is experiencing a land subsidence problem which, without expedient and efficacious countermeasures, would ultimately render the whole system inoperable in 10 years.

## THE SAFETY WORRIES

The THSR faces two major safety concerns. The first regards integrating top-notch technology from high speed rail systems from different sources. While rail tracks and cabins, etc., of the THSR were from France and Germany, the technology used was from Japan. Former president Lee Teng-Hui had opted for electric and engineering technology from Japanese Shinkansen (Japanese bullet train) in exchange for his visit to Japan in 2000.

The hybrid mode did not result in peaceful co-existence, as the incongruence of the different systems led to a one-year delay of its formal operation. Technological preclusion, as well as miscommunication among professional personnel from France, Germany and Japan, was frequently reported. The THSR was finally launched in January 2007 and has hitherto overcome couples of minor technical problems. Yet, the safety issue of the THSR remains unresolved.

The second problem is with the land subsidence problem underlying its route that runs through Chang Hua and Yun Lin counties in central Taiwan. This problem has long haunted the said areas, due to the generally insufficient supply of surface water. It is reported that the land on which the THSR viaducts are now running is about 70 cm lower than it was in 2002 when work began. The latest figure shows that annual subsidence rates of 5.3 cm and 6.8 cm are experienced by both counties respectively.

Finger-pointing the culprit proves difficult as almost all parties, including the government, water supply companies, irrigation associations, factories, fish-farmers, as well as farmers, in the region competes for the already scarce water supplies. The local government can also be held liable as they are reluctant to address the illegal extraction of water in fear of losing votes. Without provisional, responsive measures and a comprehensive, long-term adjustment plan, the sinking figures are definitely a cause for worry.

The problem was made public on June 14 by Premier Wu Den-Yih who said that underground water and land subsidence issues are cutting short the life span of the THSR to no more than 10 years. He also blamed the THSR, as

well as the government, for their long indifference towards the land sinking problem which he had warned as early as in 2002 when work began. As the phenomenon cannot be reversed, the only way is to prevent it from further deterioration.

Taiwan is in definite need of a comprehensive national plan for land use and regional development. The two counties, where severe land subsidence has long existed, currently locate some major water consumers, such as optoelectronic and biotechnology factories. The scheduled construction of a 97-hectare industrial park in Huwei township, Yunlin County, further burdens the already fragile water supply system. While it is self-evident that industries with high-water consumption needs like optoelectronic firms should not swarm an area with poor and unstable water supplies, the government's decision to grant land use permission raise suspicions of undue entanglement between politics and business practices.

The heavy demand for water can be mainly attributed to the long established agricultural policies, by which the government encourages fish-farming and rice-planting practices in the said area. Serving as a breadbasket of Taiwan, lands are for either farming or fish-farming.

What is unfathomable is the lack of large-scale dams or reservoirs for more efficient surface water collection in that area. Besides the flawed water supply and collection system, the water re-treatment facility is also loosely constructed, poorly managed and inefficiently run. Proper water re-treatment and re-distribution will enable better management of used-water.

## THE SLOW GOVERNMENTAL REACTIONS

A problem underlying the shortage of water supply can be attributed to the contradiction among different governmental branches when promulgating their own policies. A case in point is the Public Construction Commission's move to implement a wetland readjustment plan to counteract water shortage. The plan aims to shift heavy water use to water-keeping by constructing flood detention pond-constructed wetlands. About one fifth the size of Taipei City, the wetlands will be fully planted with aquatic flora that not only preserve water, but also help moderate the severely high temperature in summer. The wetlands could also be the homeland of wild migratory birds from Southeast Asia and be the most scenic spot in the island.

The plan was introduced in 2008 with the backing of the Council for Economic Planning and Development. However, the progress has been very slow as five ministries and numerous agencies in charge of different issues are involved. Their policies conflict with each other. For example, the Water Resource Agency is in charge of reservoir and

*continued on page 13*

# The Great Shift East

*The shifting global economy has lifted millions from poverty. To stall the changes would be the failure of global political vision.*

DANNY QUAH

**A**s the East continues to rise in economic strength, debate in the West grows increasingly alarmist. Invariably, the focus is how to respond; invariably, the focus is what is best for the West. But should not the global community be asking instead: What will bring peace and prosperity across the world?

