
Public Action in China: From Decision-Making to Implementation

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March 2009



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This program is supported by:



ISBN : 978-2-86592-491-2
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Table of Contents

INTRODUCTION	2
DECISION-MAKING VIA CRISIS MANAGEMENT CASE STUDIES	3
Management of the Olympic Games: Between “Raison d’État” and International Pressure	3
China Faced With a Globalized Challenge: Management of the Financial Crisis	5
Decision-Making Faced With Social Challenges: the Difficulty of Taking Expectations Into Account.....	9
Energy and Environment Issues: Between the Weight of the Lobbies and Foreign Expectations	12
The Quality Crisis: Managing the Turnaround in the Image of China, Inc.	16
MANY OBSTACLES TO DECISION-MAKING	19
The Cancer of Corruption	19
The Weight of the Networks of Influence	20
THE QUESTION OF POLITICAL REFORMS: TOWARDS GREATER EFFECTIVENESS?	23
CONCLUSION.....	26

Introduction

Thirty years after the start of the policy of reform and opening up (*gaige kaifeng*) launched by Deng Xiaoping in 1978, the political system and Chinese society are considerably more open. However, there still are many gray areas, one of which is the question of decision-making: the way the decision-making process is concretely implemented remains opaque. Between statements of principle and apparent inconsistencies, an analysis of the decision-making process helps to shed light on the conflicts within the political apparatus, the debates on the evolution of the regime, the interests at work, and the power games that take place.

Since the 1997 Asian crisis, and then the SARS crisis in 2003, China has shown new interest in crisis management, a sign of openness for a regime that long preferred to deny the validity of the very concept of crisis when it came to their own country.¹ It was not until 1997 that a crisis management department was created within Tsinghua University in Peking, as well as a military crisis management department within the Military Science Academy (*Junshi kexue yuan*).

The excellent management of the Sichuan earthquake crisis by the Chinese authorities shows – despite the limits that appeared later – that a real learning capacity can be mobilized when it comes to crisis management and decision-making.

It's thus through the analysis of a certain number of crises and a study of varied cases that we will attempt to shed light on the decision-making process and its abiding features, the factors that influence decision-making and its implementation, the hierarchy of priorities (pursuing economic growth, social stability, political control, China's image, and survival of the regime), and the diversity of levels (bureaucratic, political, factional, provincial, or national) involved in a political system characterized by growing complexity.

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¹. A temptation that still exists, as, in the initial weeks of the global financial crisis, the instructions given to news agencies were to insist on China's capacity to escape the consequences of the crisis. This untenable position was reassessed when announcements of company closures increased. Today, the official line claims that the crisis is a welcome opportunity to accelerate the ongoing reforms.

Decision-Making via Crisis Management Case Studies

Management of the Olympic Games: Between “Raison d’État” and International Pressure

The way the Olympic Games were organized revealed a certain number of elements regarding crisis management by the Chinese authorities.

Due to the considerable importance the party apparatus placed on the Olympic Games, all decisions seem to have been subject to the priorities established by the Central Committee’s Propaganda Department (*zhongyang xuanchuan bu*). Therefore, no alternative strategy to that of “tough talk” on a certain number of issues related to the organization of the Olympic games was able to be asserted.

Peking hence officially rejected any “politicization of the Olympic Games” and reiterated its stance throughout 2008, up until the opening ceremonies. Nevertheless, the organization of the Olympic Games has been qualified by the Chinese authorities as the “most important political task for 2008”, given that they were supposed, as part of a domestic political control strategy, to appear to the eyes of the world – and even more so to the eyes of the Chinese people – as the success of the socialist model of development “with Chinese characteristics”.

Much like in the case of the Taiwan question, the “sacred” nature of the political mission to make the Olympic Games a complete success forbade any open criticism, and probably even any authentic debate, on the choice of priorities made – this within a leadership for which no member can let his attachment to defending “national honor” be put into doubt. Within this context, the Propaganda Department – the guardian of political orthodoxy – was able to play a major role, due to the “sacred” nature of what was at stake and to the need to respond to the crises that occurred one after the other.

The Propaganda Department thus played a major role in managing the Tibetan crisis, and more generally in the way a certain number of seemingly irrational decisions were made in relation to the organization of the Olympic Games. In the case of the Tibetan crisis, the elimination of any protest perceived as an “insult” to the honor of the motherland in fact represented a much higher priority than the preservation of the image of an open and reformist China on the international level. The violent repression of the riots in Tibet, and the use of a language from another era also highlighted the insurmountable limits of the regime’s ideological evolution faced with “peaceful evolution” scenarios.²

Likewise, the choice of a restrictive visa policy, officially justified by the need to counter any terrorist threat during the Olympics, was made at the expense of a strategy of openness and economic development based on encouraging foreign investments and facilitating contacts.

Beyond the debate on a possible confrontation between reformists and “new left”, or “conservatives,” the setting up of this type of decision thus offers a useful perspective on the hierarchical organization of priorities within the system and the relative weight of various factors.

To be specific, faced with the risks of protest or of incidents harmful to the image of China as defined by the highest authorities of the party, the factor of economic rationality and efficiency remains very relative. The way the organization of the Olympic Games was managed revealed the persistent influence of ideology beyond an official line that tends, on the contrary, to dissimulate the specificities of the Chinese political system in its relationship to the outside world. In this respect, the Olympic Games shed light on the deeper motivations that are running the Chinese system.

More than a *per se* objective, the economic opening and development strategies thus appear as an instrument at the service of the stability and grandeur of China and its regime—an instrument that is nevertheless subject to many turnarounds according to the evolution of priorities. For example, the choice of economic nationalism, perceived abroad as harmful to China’s image, can on the contrary be perceived, within the framework of internal balances,

². Several months later, Jia Qinglin, President of the Chinese People’s Political Consultative Conference and member of the Communist Party’s Politburo Standing Committee, reaffirmed this principle in an article published in the journal *Qiushi*. Jia Qinglin, “Gaoju Zhongguo tese de shihuizhuyi weida de qizhi, ba renmin zhengxie shiye buduan tuixiang jin” (“Carry the Banner of Socialism with Chinese Characteristics; Make Relentless Headway in the Tasks of the Chinese People’s Political Consultative Conference”), Qsjournal.com.cn, (Jan. 16, 2009).

as favorable to the party's interests.³ On the other hand, if, as we shall see, the economic crisis comes to endanger the regime's stability (which remains the main evaluation factor for political action and decision-making), the open-door strategies may again take on new topicality.

