


Dreams and Reality

New Era of China's Reform



Editors

Jisi Wang • Michael Hudson

 World Scientific



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Preface

The 60 years since the founding of the People's Republic of China, especially the 30 years of reform and opening up, have witnessed glorious achievements in China, as well as some difficulties and challenges. How China will develop and how the Chinese Dream will come true have become a global focus and a hot topic in recent years.

Central Compilation & Translation Press has invited a number of renowned scholars at home and abroad to provide analyses of the status quo and projections of the future development trends of China. Covering the areas of the society, economy, politics, culture and the environment, their analyses and projections have pointed out the concerns that should draw all our attention. The significance of publishing this book lies in proposing an issue that China and other countries must focus on: What does China's future development mean to the world order? On the part of China, it is because it's directly concerned with China's global strategy and orientation; on the part of the other countries, it is because China plays a very important role in the global development.

The world is undergoing a great change. What China will look like in 2049 will be determined by how we are going to understand today's world, evaluate the trends of recent years, and respond to the existing and upcoming challenges. We wish to hear the opinions of people from different areas across the world, and make this book a basis for extensive debates. We wish it to be helpful to those who expect to understand and build a common goal. We also hope that the publication of this book may provoke more challenges and secure more suggestions, in order to tackle the challenges

that will be part of China's future and the world's future. The trends and challenges China is going to face in the future will be complicated and formidable, which will influence the whole world and will not be solved without the intelligence of experts from all over the world.

Most of the articles contained in the book were exclusively solicited by the Press, and some, which were already published in Chinese, were revised when included in this book. We would like to take this opportunity to thank all the authors for their great support and Ms. Hou Jianping, a Chinese American, for her passion in helping.

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1

China in 2030

Kerry Brown

Kerry Brown

Professor of Chinese Politics and Director of the China Studies Centre at the University of Sydney. He leads the Europe China Research and Advice Network (ECRAN) funded by the European Union and is an Associate Fellow on the Asia Programme at Chatham House, London. His main interests are in the politics and society of modern China, in its international relations and its political economy.

In the coming two decades, China will be facing demographic, economic, environmental and political challenges. In any one of these four areas, mishandling by the government would create instability which will impact dramatically not just China, but the rest of the world.

China's inherent instability should not be underestimated. While its economic success since 1978 has been justly celebrated, the task from now onwards of moving away from creating simply GDP growth to addressing some of the problems that this rapid growth has created will grow far harder.

The position of the Communist Party of China (CPC, also CCP) is critical. It remains fundamentally in charge of the key areas of policy decision making in the PRC. But in the coming decade, it will need to come up with a positive strategy to deliver greater legal reform, and of dealing with civil society in ways that can fully embrace the benefits of these groups within society. The Party's ability to cope with these major issues will define the nature of its rule up to and beyond 2030, and the stability and viability of China as a state thereafter.

After over 60 years in power, the Communist Party of China goes deeper into the 21st century as the master of almost all it surveys. Having made a pact with business people in 2001 by allowing them back into the Party, it has seen off every major threat to its power. With 80 million members, it is the largest political party in the history of humanity, and one of the most formidable political forces of the 21st century. It maintains control over the People's Liberation Army (PLA) and over the other areas of significant power in society.

And yet the Party finds itself facing a series of challenges, any one of which, if it mishandles them, will fundamentally threaten its hold on power. In the coming decades, it will need fresh ideas and approaches on how to face the massive challenges facing the country it rules in terms of sustainability and stability. Public opinion within China on the environment, economic issues, and China's role in the world, are varied, and constantly impact on government policy. Social media, like *Weibo*, have illustrated this, with over 300 million users now, showing the complexity of opinions within contemporary Chinese society and the real difficulty to creating consensus.

The Party is no longer allowed the luxury during the Maoist era of having unquestioned, untrammelled power. It has to choose its territory carefully these days. Chinese elite leaders like Premier Wen Jiabao have talked of their anxiety over the rise in social unrest and mass protests since 2001. Even so, the institutions and structures in society to deal with a rise in conflict between different provincial and national level groups and their competing demands on elite interest, resources and power have never been under greater pressure. According to Yu Jianrong, a professor at the Chinese Academic of Social Sciences, in 2009 there were over 100,000 incidents of mass unrest. In 2009, according to another statistic, there were 9 million petitions to the central government, over issues ranging from land rights to pension rights for discharged military officers and those laid off in the past from state-owned enterprises. We can say, therefore, that in the era in which China has grown increasingly rich as a country, it has also seen the same kinds of social contention and conflict that others have experienced.