The great challenger to Western dominance, or more correctly US hegemony is, of course, China.

Towards the end of 2010 China became the world's second-largest economy, along the way overtaking Germany, the UK, France, and all the rest of Western Europe. Today, the economic strength of China is exceeded only by that of the US. By some accounts China today already consumes half the world's output of refined aluminium, coal and zinc, and uses twice the quantity of crude steel as does the EU, the US and Japan combined.

India, the only other billion-people nation on the planet, has launched itself onto a similar growth path, after a half-century of moribund quiescence. These two giant economies now grow at a pace previously recorded only in easier-to-ignore, special-cased, tiny Far East Asian island nations. This emergence of the East has, in the last three decades, yanked the world's economic centre of gravity nearly 5,000 km out of its 1980 mid-Atlantic location eastwards past Helsinki and Bucharest, onto a trajectory aimed squarely at India and China (see Figure).

That global economy activity has moved east in this graphic fashion shows the rapid growth in incomes going to the large chunks of humanity who live in China, India and the rest of East Asia. (Population itself changes much more gradually; this sharp east-directed rise of the rest does not come from just population growth.)

Together with this growth has been the lifting from extreme poverty of over 600 million people, a large and rapid improvement in the well-being of humanity unprecedented in the history of this planet.

But more is to come. Today, the income of the average person in the East is still lower than that of his counterpart in a dozen countries in Africa; his carbon footprint is less than one quarter that of the average American; and he is intent on making not just refrigerators and running shoes, but solar panels, wind turbines and nano-cars cheaply enough that yet more of humanity can afford them.

What is not to like?

But many policy-makers and observers in the West fail to share this optimism on the shifting global economy. Instead, they ask: Will emerging Asia now buy up all of

the West's assets, use up all of the world's raw materials? Is the West history?

Contrary to this alarmist view, there is, of course, always the possibility that this shift towards the East might, in truth, be only beneficial to the West.

But, independent of the eventual outcome, if now the East is indeed viewed as challenging the West, the correct question should not be what is good for the West or indeed for the East, but instead what is good for the planet. If one side loses while the other gains, compromise is needed: What contours frame that bargain?

In the alarmist scenario the West is overtaken in the next 10 years: So, how much would the West be willing to pay the East to prevent that? How much disruption in the East's development trajectory is justified for the West to remain Best?

The tradeoff, unfortunately, seems far from favourable.

China today faces possible trade reprisal even though its average citizen remains poorer than his counterpart in Belarus, El Salvador and Jamaica, or for that matter, across nine countries in Africa. If China kept its current average income but had the same population as, say, Namibia and were located on the African continent, China would today be a candidate of US foreign aid, not a potential rival for global hegemony. In the last 30 years China has lifted over 600 million people from extreme poverty: this is double the population of the US or the EU, 10 times the population of the UK. In the last three global economic downturns, China has provided a growth boost to the world economy multiple times what the US failed to do. What good does it do to the world if the West disrupted so successful a poverty-reducing

**WORLD'S ECONOMIC CENTRE OF GRAVITY: 1980-2049**



The figure shows the evolution of the world's economic centre of gravity, from 1980 through 2049. The black dots begin from mid-Atlantic in 1980 and then proceed eastwards; they are indicated in the figure every three years. The red dots are projections up until 2049, although they are obviously only clustering after 2020. Details of the construction are provided in the author's 2011 paper, "The Global Economy's Shifting Centre of Gravity".

machine, so effective a stabilising influence for the global economy?

No one yet knows the answers to the difficult questions on what is best for the world. But serious consideration of them will lead to optimism and hope for the changes (see Figure on page 12). The shifting global economy has improved the well-being of humanity for the last 30 years; to overturn or even slow these changes now for short-term domestic gain can reveal only a tragic failure of global political vision. ■

Danny Quah is Tan Chin Tuan Visiting Professor of Economics NUS, Professor of Economics LSE and Co-director LSE Global Governance

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## **High-Speed Rail in China: A Hotbed for Corruption**

ranking Railway Ministry officials have been investigated for alleged corruption. They include Railway Minister, Liu Zhijun (刘志军) (<http://roll.sohu.com/20110802/n315169160.shtml>, posted 2 August 2011, accessed 10 August 2011).