China Faced With a Globalized Challenge: the Management of the Financial Crisis

Contradictory Elements

Several contradictory elements can be identified in the management of this crisis. The first element is the regime's temptation to reassert the image of China as a responsible power, while the crisis tolls the knell of the American system. This factor influenced the initial declarations made by Peking and the decision to accept to participate in an enlarged G20 summit organized in New York on November 15, 2008, despite hesitations that stemmed from traditional Chinese overcautiousness towards international commitment.

The financial crisis has thus presented the Chinese power with a real opportunity to reinforce its own domestic and international prestige by taking an active stance in the management of world affairs, e.g. by participating in the elaboration of new norms—when they did not oppose fundamental Chinese interests. In an article published on November 21 in the review *Caijing*, a Chinese analyst predicted, for example, that the yuan would shortly replace the dollar as a benchmark.⁴ But beyond such gloating – and this is a second element just as essential – the management of the financial crisis also falls within a more complex, earlier debate on the nature of growth and the difficulty of setting up macroeconomic control measures.

As inflation threatened China at the beginning of 2008, the priority delineated by the regime was the setting-up of credit control measures. However, even before the crisis broke out in Summer 2008, the official line was partially reoriented under pressure from numerous lobbies that stressed the need to maintain “sufficient and stable” growth, hence were hostile to such measures.

³. Roger Baker, “China, the Olympics and the Visa Mystery,” Stratfor.com, (July 26, 2008).

⁴. “China Bids for Yuan to Trump U.S. Dollar,” English.caijing.com.cn, (Nov. 21, 2008).

Primacy of Stability Over In-Depth Reforms

From September, calls for more flexibility in macroeconomic control were thus made in order to avoid the social consequences, especially in terms of employment, of the global financial crisis. It was in fact the most dynamic provinces such as Guangdong or Zhejiang, which are vital labor-market and growth areas, which were affected very rapidly. This showed the limits of a development model based on encouraging foreign investments in the production sector and on massive access to foreign markets now in recession.⁵

The weight of the reality of the crisis was thus added to that of the lobbies and interest groups especially powerful in the sectors of state enterprises, real estate, banking, construction, or energy, which cultivate close ties with representatives of local or national authorities, traditionally hostile to any macroeconomic control measures likely to reduce their traditional sources of enrichment.⁶ The urgency of the crisis and the risks of recession offer new arguments to those who support growth centered on the most dynamic regions, which give more than their due to local authorities, whose power and enrichment largely stem from poorly controlled investment projects –especially in real estate– and from encouragement to almost exclusively export-oriented industries.⁷

During the 4th plenary session of the Central Committee devoted to economic questions, which was held in December 2008, stimulation measures based on investments were thus validated and “maintaining development and growth” was officially chosen as “central task for 2009.”⁸ The need for taking better care of the social burden was also put forward, but without significant resources being released to do so.

Hence this very real crisis made it possible to justify giving up, at least temporarily, a strategy of macroeconomic control faced with strong local opposition, in the name of maintaining stability and growth. The measures adopted, including the announcement just before the G20 summit of a stimulation plan of nearly \$500 billion, thereby dismiss any real questioning of the foundations of Chinese growth and seek, on the contrary, to boost the economic growth machine urgently.

⁵. Xinhua.com, Sept. 21, 2008.

⁶. Willy Lam, “Stability Trumps Reforms at China’s Parliamentary Session,” *China Brief*, Vol. 8, Issue 6 (March 14, 2008).

⁷. Let us recall that exports represent nearly 40% of GNP in China, even if their share in the annual growth in GNP is tending to decrease. Since 2003, exports have increased 20% per year on average. More worrying for the government and the local authorities is the fact that exports concern the most dynamic industries in terms of labor and the richest coastal provinces, which are showcases for the success of the Chinese regime.

⁸. “Bao cengchang shi doudeng dashi,” Xinhuanet.com (Dec. 11, 2008).

The Chinese management of the financial crisis thus reveals one of the characteristics of the decision-making system: its reactive nature and short term focus.

While the regime's official line is based on its stability and its longevity, as opposed to the fleeting and supposedly unstable nature of democratic regimes subject to the tyranny of elections, we can see the implementation of a model of reaction on an ad hoc basis when the regime is faced with economic or social crises that could threaten its stability and its survival, while its long-term strategy is not very clear.⁹

The Crisis Brings to Light the Procedures of Arbitration

However, the crisis also brings to the fore the multiplicity of interests and the vigorous nature of the debates, that are no longer concealed. These debates deal with the choices to make, with the nature of the diagnosis, and are expressed in the press and on the Internet. They involve a network of experts whose level of training, especially abroad, has considerably increased over the last few years, and who gained influence on decision-makers at the highest level.

But despite this porosity between the area of power and the area of debates, the final arbitration process, including economic issues, remains concentrated in the hands of the nine members of the Politburo Standing Committee of the Central Committee of the CCP. The State institutions, in charge of implementing the major strategies, remain subject to the party's authority. Contrary to the concentration of power inside the Party, inside the State apparatus, responsibilities for the implementation of economic and financial policies are scattered as for instance no "big ministry" of finance was set up during the National People's Congress session held in March 2008.¹⁰

With regards to official positions, Hu Jintao, Wen Jiabao, and Li Keqiang seem to be more favorable to a reform of the foundations of Chinese growth, to the setting up of a social protection system, and

⁹. "China, Facing the Inevitable Crisis," Stratfor.com (Nov. 20, 2008).

¹⁰. John Garnaut, "Pulling the Lever in Corporate China," Smh.com.au, (March 3, 2008). The example of China's first acquisition of a stake in the company Rio Tinto is especially enlightening. From December 2007, it was the Reform and Development Commission that asked the state enterprise Chinalco to coordinate efforts to allow China to acquire a 9% stake of Rio Tinto capital. The decision was approved by the Council of State in charge of implementing the PRC's diversification strategy. The president of Chinalco, Xiao Yaqing, a member of the Communist Party Central Committee, thus formed a consortium bringing together Chinalco, Bao Steel, and the China Development Bank. Likewise, when the bankruptcy of Lehman Brothers endangered Chinese interests within Rio Tinto, it was the power of all of China that was mobilized to defend Peking's interests.

to the reduction of inequalities. All these measures are tied to the question of the development of the domestic market. Moreover, the reduction of inequalities constituted one of the central themes of President Hu Jintao's speech to the 17th Congress in Autumn 2007 and was taken up again by Prime Minister Wen Jiabao in Spring 2008, during the session of the National People's Congress.

