

Wei-Wei Zhang

## Long-term outlook for China's political reform

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**Abstract** China's post-1978 economic reform is generally acclaimed as success, for the Chinese economy has expanded nine-fold in a matter of 25 years and the country rose from the world's 34th largest trading nation in 1978 to the third largest in 2004 ahead of Japan. Interestingly, the Chinese experiment is often described in the West as "economic reform without political reform". This begets the question: how could a politically un-reformed system be able to deliver such an economic miracle? In reality, China has conducted, by its own standards, major political reforms since 1978. Though far short of the Western expectations, the Chinese experience since 1978 should better be described as "great economic reforms with lesser political reforms", without which China's economic success would be inconceivable. China's "lesser political reforms" have reduced country's opportunities for greater political change, thus alienating many reform-minded intellectuals. Nevertheless, it may also have helped China avert the possible economic and social upheavals which could have resulted from rushing too fast into a radically different economic and political system. There is a strongly held belief, especially among the more 'ideological' observers of Chinese affairs that unless there were a radical political reform, perhaps tantamount to a revolution, to rid China of its "oppressive" Communist Party, the Chinese system would inevitably collapse just like what had happened in the USSR and Eastern Europe. As the party has been in power, China had been predicted to face collapse in the aftermath of the Tiananmen crisis of 1989, the Soviet Union's disintegration of 1990, the death of Deng Xiaoping in 1996, and the Asian financial crisis of 1997 and the 2003 outbreak of SARS. Yet all these forecasts turned out to be wrong and the track record of the China doomsayers over the past 20 years is indeed poor. Will China become a democracy through its political reform in 20 years? Indeed, a full

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With special reference to the European interests in these reforms.

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W.-W. Zhang (✉)  
Modern Asia Research Centre, Geneva, Switzerland  
E-mail: wwzhang21@yahoo.com

W.-W. Zhang  
Fudan University, Shanghai, People's Republic of China

democracy could be the best scenario for China, the region and beyond, but it is difficult to give a definitive answer, which will, to a great extent, depend on how to achieve democracy in China, i.e. the costs/risks involved, as well as what kind of ultimate shape such a democracy will take. If full-fledged democratisation will take more time, the pressure for a more accountable government and more democratic society is growing, and this trend will continue with the rise of China's middle class and civil society. Therefore, the most likely scenario for China in the coming two decades is that China will continue its own approach to political reform, and the relative successful experience of China's economic reform may well set a pattern for China's political reform in the years to come. As part of Europe's general approach towards China's political change, it is in Europe's interest to assist, in line with the view of most Chinese, gradual reform rather than revolution or 'regime change', which could produce hugely negative consequences for China itself, Sino-European relations and European interests in China and even East Asia.

## 1 Assessing China's political reform

China's post-1978 economic reform is generally acclaimed as success, for the Chinese economy has expanded nine-fold in a matter of 25 years and the country rose from the world's 34th largest trading nation in 1978 to the 3rd largest in 2004 ahead of Japan. Interestingly, the Chinese experiment is often described in the West as "economic reform without political reform". This begets the question: how could a politically un-reformed system be able to deliver such an economic miracle? In reality, China has conducted, by its own standards, major political reforms since 1978. Though far short of the Western expectations, the Chinese experience since 1978 should better be described as "great economic reforms with lesser political reforms", without which China's economic success would be inconceivable.<sup>1</sup>

Such "lesser political reforms" include:

- First, mass ideological campaigns based on the Maoist doctrine of "class struggle" and creation of the "socialist new man" were repudiated, and virtually all political victims under Mao, numbering tens of millions, were rehabilitated. As a result, people could pursue their normal life and material interests;
- Second, across China's vast countryside, the notorious people's commune system was abolished, following Deng Xiaoping's successful rural reform, thus liberating hundreds of millions of Chinese peasants from this rigid system of political, economic and administrative control that had impoverished them for over two decades.
- Third, the village-level election has been carried out in the Chinese countryside, which is a massive political experiment to introduce rudimentary democracy. The result of the experiment is mixed: in many villages, elections are genuinely free and competitive, while in others they are marred by rural cadres' abuses and clan-based voting patterns. The official assessment of the experiment claims that

<sup>1</sup> This part draws on the author's writings. See Zhang (2000), pp.148–162, and Zhang (2004).

it is “not functioning properly in 40% of villages”, a challenge for China's future democratisation;<sup>2</sup>