As Liu's case is still under investigation by the Communist Party's Central Disciplinary Committee, details of his corruption are not clear and unavailable at this stage. The Chinese mass media, however, reported that during his tenure as Railway Minister Liu had at least received bribes of RMB1,000 million (<http://news.sina.com.cn/c/2011-08-01/135022913448.shtml>, posted 1 August 2011, accessed 10 August 2011).

Another high-ranking official of the Railway Ministry, Zhang Shuguang (张曙光), the so-called "father of China's high-speed rail" and reportedly a protégée of Liu Zhijun, was also under corruption investigation. Official Chinese media cited website rumours as saying that Zhang owned three mansions in Los Angeles while having bank accounts in the United States and Switzerland with deposits of US\$ 2,800 million.

The 23 July Wenzhou accident has accelerated speculation and criticism of the connection between governmental corruption and high-speed rail constructions. Government-business linkages are a major target of public criticism, as the mass media began to challenge the institutional arrangements of the Chinese railway system in which Liu Zhijun and his colleagues were both governmental decision makers and business contractors/managers (<http://roll.sohu.com/20110802/n315169160.shtml>, posted 2 August 2011, accessed 10 August 2011).

Probes have led to revelation of some power-money coalitions including one middle-level Railway Ministry official who was concurrently the Board Chairman of 18 business firms, which were all affiliated to the Railway Ministry (<http://news.sina.com.cn/c/2011-08-01/135022913448.shtml>, posted 1 August 2011, accessed 10 August 2011). This was one aspect of the so-called China model, which is sometimes argued as a necessity to ensure efficiency to promote development.

As constructions are said to be a "hotbed" for corruption, China's high-speed rail is just one more example of how

this "necessity" works against both the state's and citizens' interests. ■

Wu Guoguang is Visiting Research Professor at EAI

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## **The Failure of Japan's Nuclear Safety Management: Causes and Consequences**

Minister in September 2011. Voters' revulsion against the two major political parties DPJ and LDP, which are culpable for the nuclear crisis, will probably lead to new political realignment (including new parties) within a decade.

The silver lining to the nuclear disaster in Fukushima for Japan and the world is the growing consensus that Japan must wean itself away from nuclear energy to solar, wind and thermal energy. Germany has heeded the negative example of the Fukushima nuclear plant and has decided to phase out its nuclear power plants. It remains to be seen if the Fukushima nuclear disaster could have a salutary effect also on energy-hungry developing countries especially China on nuclear safety. China would do well to avoid the Japanese hubris that it can tame the nuclear genie with technology and money. For nuclear reliant countries, the Japanese nuclear disaster is a lesson to be learnt on the importance of a regulatory framework and transparency. ■

Lam Peng Er is Senior Research Fellow at EAI

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## **Taiwan's High Speed Rail in Crisis**

pumping stations, while wetlands construction is under the purview of the Construction and Planning Administration. It is difficult for these ministries and agencies to negotiate a unified procedure. The imminent water usage issues that threaten the THSR security again highlighted the necessity for a modification of the current operational model of the central government.

### **PROSPECTS**

Prospects of solving the land subsidence crisis are still positive. Those concerned are now aware of and appeared cooperative in solving the problem. The farmers, fish farmers, social groups for environmental protection, as well as local governments have now geared up to take quick actions to address the problem. In late September, the Public Construction Committee reported that the problem is under control and should be resolved provided consistent reparation measures are enabled. The THSR demonstrates not only the strong will and efficiency of the Taiwanese in their quest for economic development, but also the need for more effective crisis management. ■

Katherine Tseng Hui-Yi is Research Associate at EAI

# EAI Conferences and Public Lectures

## EAI INTERNATIONAL CONFERENCE

### Industrial Policy and Development in China



From left: Prof Wang Yueping, Prof Zheng Yongnian and Prof Lu Ding

China is now a major industrial power due to its rapid industrialisation. In 2008, its manufacturing value-added accounted for 13% of the world total and was ranked third after the US and Japan. In 2008, China was also the world's largest goods exporter, accounting for 11.3% of world total, up from 4.5% in 2000. Despite its breakneck-speed expansion, China's manufacturing sector is facing increasing challenges, including declining profit margin, production overcapacity, and rising labour and energy costs.