But, whatever the divergencies of interests, faced with the urgency of the situation and the risks of a too considerable slowing down of growth, a consensus tends to be formed about the foremost necessity to preserve the foundations of the regime's stability.¹¹ Peking has thus strongly emphasized that the best means for China to support the global economy is to maintain its own growth.¹²

A certain number of lessons can therefore be learnt from the management of the financial crisis. The latter confirmed a remarkable capacity for diagnosis, which represents the originality of the Chinese system compared to the mode of operation of the former Soviet Union. And, due to its seriousness, the financial crisis has fueled very open debates on the future orientations of the Chinese economy. It is becoming a pressure instrument in the hands of the central authorities who support reorientation of growth as well as for local interest groups hostile to the economic control measures discussed during the first half of 2008.¹³

But while each of these groups is attempting to exploit the official line on the consequences of the crisis to further its interests as best as possible, the realization of the urgency of the threats the crisis represents for the regime's future may also be a factor behind its failure to act, before the huge scope of the reforms needed.

The management of the crisis thus did not lead to the resolution of inconsistencies. When we analyze the official line, the decisions made and the way they were implemented show that priority is given to managing the immediate risks that weigh on the survival of the regime.

¹¹. Cheng Li, "China's Economic Decisionmakers," *China Business Review*, Brookings, March-April 2007).

¹². Speech by President Hu Jintao at the ASEM Summit, ASEM7.cn (October 2008).

¹³. "China Must Do Better to Handle Disaster," Economist.com, (Oct. 8, 2009).

Decision-Making Faced With Social Challenges: the Difficulty of Taking Expectations Into Account

The significance of the social crisis factors has been debated for many years in China. But, here as well, it has not been possible to set up real measures, at least until the financial crisis broke out in Autumn 2008, due to the absence of a real feeling of urgency.

Social stability, which is very largely based on pursuing growth and on the hope of a better future, is at the heart of the regime's strategy for survival, along with the implicit promise of a "confucianist" social contract replacing a socialist ideology cut off from the reality of reformist China. But while the regime finds legitimacy in its effectiveness and its capacity to preserve economic growth, the level of expectation and demands from a population that no longer hesitates to protest when this social contract is not respected has increased considerably.

However, while the diagnosis of instability factors and the solutions proposed are relevant, rendering these strategies –defined at the political level– into laws and decrees, as well as implementing and monitoring the application of these new measures, represents one of the most challenging deficiencies characteristic of the Chinese system.

The policies defined at the highest level clash against powerful interest groups that adhere to and support the system only insofar as it offers them, because of its very malfunctioning, considerable material advantages and prospects for enrichment.

Under these circumstances, as in the case of the management of all the crises with which the Chinese government must deal, the pressure of urgency and the increased risks of destabilization represent the main factor in favor –or not– of the adoption of the measures and of their implementation.

It is as well the case for the issue of social spending. According to a study published by the Academy of Social Sciences in 2007 on the key sectors of social expenditure that have the greatest influence on the population's consumption capacities, this expenditure has tended to decrease as a percentage of the total budget. If we include pension payments, it dropped from 9% of the total in 2003 to 1% of the total in 2006.¹⁴

¹⁴ China Academy of Social Science, *Social Blue Book 2007*.

At the same time, most of the responsibility for these social costs was transferred to the local authorities, accompanied by very ambitious objectives, such as the transition to nine years of mandatory schooling. Yet, in many of the poorest regions, the phenomenon of children –especially migrants’ children– dropping out of school is significant when there is no real transfer of funds or new tax resources.¹⁵

Without new resources and in the absence of a proper legal system, the local authorities thus resort to making people pay for services –especially education and health care. This strategy aims both to make up for the lack of resources and to provide for some of the enrichment of those in charge. The central authorities are aware of this major contradiction that forbade –until recently– the implementation of the much needed measures. Published in 2008, before the annual session of the National People’s Congress (NPC), a report by the Development Research Center (*Fazhan yanjiu zhongxin*), which is part of the National Commission for Reform and Development (*Guojia fazhan gaige weiyuanhui*), hence asserted –at least regarding the health-care system– that “the reforms have not succeeded.” (*Gaige shi bucheng de*).¹⁶

The objective of the report publication was to intensify pressure on the interest groups most hostile to these reforms, before the annual meeting of the NPC. It reflected the concerns of the population, as exposed in an article in the *Renmin ribao* in the same period. According to this article, the hierarchy of the population’s priority concerns goes from unemployment, inflation, health, inequalities, social security, labor law, corruption, education, justice, down to housing. In February 2008, just before the 11th session of the NPC, a communiqué from the Central Committee also stated that, faced with the demands of the population, the principle of social justice had to be defended, a principle that involves implementing the “scientific development” strategy championed by Hu Jintao at the party congress several months earlier.

Finally, in the weeks and days that preceded the NPC meeting, a few “ballons d’essai” were launched about the setting up of the “big ministry system” (*da buwei tizhi*), making it possible to fine-tune strategies according to domestic and international reactions.¹⁷

¹⁵. Stephen Green, *Leviathan: the 2007-2008 Budget*, Standard Charter Group Global Research (March 7, 2008). The same question is going to arise concerning the implementation of the new public health law adopted in January 2008.

¹⁶. “Dui zhongguan yiliao weisheng tizhi gaige de pingjia yu jianyi,” *Guowuyuan fazhanyanjiu zhongxin* (February 2008).

¹⁷. *Renmin ribao* (Feb. 27, 2008). It is interesting to note that, regarding the rumors concerning the change from 28 to 21 ministries, in reality 27 ministries, including “7 big ministries,” were kept.

The NPC then validated the decisions, respecting a “chain of command” that goes from the authorities of the party to those of the state. The theme of reducing inequalities was thereby taken up again in a major speech by Prime Minister Wen Jiabao, and a new Human Resources and Social Security Ministry was included within the list of the seven “big ministries,” in order to underline the official importance given to this question.

Opposition by powerful interest groups nevertheless considerably slowed down the implementation of concrete measures intended, among other things, to set up a fairer health system. An example is that of the “renationalized” state hospitals, which are now supposed to be free from the profit-making obligation imposed since the early 1990s, but which at the same time are being deprived of resources deriving from the corrupt prescribing of exams and the excessive sale of medicines.¹⁸

But in the field of health as well as in the rural sector, it is the seriousness of the financial crisis and the risks of economic recession caused by the collapse of foreign markets, as well as the concomitant necessity to create optimal conditions for domestic market growth, that precipitated the adoption of the required measures.