- Fourth, driven by the logic of the market economy, the rule of law has made important headway, with 20-fold increase of trained professional lawyers in China since 1978. The People's Congress has promulgated more laws than anytime in China's history, and many deputies to the people's congresses at all levels have become more vocal than before on wide-ranging issues of public concerns;
- Fifth, there has been a rapid growth of think tanks in China, as the country's economic reforms and opening up have exposed it to multiplying challenges unfamiliar to the Chinese leadership. Decisions are no longer made at the whim of individual leaders as had been the case with Mao. Think tanks are also engaged in relatively open policy debates;
- Sixth, the party's ‘zone of indifference’ has been drastically expanded with regard to popular behaviour and cultural expressions, and a process of “informal liberalisation” has set in.<sup>3</sup> As a result, average person in China now has far more freedom of choice than any time since 1949. Individuals can make their own choices of jobs, housing, school, marriage and leisure, and can move freely within the country or go abroad given the means. A Chinese-style ‘civil society’ is emerging, and China's NGOs have grown like mushrooms mainly in those non-political domains ranging from helping the disabled to protecting the environment, from assisting the HIV/AIDS patients to providing legal services to the poor. However, the relationship between the emerging ‘civil society’ and the state is still confusing;
- Seventh, the state apparatus have also undergone some reforms: a system of recruiting civil servants through exams has been introduced, a mandatory retirement has been adopted, and better-educated and relatively young technocrats have replaced veteran cadres. There is no massive purge any more since 1978, and “the victors co-opted most of the followers of the defeated leaders.”<sup>4</sup> This has partly explained why the fall of individual leaders since 1978 had relatively mild impact on the coherence of economic reform policies;
- Eighth, many political reform experiments have been carried out, such as the cadre rotating system to break *guanxi* networks as well as the practice of “small government and big society”, notably in the two newly established governments of Hainan Province and Shanghai Pudong District, which downsizes bureaucracy and forsakes its many functions that can be better performed by society, and
- Ninth, with China's entry into the WTO, new emphasis has been placed on building a clean, efficient and transparent state based on the rule of law. The concepts of “political civilisation”, “socialist democracy” and “harmonious society” have been put forward to guide the next stage of China's political reform.

Furthermore, perhaps more importantly, the country's successful economic reform and “lesser political reforms” have largely dismantled what can be called the economic and institutional basis of totalitarianism. Institutions underpinning

<sup>2</sup> Tony Saich and Yang (2003), p.187.

<sup>3</sup> Zhang (2000), pp.98–117.

<sup>4</sup> Pei (1998), p.70.

omnipresent state control have crumbled or substantially weakened: with the rising prosperity, the rationing system for consumer goods disappeared; with growing social mobility, household registration (*hukou*) and personnel dossier system (*dang-an*) have significantly loosened up; and most people are no longer dependent for their livelihood on the state or their workplace (*danwei*), as most wealth and jobs in China today are generated outside the state sector.<sup>5</sup>

China's political reforms are essentially attempts for political rationalization aimed at facilitating rapid economic development, not democratisation as understood in the West, at improving the efficiency of the existing political system, not abandoning it. In contrast to the radical model of democratisation, which entails an uncompromising break with the past, Chinese reformers have carried out those "lesser political reforms" by working through the existing political institutions within the one-party framework, as Chinese leader Deng Xiaoping argued that China's political system has an overall efficiency which could and should be used to serve China's modernization drive.<sup>6</sup>

Driven by the market force, the Chinese state has undergone and is still undergoing, however haltingly, a process of self-transformation. The state has gradually turned itself from an anti-market totalitarian institution into a largely pro-business authoritarian institution. As market reforms entail a reinvention of state, the government has to move from doing many things badly to doing its fewer core tasks well.

The Chinese experience since 1978 is not a dichotomy of the party-state's clinging to power and a society bordering on rebellion. Chinese reformers themselves initiated a process of self-transformation: the state has been made to change many of its old functions and abandon much of its economic and social control. Yet the reformers still rely on the insufficiently reformed state to play a leading role in reforms. Without abandoning completely the old institutions, Chinese reformers have used frequently old mechanisms to promote reforms, because (1) these were things familiar to them and could be re-oriented in one way or another towards pursuing reform policies, and (2) there were few other realistic alternatives. The state institutions were the only effective institutions available for the party reformers, and the new institutions were still to be established. As a result, Communist legacies are partly used, partly abandoned, and partly re-built.

Such reforms have produced mixed results. On the one hand, China has ensured sustained political stability for its economic development, without confronting the risk of paralysing catastrophe as Russia had experienced, and on the other, the

<sup>5</sup> An important indication of the changing balance between state and society and how people can live outside the state sector is the drastic decline of state's share of savings and rapid increase of individuals' share in China's total bank deposits. While China's total GDP was quadrupled between 1978 and 1996, government's share of total savings decreased from 43.4% in 1978 to 3% in 1996, and individuals' increased from 3.4 to 83% for the same period. It would be more significant if one considers that in 1978, the state's share, including SOEs, accounted for 96.6%, but this figure dropped to about 10% in 1996, and this trend has continued since then.

<sup>6</sup> Deng Xiaoping took pride in what he called "overall efficiency" of the Chinese political system, but aware of its major weakness. He observed, "under socialism the people of the whole country can work as one and concentrate their strength on key projects...", See Deng (1994) p.26. He also remarked that "when the central leadership makes a decision, it is promptly implemented without interference from any other quarters. When we decided to reform the economic structure, the whole country responded, ... from this point of view, our system is very efficient..." See Deng (1994), p.238.