The leaders of the CPC have said that they wish to achieve a special form of democracy for China by 2050. They have not stated clearly what this form of democracy might be. They have, however, made clear that models available from either Europe or other Asian countries do not appeal to China's specific social and developmental complexity. In his speech at the 2007 17th Party Congress Hu Jintao used the word 'democracy' over 60 times. Chinese leaders now speak about democracy with a level of confidence never seen before. They even issued a White Paper on Democracy in 2005. But the meaning of democracy in these documents and speeches is highly circumscribed. It is clear that the CPC is not attracted by multi-party western models of governance. Instead, the CPC wishes to create genuine competition within itself, and to cut away the risk of instability that it associates with representative forms of democracy that are available elsewhere. It appeals to Chinese people's strong memories of instability and weakness from when the CPC came to power in 1949. The CPC has linked itself with stability, and has presented itself as the country's one true guardian of this.

But there are key areas where public demands on the quality of the CPC

governance are becoming more exacting. The Party's ability to allow participation in decision making, to create a meaningful rule of law, to deliver social justice, and to improve good governance will all have a key impact on its ability to remain in power. These are things that President and Party Secretary Hu Jintao recognised in his speech to the 17th Party Congress in 2007. In two areas, within the next 20 years, it must make fundamental changes to its current mode of behaviour, and move from a simple 'co-option' strategy which it practices at the moment, to something which is more positive and meets the natural expectations of a more sophisticated and demanding public. These are the creation of a genuine rule of law, and tolerance of genuine civil society groups. Party control and involvement in both of these areas at the moment is obvious. But the ability of the Party to continue to pretend that there will not come a moment when courts in China will start to challenge the government's decision making, and fundamentally oppose it, are limited. Like other transitional societies, it is approaching the moment when courts will start to hold the Party to laws passed by its own government. When this happens, the Party has the decision to either oppose this, or to accept it and move forward in a wholly new environment where its fundamental legitimacy to rule is redefined. In the last five years, there have been elements in the Party that have attacked the ability of lawyers to challenge the CPC's legitimacy. They have said that they will not allow this to happen. The role of civil society as a 'virus' by which to carry into the Chinese body politic other ways of challenging the Party's predominance has also created problems. Huge numbers of NGOs and civil society groups have been established in the last two decades. In some cities, civil society groups have been contracted to deliver government services. And yet the Party remains suspicious of some of these groups, and lets them exist in a legal limbo where their status is unclear, and, as has been proved by the arrest and imprisonment of civil society leaders who protested over the Sichuan earthquake problems last year, it is ready, and willing, to use legal instruments to silence those who are seen as challenging it in key areas.

In the next 20 years, sooner than either it predicts, or many outsiders allow, the CPC will need to deliver fundamental political reforms. It will

need to have a positive strategy to deal with the existence of genuinely independent courts able to challenge its judgments, and it will need to spell out more clearly the legitimate role of civil society. It will also need to have a strategy to deal with the existence of real political opposition. The current strategy to do this by incorporating everyone into the Party is unsustainable. There will come a time when some form of organised political opposition will appear. The Party will need to have thought through the risks of continuing to crush this, and facing a potential backlash, which will create the very instability that it most fears. How the Party responds in this ‘do or die’ moment will dictate how China as a country fares in the coming two decades. If the Party toughs it out, then the chances of real instability and social upheaval are high. If it makes a pragmatic pact, and engages in this process, its chances of survival are good, even though it will rule on different terms to the first few decades of its existence.