In September 2008, right after the Olympic Games and when the financial crisis was increasing in scale, the decision to experiment, “in a certain number of regions,” a medical reform plan meant to expand a system of guaranteed access to health care to 800 million rural inhabitants was officially announced. This system should gradually extend to the entire population by around 2020.¹⁹

Justified by the need to develop a true domestic market for consumer goods faced with the tightening of the major foreign markets, the taking into account of the especially difficult situation of the rural sector, which represents 730 million inhabitants or nearly two thirds of the Chinese population, also led the autumn plenary session of the Central Committee to validate the principle of rural reform. This latter is supposed to better protect the interests of peasants and to reinforce their consumption capacity. Concerning the question of social issues, we can thus find the equation between fair diagnostic and the urgency of a crisis that alone can (in the implementation of the announced decisions) lift the strong obstacle of local or corporatist opposition. The ambitions regarding the implementations of these new measures, and the fact that they are strongly expressed by the central authorities is part of an appeasement strategy that attempts to meet the expectations of the population, or at least to give the impression of doing so.

¹⁸. Note that in 1992 the state covered more than 90% of health expenses.

¹⁹. “New Medical Reform Plan Experimented in a Few Regions,” Xinhua.com, (Sept. 1, 2008).

But even if the will to do so is real, doubts remain as to the authorities' capacity to render into reality, all throughout China, an evolution that is not very favorable to the local or corporatist economic and political elite, who are hardly convinced of the necessity of returning to the principle of self-denial "at the service of the people" (*wei renmin fuwu*).

Energy and Environment Issues: Between the Weight of the Lobbies and Foreign Expectations

The energy and environmental issue is similarly a matter for the same type of management carried out in urgency and encounters the same obstacles. The adoption of reform measures has nevertheless been very irregular in the areas of environment and energy.

In the case of environmental issues, as well as in that of social issues, the creation of a big ministry in March 2008 made it possible to demonstrate the state's interest in and willingness to start listening to the needs of the population or to the pressures of the international community. This has not been the case for energy issues. In this latter case, the considerable scale of interests at work has prevailed over arguments for better effectiveness.

On the Proper Use of Hype: the Setting-Up of the Ministry of Environment

There has been foreign pressure regarding environmental matters, such as that from the OECD, which recommended in a report published in 2007 that the SEPA (State Environmental Protection Administration), placed under the authority of the National Development and Reform Commission, be upgraded to ministry level. Faced with this, and given the very "politically correct" nature of the issue, as well as the relatively limited cost of this measure, the creation of a Ministry of the Environment seemed to the Chinese authorities like the simplest adjustment tool. Yet, it is a simple increase in power of the pre-existing environment agency (without the question of budget, personnel and scope of activities having truly been clarified).

The announcement of the creation of the Ministry of Environment has also authorized the implementation of a

communication strategy that qualifies environmental protection as a “fundamental policy of our country, crucial for its existence and even for the development of the Chinese nation.”²⁰

On the other hand, the creation of a Ministry of Environment does not seem to have brought any true change to implementation of stricter environmental control in China itself, and it has not truly affected the PRC’s hesitations with regards to the updating of the Kyoto Protocol. The white paper on environmental protection published in Autumn 2008 moreover emphasized the limits of the evolutions of the Chinese positions in that matter, which have been heightened by the threats of slowdown in growth with which the authorities are faced.

The creation of an Environment ministry thus seems to be clearly intended to avoid the setting-up of a true environmental strategy that includes a more constraining dimension for Chinese companies. The implementation of control measures will essentially be carried out as and when the need arises, in order to respond, for example, to the population’s demands concerning some or another local consequence of non-respect of the environment.

This is actually a matter of responding to the growing weight and activism of Chinese NGOs, among which many deal with the politically acceptable issue of defense of the environment. These NGOs are particularly active among the urbanized middle classes, which form one of the bases of support of the regime, and whose internationalization manifests itself, among other things, by greater attention to issues related to quality of life, including the environment.

The creation of the ministry also seeks to meet the expectations of the outside partners of China. The way the Chinese authorities deal with environmental issues in fact falls within a broader strategy of setting up confidence-building measures (CBM) intended to reduce, by showing willingness for dialogue, the pressures that can be exerted on Peking in other, more sensitive areas, such as transparency in military issues.

To be specific, it involves reinforcing cooperation regarding issues that are not perceived as vital by the Chinese authorities – such as the issues related to the “new risks,” which include environmental risks– and giving guarantees of goodwill on the international scene, without truly taking on the more difficult issues of reinforcing the means and real strategic orientations of the PRC.²¹

In this respect, the creation in 2008, within the Development and Reform Commission, of a department in charge of managing

²⁰. “Sepa Upgrade,” [Gov. cn](http://gov.cn), (March 11, 2008).

²¹. International Security Cooperation and Asia-Pacific Security, China Association for Military Science, “The Second Xiangshan Forum”, Peking, China (October 2008).

international negotiations regarding climate change represents an extra sign of the new importance given to international communication.

Blockage on Dealing With the Energy Issue

As we have emphasized, the question of creating an Energy ministry is much more complex, due to the importance of the interests at work. These imply access to considerable resources and the mobilization of clan and family ties that can be found even at the highest summit of the State and the party. Energy policy suffers from dysfunctions that are difficult to reduce. This policy is in fact dispersed among the National Development and Reform Commission (NDRC), heir to the State Planning Ministry; the National Energy Bureau, placed under the authority of the NDRC; and the great state enterprises, which are themselves heirs to the important oil and chemical industry ministries, and whose directors have the rank of ministers.²²

In Spring 2008, the Chinese authorities thereby gave up creating a big Energy ministry, and one can wonder if Peking really had the will to make a decision in favor of the creation of an Energy ministry.

Not creating this ministry despite the announcement made enabled the authorities to put forward, especially to foreign partners, the limits of their room for maneuver and the difficulties in adopting much waited-for measures in the area of the PRC's energy strategy. This apparent confession of powerlessness thereby makes it possible to deflect criticism and to reduce pressures and expectations.

It's thus the creation of a "national energy commission" that was announced during the 11th NPC in March 2008. This new organ must bring together –under the authority of the NDRC– all the organizations in charge of energy matters, including the National Energy Leading Group (*guojia nengyuan lingdao xiaozu*) and the civil atomic energy organization.

The official line insists on the authority and importance of this new body, as its mission is to "guarantee the coherency of energy policies with the overall objectives of the economy." The relationship with environmental policy is emphasized: the mission of the new National Energy Commission is to "draw up and implement energy industry programs" as well as to "promote new and alternative forms of energy and encourage conservation."²³

²². Here we can find a quasi-imperial attraction for the subtleties of the hierarchy of "mandarin" titles. Richard Mac Gregor, "Hopes for a New Energy Ministry Fades," *Financial Times*, (Feb. 25, 2008).