Chinese approach is also slow-moving and often confusing, with mixed social and political consequences.

Chinese reformers' priority to economic reform has sharply narrowed the scope of China's political reform and slowed the progress towards full enjoyment of people's political and civil rights. Yet emphasis on removing immediate political obstacles to economic progress has been indeed responsive to the pressing needs of the majority of the population for alleviating poverty after decades of neglect under Mao. Stressing economic reform over political liberalization has caused grave setbacks in China's democracy movements, yet it has provided ordinary people with unprecedented economic and other freedoms, thus contributing to an emerging Chinese-style civil society.

China's "lesser political reforms" have reduced country's opportunities for greater political change, thus alienating many reform-minded intellectuals. Nevertheless, it may also have helped China avert the possible economic and social upheavals which could have resulted from rushing too fast into a radically different economic and political system. Efforts to improve the efficiency of one-party rule is contrary to the principle of competitive democratic politics, yet each one of the reformers' calls for political reform has offered opportunities for Chinese liberals to transcend the official discourse and promote the spread of liberal ideas and values.

During the process of reform, reformers have demonstrated their ability to ensure long-term policy coherence and macro-economic stability, through a combination of market and administrative methods. A significant portion of the party/state structure has developed its competence, expertise in shaping and implementing market reform policies. For instance, a dense web of local compliance mechanism has been established to facilitate the execution of reform policies. Policy enforcement for common goods has been relatively effective from a technocratic perspective, as shown in the state capacity to fight the century's worst floods in 1998, the outbreak of SARS in 2003 and in the high absorptive capacity for foreign direct investment. In fact, many international investors regard the Chinese state capacity as "probably the most impressive" as asserted in a recent *Newsweek* survey.<sup>7</sup>

Notwithstanding China's distrust of Western-style democratisation, the Chinese experience since 1978 have considerably increased elements which can be considered compatible with a more democratic process: rehabilitating former political enemies, greater social mobility, more diversified values, more elastic ideological standards, steps to curb the administrative power of the state over the economy, more laws and legal institutions, energizing people's congresses, and relaxing cultural restrictions. This has contributed to what has been called "partial pluralism" in China.<sup>8</sup>

However, these limited political and administrative reforms are far from sufficient to tackle China's growing social, economic and political problems, ranging from mounting corruption to "investment hunger" under the soft budget to the "bubble economy" in parts of China. For instance, Deng Xiaoping's decision in 1992 to open China further to the outside world immediately triggered Chinese bureaucrats to set up over 1800 special zones across the country, and Beijing had to

<sup>7</sup> Zakaria (2005), p.23.

<sup>8</sup> Lieberthal and Oksenberg (1988), p.11.

order many of them to close, with a huge waste of financial resources. Half of state-owned enterprises are still in the red. Legal institutions are weak. Local protectionism remains strong. Paternalistic style of leadership is common, which breeds “crony capitalism”. Furthermore, China is far short of an effective institutional framework to mediate social tensions. Harry Harding, a leading China expert, has suggested that while “dismantling many of the totalitarian institutions of the past”, the Chinese state is not yet “prepared to move equally rapidly toward the creation of new institutions that could permit the articulation or aggregation of political demands”.<sup>9</sup> Thus, the party/state may still face the prospects of political instability in the future, especially if economic growth falters, and insufficient political reform, as to be discussed below, could be a major cause for social crises in the country.

## 2 Multiplying challenges

China’s unprecedented economic success since 1978 has been achieved at a high cost, and the dynamics of the reform process—its style, contradictions and convulsions—have generated far-reaching social and political consequences: society is more stratified and social-political issues are multiplying. Chinese social scientists often assert that developing societies tend to become more unstable when their per-capita GDP reaches between \$1,000 and \$3,000 as is the case with China now.<sup>10</sup> A survey of China’s ranking cadres at the Central School of the Chinese Communist Party conducted by the Chinese Academy of Social Sciences (CASS) in 2004 revealed that such challenges include (in the sequence of urgency as viewed by the respondents): rising corruption, income gaps, economic and social problems in the rural areas, regional gaps, reform of state-owned enterprises, rising crime rate and unemployment (See Table 1).

There is also fear in China that the above-mentioned challenges, if not probably handled, could cause major social crises. According to a survey of Chinese social scientists conducted by the CASS between October and November 2004, while 20.2% of the respondents believed that there is no possibility of such crises in the next 5 to 10 years, 46.2% held that there is a small chance for such crises, and 13.5% expected a high possibility. A comparison of this survey with that of 2003, however, shows that the number of pessimists increased slightly within 1 year. (See Table 2):

Furthermore, the same survey revealed that many in China now hold that China’s lack of political reform could directly contribute to such social crises in the coming 5–10 years, and they are concerned with the growing gap between political and economic reforms: 39.4% of the respondents in 2004, as contrast to 33.9% in 2003, held that the gap between political and economic reforms in China had grown, which could cause major social crises (see Table 3).