China needs to undertake political reform because of the massive complexity of the issues it is facing in the coming two decades, and the fact that it is trying to now get ready for these with a highly centralised system that was largely borrowed in the middle of the 20th century from the Soviet Union. The Party’s inability to create consensus even within its own elite on key issues like economic development, climate change, and legal reform, are worrying. Within society, a vast number of websites, blogs, and magazines testify to the rich variety of opinion within China. The government needs to have better means of demonstrating public support for key policy decisions, rather than just rhetoric. And there have to be ways of allowing public input into governance so that the high levels of public dissatisfaction with corruption, the environment, and inequality can be addressed.

There are some issues that can already be predicted with some certainty, even by 2020. China’s demographics by this period are deeply problematic. Gender imbalance is already critical, with 106 men for 100 women, and, in some rural areas, 140 men to 100 women. China is looking at having 20 to 30 million single men by 2020. The impact of the one child policy means that China is also facing an abrupt aging population crisis, with two people of working age then supporting one person who is retired. Changing

composition of the family structure means that the normal networks to support the aged and other dependents will have been eroded. In the next decade China will have to create a whole social security network in places and ways it currently doesn't have.

By 2025, China will have become the world's largest user of all energy resources, and may well use more than the rest of the world put together. But despite a major nuclear power station building programme (30 by 2020), and increased use of renewable resources, it will remain fundamentally reliant on fossil fuels, and in particular on coal. This is intimately linked to its environmental problems. China's hunger for energy will bring it into competition with other countries like Central Asia, Africa and Latin America. Its energy hunger will also mean that it will need to look at creating a wholly different kind of economic model, shifting away from manufacturing, export led growth to a higher value, less energy inefficient and more internally consumer driven model. In particular, dramatic increases in car usage and in urbanisation will create increasingly unsustainable strains on China's natural environment, calling for radical new forms of technology long before 2030. And by 2030, China will have answered its currently greatest challenge — water supply and clean water sources. 70% of China's water is now reckoned to be polluted, with large parts of the north east suffering prolonged droughts, and cities like Beijing and Shanghai suffering severe lack of supply of fresh water.

The current leadership of China comes from a very narrow and specific political culture. They are servants of the party, owe all they are to the party, and have been brought up and created by it. But in their handling of key strategic issues they have to show an ability to communicate with society in ways which, much like western politicians, sell policy options to them, and convince them of the need to support the government, even as it undertakes some difficult changes which may well work against the interests of some groups in society and for others. They are cautious, believe in gradualism, but they are also instinctively aware of the long history of instability that has afflicted China for many centuries. This only ties their hands even further.

The current political system in China will not be in place in 2030. By

that time, there will be a different model, one in which the party is likely (but not certain) to be dominant, but in which major areas will have been ceded to civil society and to other political players. If the CPC is intelligent in how it makes these compromises, then China's ability to continue to exist as a strong, unified country is high. But mismanagement of its responses to any of the key areas above, and particularly to political reform, could result in the dreaded outcome of breakdown, social upheaval, and failure. Because of the profound integration of China into the global economy the impact of this not just for China but the rest of the world could be devastating. For this reason, China remains a major threat to world stability, not because of aggressive external intent, but because of its own vulnerabilities and fracture lines.

2

The Rise of China and the Restructuring of World Order¹

Zhu Yunhan

Zhu Yunhan

Born in Taipei in 1956, Prof. Zhu Yunhan graduated from the Department of Political Science, National Taiwan University in 1977, received his master's degree in Political Science from the National Taiwan University in 1979 and his Ph.D in Political Science from the University of Minnesota in 1987. As one of the Taiwan scholars of political science with high international reputation, he is presently the Distinguished Research Fellow of the Preparatory Office, Institute of Political Science at Academia Sinica, professor of the Department of Political Science, National Taiwan University, and Executive Director of Taiwan Chiang Ching-kuo Foundation for International Scholarly Exchange. He was elected as Academician of Academia Sinica in July 2012. His research focuses include the

¹ This article is based on the record of the lecture delivered by the author for a general-education course in the National Taiwan University in November 2012.

international political economy, the politics and economy of East Asia, and the democratization and methodology of social sciences.

“The rise of China is one of the most important transforming forces shocking the present world structure, and will be one of the forces leading the restructuring of the world order in the 21st century. In this sense, China’s model of development will influence the restructuring of the world order; and China’s path of development will influence the future of the human community.”

——Zhu Yunhan