²³. "China Announces Overhaul of Energy Agencies," [Gov.cn](http://www.gov.cn) (March 11, 2008).

Echoing however a very security-based vision of energy supply championed by the think tanks close to the PLA, it is stated that the energy commission's mission must also be to guarantee "secure supply," although no details are given on the means to do so.²⁴

On the other hand, the essential question of the setting of energy prices had not been resolved, several months before the drop in oil prices facilitated the adoption of new measures along the lines of greater truth in prices. Here the issue was to find a difficult balance between inflation control, taking into account the risks of social crisis in the advent of too strong an increase, and the need to remedy excessive distortion between domestic market and foreign market prices.

Yet the question of energy prices has been the subject of intense and public debates that also reflect the expectations of Peking's foreign partners. The vigor of these debates, which can be supposed to reflect divergencies at the highest level of the state, is the sign of a real openness of the Chinese society, despite the blockage that remains at the level of decision-making itself and of its implementation. We can see an example within the National Energy Leading Group, before the opening of the National People's Congress session in March 2008: Ye Rongsi, vice president of the working group on drafting an energy law, defended the idea of reforming the energy price system. Nevertheless, while several articles and declarations commented the publication of this draft law "for consultation" (according to the strategy of putting out feelers), the law was finally not adopted, "other consultations" being planned.²⁵

The weight of different interest groups linked to the energy sector thus seemed to prevail over the objectives of economic rationalization. Furthermore, in the area of China's global energy strategy, the economic crisis could play in favor of the status quo and reduce the desire for reform. Thus, despite the criticisms and its human and environmental cost, it seems hardly likely that we will see a drastic calling into question of the coal industry. This latter still has the advantage of very low cost, and, due to the fact that mines –legal or illegal– are found in the poorest regions, it has a social function in terms of employment that Peking hesitates to call into question.

²⁴. Chinese naval ambitions, and especially the construction of an aircraft carrier, are related to this security-based line on the security of supply and sea lanes.

²⁵. *Idem*.

The Quality Crisis: Managing the Turnaround in the Image of China, Inc.

The management of the quality crisis of the Chinese products saw a dramatic new development in Summer 2008, along with the melamine-contaminated milk crisis. It also provides a valuable perspective on a mode of functioning that tends to privilege the use of scapegoats rather than in-depth reform of a control system whose stakes affect in reality the very foundations of the regime.

Besides the immediate victims, in China or abroad, the quality crisis, which is very much like the never-resolved issue of intellectual property, directly affected the Chinese economy and its export power even before the effects of the global financial crisis were felt. This crisis poses the question of the PRC's mode of development and the capacity for its managing bodies to evolve above and beyond the level of incantatory declarations. The management of the quality crisis implies a very costly calling into question of the principles of how the system works, especially concerning the implementation of a true legal system of control and responsibility. This evolution poses the question of political modernization, or democratic control, as a factor of effectiveness.²⁶ But the management of this crisis was limited to the implementation of a scapegoat, or "sacrificial" victims, strategy, intended to show the importance of the realization by and degree of contrition of the leaders, as well as their desire to "deal harshly" with the culprits.

Responding to the emotion of a public that discovered the melamine-contaminated milk tragedy in September 2008, Prime Minister Wen Jiabao publicly recognized the "government's responsibility in production control."²⁷ At the Tianjin economic forum, the prime minister also declared that more severe regulations were required "in order to reestablish trust in Chinese products."

This is because the image of China and its exportation power were directly affected, following the revelation of much malfunctioning in quality control, covering –from 2007– toys, everyday products harmful to the skin, medicines, or food products for animals or humans. But beyond the adoption –as a matter of urgency and to respond to the scandal– of more severe measures, it's obviously the question of effectiveness of controls and implementation that is once more called into question.

²⁶. Note that the title of Wei Jinsheng's *dazibao* text on the Xidan Democracy Wall in Spring 1979 was "The Fifth Modernization: Democracy."

²⁷. Jason Dean, "China's Wen Promotes Overhaul Amid Milk Scandal," [Wsj.com](http://www.wsj.com), (Sept. 29, 2008).

In the case of dairy products, the Chinese company Sanlu had been alerted by its New Zealand partner Fonterra from early August. Fonterra, which has a 43% stake in the company, asked that the contaminated products be recalled. As a sign of awareness of the problem –and of the true hierarchy of concerns between preservation of China’s image and public health– controls of food products intended for the Olympic Village seem to have been reinforced, but no alert at the national level or the international level was launched.

Furthermore, besides Sanlu, an inspection campaign launched in urgency in September 2008, after the Olympic Games, by the China General Administration for Quality Supervision showed that more than 70 milk products and 29 companies were concerned by practices that in reality appeared to be the norm –due to costs and respect of margins– rather than the exception. The dairy product affair thus reveals previous malfunctioning and the ineffectiveness of the measures regularly announced.

In March 2008, in order to respond to the quality crisis that had been affecting Chinese production for several months, the NPC decided to have the State Food and Drug Administration, whose director had been sentenced to death for corruption almost one year earlier, come under the authority of the Ministry of Health, and gave the latter investigative and punishment powers. However, this measure has had only very relative effectiveness. Likewise, in order to respond to the contaminated milk crisis, the leaders of the government of Heilongjiang province, where the Sanlu headquarters are located, were arrested and relieved of their duties. This was in accordance with a classic model of functioning that tends to punish local leaders rather than national leaders, and State civil servants rather than Communist Party cadres.²⁸

A certain number of managers involved in product quality control committed suicide. This is also a way to protect their superiors but above all to protect the future of their family and their clan, which can thereby keep the advantages of fraudulently acquired goods.²⁹

²⁸. Two middle managers of the company were sentenced to death and executed in January 2008. The president of Sanlu was sentenced to death but given a stay of execution.

²⁹. For example, the *Nanfang ribao* mentions the case of Wu Jianping, director of the food quality control department at the state quality control administration. He committed suicide on August 2, 2008, after a series of audits showed his involvement in the corrupt management of the quality of food products. In Yang Tao, “Tiaolou sizhang liuxia zhi duoshao ?” [“What is the legacy of the head clerk who jumped off the top of the building?”], *Nanfang ribao* (Aug. 18, 2008).

Beyond the need to take into account the growing increase of sometimes diverging interests, the question of controlling corruption is therefore in reality at the heart of the decision-making system.³⁰ As the Chinese leaders operating at the highest level acknowledge, the desire for personal enrichment –in a context in which the level of remuneration for the party and state administration reflects the reality of the level of development and remains modest–prevails over all the other factors. In this respect, and even if the regime has long been spared criticisms from abroad, when comparing for instance with other countries like India where this phenomenon is harshly criticized by a free press, the People's Republic of China does not fundamentally differ from the situation of other emerging countries.