It is generally agreed now in China that with economic growth and rapid social change, social tensions in the country may in fact worsen, and political reforms, if well-designed and executed, could defuse such tensions. Since the year 2000, the

<sup>9</sup> Harry Harding, “Political reform” in Mark Borthwick (ed.), *Pacific century—the emergence of modern Pacific Asia*, Westview, Boulder, 1992, p. 423.

<sup>10</sup> Xinzheng (2005), p.20.

**Table 1** China's social and political issues (in the order of urgency for solution)

Issues	Sequence of urgency
Rising corruption	55.1
Income gap	48.6
Rural issues	43.9
Regional gaps	42.0
Reform of state-owned enterprises	36.3
Rising crime rate	32.7
Unemployment	30.8

Source: Ru Xin, Lu Xueyi, Li Peilin (eds.) (2004), *The Blue Book of China's Society* 2005, p. 48

Chinese leadership has put forward a number of concepts such as 'three represents' and 'building a harmonious society' in order to better adapt itself to the changed social conditions in China and handle more effectively the competing interests of different social groups while expanding its social basis to govern. The theme of 'three represents' essentially argues that the party should look beyond the interests of the working class, which the party was supposed to represent in the past, to represent the broadest possible range of social groups in China, especially the country's fast emerging new middle class, including entrepreneurs and capitalists, who are also supposedly "making contributions to China's cause of socialism".<sup>11</sup> This re-orientation of the party may contribute to its expanded basis to govern, as it is to share, however grudgingly, its enormous political and administrative resources with more social groups.

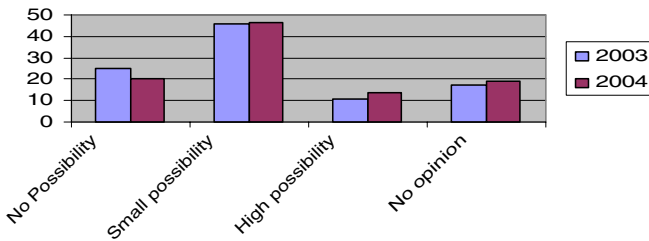
However, like the early stage of China's economic reform, China's political reform remains a process of trial and error, and there is not yet a coherent grand plan or consensus on the ultimate shape of the Chinese polity. This may remain true in the foreseeable future, due to the confusion over how to redefine the role of the party in China. Yet, a lot of attempts have been made to explore the ways and means of political reforms, and emphasis has so far been placed on improving the party's capacity to govern the country and promoting the rule of law and greater social justice, as highlighted repeatedly by General Secretary Hu Jintao since 2003.<sup>12</sup> In this connection, the CCP seems to have broadened its scope of learning from other political parties in the world. Wang Jiarui, Minister in charge of the International Department of the CCP Central Committee wrote in late 2004: China should learn from foreign political parties in terms of improving its capacity to govern the country. Wang identified six areas where the CCP can learn from foreign parties such as Britain's Labour Party, Singapore's People's Action Party and Sweden's Social Democratic Party: theoretic renovation, political mobilization, decision-making process, shaping the cause of social and economic development, crisis management, and international public relations.<sup>13</sup> With this

<sup>11</sup> 'Three Represents' was put forward by ex-President Jiang Zemin and claims that the CCP should represent the most advanced productive forces, China's advanced culture and the fundamental interests of the Chinese people.

<sup>12</sup> "President Hu Urges Political Reform, Expanding Democracy," *The People's Daily*, 3 October 2003.

<sup>13</sup> Wang (2005), p.12.



**Table 2** Estimates on China's possibility for major social crises in the next 5 to 10 years

kind of effort to explore new ideas and practices, a more coherent shape of China's political reform may emerge in the coming decade.

### 3 Long-term outlook for China's political reform

#### 3.1 Scenario one: China's inevitable collapse?

There is a strongly held belief, especially among the more 'ideological' observers of Chinese affairs that unless there were a radical political reform, perhaps tantamount to a revolution, to rid China of its "oppressive" Communist Party, the Chinese system would inevitably collapse just like what had happened in the USSR and Eastern Europe.<sup>14</sup> As the party has been in power, China had been predicted to face collapse in the aftermath of the Tiananmen crisis of 1989, the Soviet Union's disintegration of 1990, the death of Deng Xiaoping in 1996, and the Asian financial crisis of 1997 and the 2003 outbreak of SARS. Yet all these forecasts turned out to be wrong and the track record of the China doomsayers over the past 20 years is indeed poor. But should we conclude that one should be optimistic, from now on, about China's evolution? Not necessarily. But a few tentative conclusions may be submitted here:

First, for most Chinese, it is not a problem of whether Communism is reformable or not, but reform represents the only sensible choice, as each revolution in China's modern history cost millions of lives, and the country is simply fed up, perhaps rightly so, with revolution, and the rapid marginalisation of the radical Chinese dissidents even among the overseas Chinese communities is an interesting example in this regard.

Second, the legitimacy of the Chinese state since 1978 has largely been based on impressive economic performance and continuous 'lesser political reforms'.