It is thus imperative to examine China's industrial policy and the impact on the continuity of its economy said East Asian Institute Director Professor Zheng Yongnian in his opening speech at the two-day international conference titled, "Industrial policy and Development in China", organised by East Asian Institute (EAI) from 29 to 30 July 2011.

Jointly sponsored by the Lee Foundation, EAI and Professor Saw Swee Hock, who is a leading expert on population policy and investment management as well as a strong advocate for international exchange of ideas in the academia, the conference convened distinguished experts from mainland China, Hong Kong, Japan, the UK, the US, Australia and Singapore to explore the latest developments of the Chinese industrial sector.

Professor Zheng said that while China undergoes ongoing industrial restructuring to ensure sustainable long-term growth, it is critical to minimise any disruption to socio-economic programmes. As China's regional industrial development speeds up, it needs to strike a balance between achieving economic growth and protecting the environment and national security, and giving support to domestic Chinese firms. In China's 12th Five-Year Programme (FYP) for the period of 2011 to 2015, the government has highlighted the strategic importance of several emerging industries to ensure the sustainability of China's economic growth and global competitiveness of Chinese industries.

As more Chinese companies venture overseas, the government should render greater support to encourage indigenous innovation and nurture these companies into

well-known international brands. Professor Zheng added that this would in turn expand China's global network and generate greater employment opportunities in host countries.

The conference also covered China's national and regional industrial policy in the post-1978 period; foreign investment and competition; China's development in emerging strategic industries; and China's industrialisation in a broader East Asian context. ■

## EAI INTERNATIONAL CONFERENCE

### China and Its Neighbours: Reshaping the Regional Order



From left: Dr Pavin Chachavalpongpun, Prof Gilbert Rozman, Prof Zheng Yongnian and Dr You Ji

Professor Gilbert Rozman, Musgrave Professor of Sociology at Princeton University, and Professor Pan Guang from Shanghai Academy of Social Sciences were among the stellar line-up of speakers invited to present their lectures at the EAI international conference that debates on how China is reshaping the regional order in terms of the opportunities and challenges.

Describing China as a new giant—geographically, economically and also militarily, Dr Wilhelm Hofmeister, director of KAS, said China's economic development and growth in political power and military strength have garnered admiration but also some worries. This seminar would contribute to the mutual learning process of China's international behaviour and activities in international context.

EAI Director Professor Zheng opined that in an era where China's rise has produced deep impact globally and regionally, the perception of China as a menacing dragon or a cuddly panda really depends on which aspect it is being assessed. Currently in the fifth year running, the EAI-KAS collaboration has provided an ideal platform to foster an open and balanced discussion as well as a vibrant exchange of insight on China's latest development on global and domestic fronts among scholars from different continents.

To promote scholarship arising from the EAI-KAS collaboration, *Political Parties, Party Systems and Democratization in East Asia*—co-edited by EAI Assistant Director and Research Fellow Lye Liang Fook and Dr Wilhelm Hofmeister—was published and officially launched in this year's conference. The collection of papers in this volume

originated from the 2009 EAI-KAS joint conference. Mr Lye explained that the volume serves twofold purposes, one of which is to contest the observation that democracy is inexorably the final and logical outcome of political systems by evidence-based analyses of the one-party states of China and Vietnam, the one-party dominant states of Singapore and Cambodia, and the multi-party systems in Thailand, Indonesia, South Korea, the Philippines as well as Taiwan and Hong Kong.

The book also aims to highlight the seemingly political durability of one-party system or one-party dominance in Asia, as compared to the two-party or multi-party systems of the US and Europe. ■

#### EAI DISTINGUISHED PUBLIC LECTURE

##### Reforming Public Finance for a Harmonious Society in China: How Far Across the River?



From left: Prof Christine Wong and Dr Zhao Litao

Professor Christine Wong, senior research fellow and chair of Chinese Studies in the School of Interdisciplinary Area Studies at the University of Oxford, assesses the progress China has made to date in building an effective system of public finance to support continued growth.