³⁰. See Bruce J. Dickson, *Behind the Bamboo Curtain, Populist Authoritarianism and the Future of the CCP*, George Washington University Press (Washington, 2005) and Valérie Niquet, *Le XVIIe congrès du Parti communiste chinois : éclairage sur le fonctionnement d'un système*, *Asie.Visions* n°2, (December 2007).

Many Obstacles to Decision-Making

The Cancer of Corruption

Corruption thus represents one of the foremost causes for blockages in the system. It considerably reduces the reach and interest of the diagnostics made, by diluting or deeply modifying the spirit of the decisions adopted and the implementation of laws and decrees.³¹

The networks of interests and corruption are in fact at the heart of the ties that bind the local networks, reinforced by the traditional practices of nepotism.³² These ties between financial institutions and party organizations, economic power and political power, and judicial power and police power can be found even at the highest level of the party and the state.

For example, at the local level, the secretary of the Communist Party committee has nearly absolute power, allowing him to mobilize funds; authorize or block the implementation of policies; and to control any risk of denunciation, such as in the form of petitions, by using police or paralegal gangs to put pressure –by intimidation– on the protesters.

These phenomena of corruption and of networks of interests also have an influence on the implementation of investment strategies. Priority is generally given to investments likely to generate maximum profits or to facilitate money-laundering, such as real estate, along with consequences that are socially and politically harmful to the use of agricultural land.³³

³¹. Willy Lam, “Stability Trumps Reform at China’s Parliamentary Session,” *China Brief*, Vol. 8, Issue 6, (March 14, 2008).

³². More than 50% of the members of the new Politburo are “sons of” the revolutionary elite; however, this is not the case of Hu Jintao, Wen Jiabao, or Li Keqiang.

³³. Interview with the author, Peking, Spring 2008. Investments in real estate are described as the simplest way to launder corruption revenue, especially thanks to mobilization of family clan members as front men for the purchase of real estate.

We can thus witness an increase in significant real estate programs and shopping centers, especially in provincial areas, whose occupation rate and real profitability remain very uncertain.³⁴ In the major urban areas, the urban development projects, which rely especially on the ties maintained with the local agencies of the development bank, generally give priority to visibility and the possibilities of profit more than to real response to social needs.³⁵

Likewise, in land management matters, infrastructure spending is encouraged according to “profitability” in terms of corruption money. In the field of road infrastructures for example, the double-digit progression in the building of highways, which are sometimes poorly frequented but generate fringe benefits, has prevailed over improvement of the traditional road network, especially in the poorest and most isolated regions.

The Weight of the Networks of Influence

The formation of influential networks of “relations” (*guanxi*) stems directly from the Communist Party’s system of operating and from “democratic centralism.”

Each local official concentrates, at his level, all the powers and capacities to grant –or not grant– authorizations. There is no real outside control, except for the very dreaded –but hardly present– central commission for discipline inspection of the Central Committee.

This local official is answerable only to his superior, in a chain of responsibility that can very quickly become a chain of collusion. It’s thus in the interest of each network that benefits from this system to block any “rising up” of information to the higher level, and especially to the national level. Furthermore, the promotion of officials continues to rely mainly on the strength of the growth rate in their jurisdiction and on the absence of demonstrations and protests, evaluated in particular through the activity of petition offices.

Beyond these local networks, the nepotic functioning of the party encourages collusions, even though –increasingly so and thanks to the Internet– some nominations are publicly denounced, leading to a calling into question of the decision.³⁶ Such was the case,

³⁴. See the case of the Xifeng metropolitan area, in Edward Cody, “China’s Local Leaders Hold Absolute Power,” Washingtonpost.com (June 10, 2008).

³⁵. Zhang Shuguang, “Rethinking the Makeover of Urban Villages,” *The Economist Observer Online* (July 10, 2008).

³⁶. We can see a symptom of gagged democratic expression via the groups of “vigilantes” that appear on the Internet. They attack corrupt officials by revealing their personal address and their private life, and by organizing sometimes violent demonstrations in front of their homes. These

for example, in Benxi, in Liaoning province, where the promotion of four “sons of” local party officials was canceled. On another level, the ties between big companies and representatives of the party or the state are also close. In terms of principles, these ties are facilitated by the theory of the “Three Represents” inscribed in the Communist Party Constitution by Jiang Zemin. Examples are Ai Baojun, president of Baogan Steel and deputy-mayor of Shanghai, and Zhu Yanfang, president of China Faw Group Corp. and vice governor of Jilin.³⁷ We can also mention Larry Yung, president of Citic Pacific, son of Rong Yiren, vice president of the Republic and founder of Citic in the late 1970s.³⁸

But while the awareness of the very perverse effects of the phenomenon in terms of economic, social, as well as political effectiveness is real, the implementation of solutions remains –and for good reason– very limited due to the interests at work. At the legislative level, stress is put –in the area of land requisition for example– on the advances supposed to reinforce the means of control, such as transparency and informing the public.

In April 2008, the State Council of the PRC thus adopted new rules on “the publication by the Government’s information office on implementation procedures and questions of public interest such as the acquisition of land for development projects.” These rules include “22 articles intended to reinforce transparency.” According to these new rules, all the administrations must publish all information concerning the questions of major interest, such as the information concerning land acquisition and the compensations offered, thereby putting an end –officially– to decades of arbitrariness. The local governments were asked to make public, from October, a program for implementing these new rules.³⁹ However, at the end of 2008, little concrete headway in the matter had been observed.

In this context, the role of the media and especially Internet has become essential in dealing with the most serious cases, whose social consequences or consequences in terms of image, are the most harmful for China.

Faced with the growth in protest and the publicity that can be made of it abroad, the upper levels of the party generally intervene by setting up investigative commissions, and then by having the party’s

denunciation campaigns can lead to arrests, and the authorities themselves use this people’s strike force to increase controls. See, for example: Chinadigitaltimes.net/2009/01/internet-censor-official-targeted-by-chinese-netizens/

³⁷. Chinatimes.com (June 16, 2008).

³⁸. Rong Yiren, himself from a big, pre-1949 Shanghai industrial family, has become the prototype of these “red bankers” that Deng Xiaoping’s China of reforms and of opening up were able to use. Following risky financial games, Larry Yung led Citic Pacific into the Autumn 2008 financial crisis.