<sup>14</sup> The 1989 Tiananmen crisis had reinforced this argument. A comment by Avery Goldstein was typical in this regard: "Prior to the late 1980s, scholars documented trends and changes, but did not question the continued existence of the communist regime. The events of 1989 in China and elsewhere shattered this assumption and analysts embraced the task of diagnosing the condition of what most came to view as moribund system. This sea change raised questions about the fate of the country's communist political elite and institutions... Although scholars continue to disagree about the probable lifespan of the current regime, the disagreement now is usually about when, not whether, fundamental political change will occur and what it will look like Goldstein Avery (1994)." Another representative book in this connection is Gordon Chang's *the Coming Collapse of China*, Random House, New York, (2001).



**Table 3** Has the gap between political and economic reforms increased over the past year?

	2003	2004
Increased	33.9	39.4
No change	53.2	46.2
Narrowed	6.4	11.5

*Source:* Ru Xin, Lu Xueyi, Li Peilin (eds.) (2004), *The Blue Book of China’s Society* 2005, pp. 28–29

China is thus not a case of the state on the verge of collapse and the ordinary people on the point of rebellion. Despite many reported protests in various localities of China in the Western media, there is no doubt that most Chinese have benefited from the reform programme over the past 25 years, and virtually all surveys carried out over the past 10 years suggest that the Chinese state enjoyed a reasonably broad support from the general public and most Chinese are optimistic about their future.<sup>15</sup> It is therefore mostly likely that the state will continue its policies of gradual reform in the coming decades which proved relatively successful in defusing social tensions and adapting to societal changes.

Third, while China’s rapid changes have made the Chinese society more vulnerable to tensions and crises, especially localised ones, China may, from a macro-historical perspective, have entered a stage of relatively medium-to-long-term overall stability after more than one century of continuous instability. Indeed, for most Chinese, the past 25 years, however imperfect, is perhaps the best time in China’s modern history in terms of sustained stability and growing prosperity. Over the past 140 years from the First Opium War of 1840–1842 up to the beginning of Deng Xiaoping’s reform in 1978, China was more anarchic than stable. During these 140 years, the longest peace China had enjoyed lasted no more than 8 years: China’s peace and modernization process had been repeatedly disrupted by foreign aggressions, peasant uprisings, civil wars and self-imposed ideological campaigns. The past 25 years, notwithstanding the Tiananmen crisis of 1989 which had been confined to some major cities, has marked China’s longest continuous peace since 1840, in which China created an economic miracle and the living standards of most Chinese people were more than quadrupled, and their personal freedoms drastically expanded (though short of the European standards). This may have long-term

<sup>15</sup> In three consecutive surveys conducted in China from 1995 to 1999 by Jie Chen of Old Dominion University, USA, he concluded the Chinese regime still enjoys popular support. He asked his respondents to assess the following six statements as a way to measure the level of regime legitimacy in China: I am proud to live under the current (socialist) political system; I have an obligation to support the current political system; I respect political institutions in China today; I feel that the basic rights of citizens are protected; I believe that the courts in China guarantee for fair trials; I feel that my personal values are the same as those advocated by the government. His conclusion was that “most respondents in all three surveys either agreed or strongly agreed with each of the six statements listed above, which were designed to collectively measure support for the political regime. See Asia Program Special Report (2002), pp.7–9 and 11–12. This finding seems to be consistent with the findings from other two empirical studies of Chinese public opinions: one was based on a nationwide survey conducted in 1994 and the other was based on a six-city survey carried out in 1999. See Tang (2001). Pp.890–909. The survey conducted by Tony Saich of Harvard University in 2003 also showed that “people grumbled about local authorities, ... but on the whole they were happy with the central government”. See Long (2005) p.14.

implications for the next 10 to 20 years of China's political reform in the sense that most people are more likely to embrace gradual reform, and radicalism, whether Maoist or liberal, may continue to be marginalised.

Despite all kinds of problems that may prop up in the years to come, China apparently does not face a collapse scenario. The Chinese reformers seem to realize that absence of political reform will lead to social crises, but radical political reforms may lead to anarchy. China's cautious, perhaps excessively so, approach to political reform, however imperfect, serves to defuse major social tensions and avoid the type of systemic paralysed that Russia and Indonesia had experienced during their radical political changes.