Two components of public finance system, namely the policies in a harmonious society programmes for improving the public sector and public investment in infrastructure, are for assessing the progress in building a sound public finance system. On the first component, the government pursued a new development paradigm for much of the past decade to alleviate and reverse inequalities. Hence, there was a shift in objective from human-centred development to building a *xiaokang* (well-off) and harmonious society. It was also a move from *yi ren wei ben* (putting people first) to achieving inclusive and benefit-sharing growth.

The second component covers public investment in infrastructure. The high investment share in infrastructure has resulted in a remarkable catch-up—China was ranked 27 among 155 countries in 2010 World Bank Logistic Performance Index. Professor Wong concluded on a pessimistic note that budget resources will come under severe stress in the next few years. Local governments and the Ministry of Railway will face a debt crisis and require bailouts from the central government. Resources will be diverted to save the local governments, thus slowing down the Finance Ministry's fund injection into harmonious society programmes, and this ultimately leaves the local governments with ballooning costs that they have to bear. ■

#### EAI DISTINGUISHED PUBLIC LECTURE

##### Han Versus Ethnic Minority Divide in Contemporary China



From left: Prof Ma Rong and Prof Zheng Yongnian

Professor Ma Rong, from the Department of Sociology of the Institute of Sociology and Anthropology at Peking University, presents a detailed historical narrative of the origin of the terminology, “ethnic minority” and cases of ethnic segregation at the national level, in the government sector, education, schools and the mass media in China. Professor Ma also proposes adjustment to the present policies in his rethinking of the basic theory, system and policies towards ethnic minorities since 1949.

Since the 1950s, the “urban-rural” dual structure, based on residential registration, has been strengthened through the central-planning economic system. As the name suggests, the system instituted a differential treatment to urban citizens and rural citizens separately through the provision of housing, medical care, education, employment and other welfare benefits. In fact, “rural labourers in cities” is another “urban-rural” classification and the workers are not entitled to buy housing and cars or attend schools in the cities. For years, how to break this “urban-rural dual structure” has been a central issue.

Professor Ma highlighted that there is a different “dual structure” of segmentation, known as “Han-minority” dual structure, within the Chinese society. Such segmentation is detrimental to the building of Chinese national identity and breeds misunderstanding and conflicts between the Han majority and the minorities, and even separatism sentiments in some regions.

Professor Ma concluded that the “dual structure” has weakened the national consciousness of a “Chinese nation” in terms of political identity. Before 1949, there was no distinction between city and rural residents in the Chinese society; despite cultural, language and religious differences in the ethnic minorities, they were viewed by the Han as ordinary citizens and their civic status was not differentiated by their ethnicity. Friendships and intermarriages among all groups were considered very common at the time.

Therefore, moving forward, Professor Ma advocated a rethinking of the ethnic segmentation as critical to reverse the current situation to ensure national unity, social stability and promotion of common prosperity of all ethnic groups of Chinese nation in the new century. ■

## Some Highlights at EAI



At the international conference organised by EAI and sponsored by Prof Saw Swee Hock on "20 Years of Advancing Singapore-China Relations" held at Guild Hall, NUS Kent Ridge Guild House. Above Left (from left): Prof Saw Swee Hock, Prof Tan Chorh Chuan, Guest of Honour, then Cabinet Minister Mrs Lim Hwee Hua, Prof Zheng Yongnian and Prof John Wong. Above Right: His Excellency Mr Wei Wei, Ambassador Extraordinary and Plenipotentiary, Embassy of the People's Republic of China



Above Left: Ambassador Liu Guijin, Special Representative of the Chinese Government on African Affairs gave a lecture on "China-Africa Relations: Opportunities and Challenges". On the right is Prof Zheng Yongnian.

Above Centre: Prof Zhao Suisheng, Professor and Executive Director of the Center for China-US Cooperation, Josef Korbel School of International Studies, University of Denver, USA, talked about "US Leadership in East Asia: The Obama Administration's Policy Adjustment to Shape the Regional Context of China's Rise"

Above Right: Prof Gilbert Rozman of Princeton University, USA, spoke on "Chinese and US National Identities and Regionalism in East Asia"



EAI scholars in meetings with Chinese delegates