³⁹. Chinaview.cn (April 30, 2008).

discipline inspection commission take action. This latter can impose resignation from current offices as well as proceed with arrests and sentencing that can easily go as far as the death sentence “as an example” in the most serious cases.⁴⁰

But one of the main obstacles in taking into account problems related to corruption resides in the processes of regime support, which largely rely on the possibilities for personal enrichment linked to party membership and the cadre network.

For example, we can observe a phenomenon that has certain similarities to the purchase of offices, as it seems that the progression on the scale of responsibilities and nominations are subject to the fixing of prices, according to the prospects for enrichment associated with them.⁴¹

It's thus the whole chain of loyalty that could be called into question, as well as the unity of the party and the stability of the entire system, in the event that more effective means against the main factors of corruption are implemented.⁴² The issue in reality has an effect on political reforms; while there is near consensus on the theme, the contents and agenda are, on the other hand, far from being clearly defined.

⁴⁰. According to the principle: “Kill the chicken to scare the monkeys” (*Sha ji pa gou*).

⁴¹. *Idem*.

⁴². The party is thus similar to a sort of elitist club –accentuated by the monopoly of power– that facilitates the forming of networks of influence and cooptation.

The Question of Political Reforms: Towards Greater Effectiveness?

In the reflection being carried out within the party apparatus on the decision-making process, the main objective of political reforms is to improve the taking into account of the flow of informations and expectations that are being expressed increasingly openly, if not freely, towards the authorities. In this process of information gathering from bottom to top, many actors play a significant role, and the latter has considerably developed along with the liberalization of the regime and of society. The think tanks and the university circles, the petition system (despite the limits put on them by the authorities at various levels), and, finally, the media in the broader term (press, Internet, blogs) have come to round out and often replace the traditional information networks, especially when the demands are not taken into account or are blocked at a level of authority.⁴³

It's thus a question of better reflecting on the complexity of social expectations thanks, for example, to the use of "polling" and the organizing of televised debates between several candidates for a position of responsibility, as substitutes for democracy.⁴⁴ This gathering of information is aimed at improving the authorities' capability to take into account the complexity of increasingly contradictory interests, between the various groups of interests, the bureaucratic organizations, the center and the periphery.

Ideally, it is thus a matter of improving, thanks to these new means of expression, both the effectiveness of decision-making and its implementation, all the while furthering social stability –or harmony, to use the more Confucian terms that are in favor with the regime today. The fundamental objective, and perhaps the only one for which there is true consensus, nevertheless remains that of the survival of the regime by no matter what means, authorizing great pragmatism within these limits. As Xi Jinping indicated before the party's Central School in October 2008, "The Communist Party is in power to lead the country in the long term." It's thus a question of finding the best way to guarantee this longevity.

⁴³. See the report on the Asia Center Ifri seminar, "Online Public Opinion in China," Ifri.org, (Dec. 17, 2008).

⁴⁴. Thereby shifting directly from dictatorship of the avant-garde of the proletariat to "catholic democracy"...

It's within this framework that debates have developed on the nature of the party ("ruling party" or "revolutionary party"), the definition of the concept of "people," and the enlargement of representation of the interests of the different social groups – the term "class" not (yet) being recognized in the context of socialist China.

The evolutions of the party's constitution since the beginning of the reform period 30 years ago reflect this desire to transform the party, all the while preserving it, and to transform it precisely to preserve its fundamental essence, according to a quasi-Taoist principle.⁴⁵ It is a question of reforming without saying so –of getting around without naming controversial political reform, a taboo since 1989. A question of accelerating the process of economic reforms as a substitute to political reforms, perceived as potentially too destabilizing and dangerous for the survival of the regime.⁴⁶

The condemnation of the *Charter 08*, which appeared on an Internet site at the end of 2008 with several thousand signatures and of which at least some positions reflect debates underway almost officially about the limitations of the Chinese system, corresponds to this desire to preserve the right not to name the essential point, i.e. the official preservation of the Chinese Communist Party's monopoly over political life.

In the case of the constitution of the Communist Party, rather than a potentially destabilizing rejection of the monopoly of power and of factionalism, it is the interpretation of the constitution that is modified, without official formalization. This is done according to a classic principle of Asian strategy culture that consists in favoring the bypassing of an obstacle and avoiding "combat," which is always potentially costly, with an uncertain outcome.⁴⁷

But beyond the political reforms, the current debate on democracy within the party also comes from the need to better take into account the growing complexity of the interests represented, as membership of the Communist Party climbed from 4.4 million members in 1949, to 36 million members in 1978 just before the reforms, to 74 million today –including 4 million coming from the private sector. But if this diversity within the party is acknowledged, the recognition of factions or of "factionalism" –the first step towards the emergence of new political movements and a threat for the "unity of the party" and its role as a leader– are still officially rejected.⁴⁸

⁴⁵. Wu Zhong, "Red Capitalists Unravel the Party Line," *Asia Times* (Oct. 17, 2008).

⁴⁶. Idem.

⁴⁷. Valérie Niquet, *La culture stratégique chinoise*, Economica, (Paris, 1998).

⁴⁸. Feng Chongyi, "Democrats Within the CCP Since 1989," *Journal of Contemporary China*, p.673-688 (Nov. 17, 2008). Let us recall that, in Taiwan, democracy was established gradually, at the instigation of

This pragmatic strategy of circumvention favors –more than does the respect of rigid principles– pragmatic solutions, which have probably contributed to reinforcing the party’s capacity for survival. On the other hand, this type of short term strategy forbids the taking into account of the real problems which China faces, eternally postponing the implementation of the least consensual and most destabilizing policies (at least potentially) for the regime’s survival. But this strategy –or absence of strategy besides this strategy of survival– could make the political transition process for which the Chinese regime –and its partners– must prepare themselves all the more explosive.

Especially under the pressure of the global economic crisis that is striking China today, the implementation of true reforms in the social sphere –in the sectors of health care, education, pensions, and income distribution (including revenue from agricultural land)– is thereby perceived as the only way to rebalance (and to perpetuate) Chinese growth in a direction more favorable to the social and political balances that guarantee the regime’s survival.

However, the implementation of these reforms has come to call into question the powerful interests that themselves form an essential component of the regime’s support base, especially at the local level. These interests are all the more powerful as since the death of Deng Xiaoping, there is no longer any real, totally consensual strongman at the top of the Party apparatus. Resorting to brutal repression and to the use of force is also much more difficult to implement, except for cases of corruption that thereby become a means of authoritarian regulation, by reintroducing a bit of arbitrariness into a regulation and succession system that had become more “reliable” since the end of the Maoist period.⁴⁹

Despite a certain awareness and an obvious willingness to reach greater effectiveness, the resolution of these contradictions “within the people” is thus far from simple and largely explains the temptation to rely on slogans that act as a substitute for action.