Social injustice could be a major cause for China's future crises, since public concerns over this issue are growing, with the deepening of social stratification in the country. Yet so long as Beijing continues its steady economic, social and political reforms and present a genuine prospect of greater prosperity and justice, social injustice could be kept at a manageable level without undermining the overall political stability. A survey of Beijing residents about social justice conducted in 2000 by Martin King White of Harvard University and his Chinese collaborators serves to explain this. The survey revealed that 95% of the respondents thought the current income gaps in China were too large, and 85% felt that 'system failure' was at least somewhat responsible for families living in poverty, while 91% said that having connections had at least some influence on determining who became rich. However, at the same time, most respondents still believed that they could prosper through honest work. The same survey showed that only a minority of respondents (24%) took exception to a statement that in China as a whole, ordinary people have a good chance to improve their standards of living, and most respondents also held that education and hard work were more important in China than having connections to high officials or personal *guanxi* networks, and 64% of the respondents agreed that the free market is vital to China's economic development and about 69% of the respondents claimed that their families were doing better economically than they were 5 years ago.<sup>16</sup>

The collapse of the Nationalist regime in 1949 may offer a useful comparison here. The Nationalist collapse had been caused by a number of factors: a war-torn economy, Mao's formidable armed opposition controlling much of the country and a totally corrupt regime which had lost all popular support. Beijing does not seem to face the challenge of this scale in the next decade or so: China's economy is in its best shape for centuries and may continue to enjoy high growth, and few economists now doubt that China may well achieve its objective of quadrupling its GDP by 2020 over that of 2000; no armed opposition is conceivable in the foreseeable future; corruption remains serious but anti-corruption measures are taking effect as indicated in the surveys by Transparency International: China's rank in the scores of corruption improved from 90th out of 146 countries in 1995 to 71st in 2004.<sup>17</sup> Indeed, short of an economic collapse or colossal mistakes on the part of Chinese leaders, China has a reasonable chance to maintain the country's overall political stability so long as it continues its current policy of steady economic, social and political reforms.

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<sup>16</sup> *Asia Program Special Report*, Woodrow Wilson International Center for Scholars, Washington, No. 104, August 2002, pp. 7–9.

<sup>17</sup> Long (2005), p. 8.

### 3.2 Scenario two: China as a democracy?

Will China become a democracy through its political reform in 20 years? Indeed, a full democracy could be the best scenario for China, the region and beyond, but it is difficult to give a definitive answer, which will, to a great extent, depend on how to achieve democracy in China, i.e. the costs/risks involved, as well as what kind of ultimate shape such a democracy will take. For one thing, Western-style democracy has been clearly ruled out by China's leadership from Deng Xiaoping to Hu Jintao. In a speech in September 2004, Hu Jintao claimed that 'history indicates that indiscriminately copying Western political systems is a blind alley for China.'<sup>18</sup> Yet if the trend of Chinese-style political reform continues, China is likely to become more democratic. The past 25 years of reform have generated elements favouring this path: vastly improved living standards of most Chinese, the information and communication revolution, higher levels of education, the expanding middle class and non-state sector, the rise of autonomous organizations, the country's extensive contacts with the outside world, and recognition by the party that it cannot and shall not micro-manage the Chinese society.

Full-fledged democratisation, however, may still be a long way off for a number of reasons: First, there has emerged a widely-shared perception in China that, however imperfect, Chinese-style reform since 1978 is a success and the Russian model of radical change a failure. Chance of a Chinese Gorbachev is therefore extremely slim, not only because Gorbachev's deep unpopularity among the Russian people (despite his popularity in the West) but most Chinese also consider him a failure.

Second, there is an absence of credible models for a large developing country like China to move out of authoritarianism. The debilitating experiences of Indonesia and Russia are discouraging. The Indian model, however indispensable to India, is rarely attractive to the Chinese, given the huge gaps in economic and social performances between the two countries. Even on the issue of corruption, which is undercutting the regime's legitimacy, it is also noted that Russia has become more corrupt after its radical democratization. Transparency International's survey in 2004 revealed that both semi-democratic Russia and democratic India, two large and comparable countries, turned out to be more corrupt than China.<sup>19</sup> There is no easy fix to corruption. The current consensus in China is that the rule of law, more open media and better institutionalized supervision may work more effectively than the U.S.-advocated model of mass democracy in checking corruption and advancing the cause of modernization.

Third, there is a widely shared concern among the Chinese population that adversarial politics may cause an economic downturn and political chaos, which had plagued China for too long in the past century. The prolonged crises in Russia suggest that it is by no means easy to create a viable administrative system in place of the one-party regime in a large country. Historical evidence also shows that mass democracy "typically followed rather than preceded or accomplished industrializa-

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<sup>18</sup> 'Hu rejects China's political reform,' *BBC news*, 15 September 2004, [news.bbc.co.uk/hi/asia-pacific](http://news.bbc.co.uk/hi/asia-pacific).

<sup>19</sup> Long (2005), p. 8.

tion”, and this was the case with all developed countries as well as major East Asian successful economies.<sup>20</sup>

As mentioned earlier, after more than a century of wars and revolutions, and after two decades of moderate reforms, the Chinese seem to be more willing to embrace gradual reform than radical revolution. Yet, as China further develops, new ideas and interests emerge, and a political structure to accommodate them must be found, and the next 20 years of political reform, even partial and gradual, will help pave the way for a new and more sophisticated political structure in China, and eventually China may even create its own model of building a more democratic and efficient political system, just as the process of China’s economic reform has contributed to the Chinese economic model.