Jiang Jingguo, son of Chiang Kai-shek, with the authorization of “non-party” (*wu dang*) candidacies.

⁴⁹. Liu Xiaobo, *Der Spiegel*, (July 4, 2008). Liu Xiaobo was arrested in December 2008 for having signed the *Charter 2008*.

Conclusion

The management of all these crises therefore brings out a certain number of observations. Contrary to the situation that prevailed in the USSR, the diagnostic on the social, economic, and even political problems with which China is faced is not only accurate, but also very broadly discussed in the press, on the Internet, or within the main semi-official think tanks, and it fuels the reflection of the authorities at the highest level. Encouraging better information and richer debate is moreover one of the means designated by those in power as a way to improve the management of an increasingly complex “China system.”

But if the diagnostic is accurate, just as meaningful is the fear of the consequences of too sudden a reform for a regime perceived as very fragile. Within the hierarchy of factors weighing on decision-making, we find –as we have seen– the weight of lobbies and interest groups. But this influence finds itself strongly reduced when the stability and survival of the regime are perceived as directly threatened by the crisis.

In the decision-making process, the need to take into account very diverse interest groups sometimes explains the apparent incoherencies of certain announcements and declarations. In the case of the creation of the big ministries for example, and of state restructuring, a system of “putting out feelers” was used to clarify the resistances, exercise possible pressure, and attempt to impose at least reflection on what is at stake with this reform.

Furthermore, authoritarian measures (of pollution control, for example, to respond to the Olympic Games “crisis”) remain easier to implement for a regime that refuses to call into question its foundations, whereas true restructuring would involve, among other things, a truly independent legal system. The crisis, or the feeling of crisis and urgency, plays a role of catalyst for decision-making or for facilitating the implementation of this decision, following a process of maturing and of often very prolonged debate. Thus, while the political system has become considerably normalized since 1978, a mode of functioning by successive crises tends to endure, which alone makes it possible to impose the measures judged indispensable by the central authorities.

In return, more than the thought-out implementation of a long-term global strategy, we can observe resourcefulness aimed at defusing, as and when the need arises, any risk weighing on the future of the regime. In the absence of a feeling of urgency linked to

the survival of the system and the stability of society, the adoption of required measures seems, conversely, very uncertain, with economic rationality and effectiveness not representing the foremost factors of decision-making.

On the other hand, the outside pressures that weigh on the image of China and the regime's prestige can call into question access to certain markets, leading rather to a strategy of circumvention whose nature is both declarative and time saving, and which is hardly followed by real effects. This is because, within the hierarchy of factors, that of internal stability weighs much more than external factors. If we look again at the case of the financial crisis, the factor of social stability –which for example justifies the preservation of highly polluting industries to protect employment in particularly disadvantaged zones– prevails over that of responding to international expectations in environment matters.

It is very significant that while, in the official line, it is often the “external threats” that are put forward, in reality the risks of “internal disorders” (*nei luan*) –more immediately worrying for the regime– play a foremost role of driving force in the evolutions and the decision-making process.

Concerning this process of decision-making applied to the major socio-economic orientations, we can note the following elements: public debates contribute to a diagnostic. This diagnostic, which can be manipulated to serve a specific political strategy, is validated by the highest authorities of the party, as was the case at the 17th Congress of the Communist Party in Autumn 2007, with the decision to put “man” –and social issues– “at the center” (*wei ren ben*).

The announced measures are then subject to internal debates within the party's bodies, reflecting the conflicts between competitive objectives or interest groups. The conclusions –or absence of conclusions due to a lack of consensus– are confirmed during the plenary sessions of the Central Committee proceeding the NPC session. A series of articles and declarations in the weeks preceding the NPC session in charge of rendering the political orientations into laws and decrees makes it possible to fine-tune or test the consensus.

What emerges is that the legislative bodies remain, as the constitution states, subject to those of the party, even if the annual meeting of the NPC increasingly appears as a forum of final debates and even low key opposition. This national representation also acts as an echo chamber for a burgeoning “civil society.”

Reproducing this chain of decision and of “command,” it was the visit by President Hu Jintao –like in the glory days of Maoism– to the model village of Xiaogang in Anhui province which launched the theme of reform of the land management system. This theme was

dealt with during the 3rd plenary session of the Communist Party held in October 2008 and should be validated and rendered into law and decrees during the next national People's Congress.⁵⁰

Furthermore, the most important decisions, including those on economic orientations or major investments abroad, are still made at the highest hierarchy level of the party, within the Politburo Standing Committee. It's at this highest level that a form of agreement between the three or four main actors must be reached. It's also at this level that the final arbitrations are carried out between spheres of influence, interest groups, and networks of relations (*guanxi*), or of established factions, which principle is still rejected by the constitution of the party.

The implementation process nevertheless remains subject to the vagaries of balances of power between pressure groups, and anything goes when it comes to imposing a decision. This includes the use of arrest for "corruption," a way both to satisfy the population, which ranks corruption among its foremost subjects of concern, and to put special interests that are too recalcitrant back into step. But, conversely, the desire to preserve the base of support of a weakened regime furthers a status quo hardly favorable to the effectiveness of the process.

At the same time, the economic crisis that China has now to confront limits the regime's capacity to postpone the measures required for maintaining social stability. The calls for political reform in the name of effectiveness are coming even from the ranks of the party. Wu Jingliang, one of the actors of economic reforms since the early 1980s and former president of the very official Center of Research for Development, under the Development and Reform Commission of the State Affairs Council, declared in an article published in Autumn 2008 that, to ensure the full modernization of the society and the economy, China must introduce the three principles of democracy, constitutionalism, and legal system, which according to him are the only way to truly fight against the corruption that is destroying the organs of the party.⁵¹

It's thus a new form of pressure that is exerting itself, and it will be difficult for those in power not to take it into account. And, this is all the more true as the realization and feeling of urgency have undoubtedly reached the highest summits of the state and the party. The objective of the "reformers" in fact corresponds to the "official" priorities of reducing inequalities, developing the domestic market, and extending the social safety net. The capacity for the system to

⁵⁰. Joseph Fewsmith, "Tackling the Land Issue Carefully," *China Leadership Monitor*, n°27.

⁵¹. Cary Huang, "Those Who Dare Will Cure the Nation's Ills and Make It Truly Modern," *Mr. Market Says*, Scmp.com, (March 2, 2008).

adopt the right measures –and to implement them above and beyond just words– is now measured according to a principle of reality that is asserting itself much faster than many had imagined.

Centre Asie Ifri

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