### 3.3 Scenario three: political reform the Chinese way

If full-fledged democratisation will take more time, the pressure for a more accountable government and more democratic society is growing, and this trend will continue with the rise of China’s middle class and civil society. Therefore, the most likely scenario for China in the coming two decades is that China will continue its own approach to political reform, and the relative successful experience of China’s economic reform may well set a pattern for China’s political reform in the years to come:

- a. It will adopt, like in the process of economic reform, a gradual, experimental and accumulative approach, moving from relative easy reforms to more difficult reforms, and the process could be confusing, with two steps forward, one step backward, with various pilots projects to test new ideas before they are extended elsewhere;
- b. Political reform will be essentially a controlled process of change to ensure China’s overall political and economic stability and the eventual success of China’s modernization programme. In the elitist tradition of Chinese political culture, the party’s “zone of indifference” will further expand, while tolerance for radical dissent may remain limited. At the same time, with the expansion of China’s middle class, the process of political reform could become more interactive, and the voice of the people, especially the rising civil society, will expand via the media, the internet and other means;
- c. China will try to use a syncretic method to assimilate whatever, from its perspective, is good from Chinese and non-Chinese ideas and experiences, and China may demonstrate once again its enormous capacity to learn from other cultures in the field of political and administrative reforms,<sup>21</sup> just as in the process of its economic reforms;
- d. China’s political reform is likely to focus on a few priority areas : the rule of law, intra-party democracy, good governance and grass-roots elections;
- e. China is more likely to draw on, not copy, the models of Singapore (rule of law, good governance and controlled democracy) and Hong Kong (rule of law, transparent government, basic freedoms, and free economy) than American-

<sup>20</sup> Nolan (2004), p.108.

<sup>21</sup> See Wang (2005).

advocated model of mass democracy. The various European models may also provide inspirations for the Chinese, especially in terms of building a more humane society and transparent government based on the rule of law.

Despite the intention of the Chinese reformers to carry out some more meaningful political reforms, the key issue will remain unclear in the coming years, i.e. how to redefine the role of the party in China's political life? More specifically, how to establish the rule of law when the party remains the most powerful? How to redefine the relations among the party, government, the economy and the society? And how to establish institutions to check corruption and mediate social tensions within the existing one-party political system? There are still no clear and easy answers to these vitally important questions.

These questions aside, political reforms, however limited, are supported by diverse social groups from left-leaning social critics to party reformers and liberal-leaning intellectuals. For the left, it is essential to ensure greater equality and a more humane society as China's market-driven economy has expanded the gap between rich and poor. For the liberals, emphasis is always placed on free press, protection of civil rights and extension of elections from village to the township and above; for party reformers, the chance of achieving a broad consensus on a controlled political reform is better now than ever, in the face of China's mounting socio-economic problems and the need to ensure party's legitimacy. Chinese reformers seem to be considering some more significant political reforms. If the failure of the Russian model has enhanced the appeal of neo-authoritarianism to many Chinese, the 1997 Asian financial crisis and China's growing social problems have highlighted the need for more meaningful political reforms. A new consensus seems to be emerging within the Chinese leadership that there should be a more substantial political reform to limit the power of bureaucrats, fighting corruption, promote the rule of law and make the state more transparent and accountable to the people, eventually with more intra-party democracy and increased legal protection of individual rights vis-à-vis the state. A strong state is, however, likely to be maintained to ensure overall political and macroeconomic stability.<sup>22</sup>

#### 4 Assessing the possible impact and costs of the scenarios

The above three scenarios are also likely to generate vastly different impact on China's domestic developments and external relations. The following is a subjective assessment of the possible impact of the three scenarios (Table 4) on a number of key issues:

Explanations:

- A. Scenario I: regime collapse could cause sharp economic downturn; some rights may be improved (political and civil), and other rights (economic and social) may be undermined; ties with Taiwan could be complicated as Taiwan may face a less powerful adversary, but Taiwan's economy may suffer and Chinese nationalism against Taiwan may become a new rallying call; no China's

<sup>22</sup> Zhang (2004).

**Table 4** Assessment of the impact of the three scenarios on certain key issues

	Economic growth	Human rights	Ties with Taiwan	Ties with neighbours	Sino-US relations	Sino-EU relations	Overall scores
Scenario I: Regime collapse	1	2	2	1	2	2	10
Scenario II: Full democracy	2	3	3	3	3	3	17
Scenario III: Gradual change	3	2	2	2	2	2	13

1: negative; 2: mixed; 3: positive

neighbours want to see this scenario, given the possible implications for them (trade, refugees, spread of weapons of mass destruction, etc.); the US and the EU may feel content that another Communist regime collapses, but its negative implications could be enormous (trade, investment, spread of weapons of mass destruction, environment, etc.).

- B. Scenario II: full democracy is an ideal scenario, and it is largely positive for all the issues involved, except that its impact on economic performance could be mixed (e.g. trend towards a welfare state).
- C. Scenario III: gradual change may be good for China's economic performance as shown in the past 25 years. Its impact on other issues may be rather mixed: partly positive, partly negative. For instance, in Sino-EU relations, disputes over human rights issues will continue while the bilateral economic ties will further expand.
- D. Overall scores: based on the above subjective assessment, Scenario I is the worst (10 points), and Scenario II is the best (17 points) and Scenario III falls in the middle range (13 points). While this assessment suggests full democracy may represent an ideal scenario, things become more complicated when we consider how to achieve this scenario, in particular considering the costs or risks involved in pursuing a radical or gradual approach to political reform.

The following is a subjective assessment of the possible costs (Table 5) involved in adopting the radical or gradual change:

Explanations:

**Table 5** Cost and risk assessment of scenarios

	Economic cost	Political cost	Historical experience measured as cost	Foreign experience measured as cost	Popular support measured as cost	Overall scores
Radical change	2	3	3	3	3	14
Gradual change	1	2	1	1	1	5

1: low cost; 2: medium cost; 3: high cost

- A. Radical change may entail high costs in virtually all aspects: Economically, it may cause significant change of rules and government practices and there could be a prolonged period of confusion and even chaos, but it may boost private sector. Political costs could be high, as the radical approach may entail a regime change which could affect all aspects of China's political, social and economic life; China's only historical experience of Western-style democracy (the 1911 revolution) was more negative than positive, as the country soon degenerated into warlords fighting each other; foreign experience also points to the high costs of radical change: the debilitating experiences of Russia and Indonesia can serve as examples, and there is little support in China for radical change.
- B. Gradual change seems to entail lower costs in virtually all aspects, except political costs which could be rather mixed, as slow change also means the prolonged continuation of many imperfect practices before they are possibly phased out. Economically, gradual approach is the least costly, and China's own experience also suggests that gradual reform may produce better results as shown in the past 25 years of reform, and foreign experience (the developed countries and major East Asian economies) also suggests that mass democracy typically follows, rather than precedes modernization; and there is popular support for gradual reform in China.
- C. Overall scores: Gradual approach entails far lower costs (5 points) than radical one (14 points).

## 5 Five crucial areas

Based on the above analysis, China's political reform is most likely to unfold in a gradual way and it is likely to focus on the following crucial areas in the coming 10 to 20 years:

### 5.1 Rule of law

Legal reform as a way of political reform is widely supported in China, thanks in part to China's market-driven economic reform, which has been the catalyst for moving the country towards the rule of law. With growing prosperity, there is also greater demand for legal protection of private property and human rights, which led to the revision of the Chinese Constitution in 2003 to include the protection of private property and human rights. It is conceivable that in the next 10 to 20 years, with China's growing middle class and more sophisticated economy and society, China may also move in the direction of gradually establishing an independent judicial system, first in the non-political domains and in more developed regions, and this step, though far short of the European standards, is important for China's own progress in building a society based on the rule of law. As for the complete judicial independence for the whole nation, it may well take more time, as it requires in particular the redefinition of the role of the party, more substantial political and legal reforms, more sophisticated legal institutions, more changes in cultural norms as well as better trained lawyers and civil servants. However, if a better and more independent legal system can be achieved in certain regions of



China, this may well create internal competition between regions and eventually propel China to move decisively in the direction of establishing the rule of law across the whole nation.

## 5.2 Intra-party democracy

Greater democracy within the party has become another consensus of the Chinese leadership, but its focus has been placed on cadre system reforms from the selection to promotion and supervision of cadres. If this is implemented in earnest, there will be closer supervision of the first party secretaries at all levels, and greater transparency of the party work, and party leaders of various levels will be made more accountable to the party rank and file and to the people in general. This may well generate a ripple effect throughout the Chinese society, given the dominance of the party in China's political life. With the rising level of education, cadres of the party are likely to become more vocal in demanding greater intra-party democracy, and as the society becomes more diversified, the party's 'zone of indifference' may further expand and it is likely to withdraw further from micro-managing the society as has been the case since 1978.

In the coming 10 to 20 years, there will be a new generation of party leaders at all levels of the Chinese society, who have grown up during the decades of China's rapid modernization with better education and good exposure to the outside world and they are likely to embrace greater intra-party democracy and eventually move the party further away from a Leninist one to that with a more open and modern outlook. An important indication of progress in intra-party democracy will be to see to what extent the party will be able to manage its internal differences in a more democratic way. In the long run, the party may move in the direction of "the dominant political party under a system of democratic elections",<sup>23</sup> and in due course, the party may wish to drop its present name "Communist Party of China" for a new name like "Socialist Party of China" or even "People's Party of China" to reflect more accurately the party's changed programmes and the will of its rank and file.

## 6 Good governance

Good governance in many ways is a continuation of China's 'lesser political reform' with focus on improving the transparency, accountability and efficiency of the government. Political reform through improving governance and public administration is now widely accepted in China and can serve as an effective way to promote China's political change in the coming two decades. Indeed, many political reforms in the Chinese context can be identified as reforms of public administration, partly to reduce the sensitivity of these reforms. This approach also allows for greater international comparability and justifies more "cultural borrowing" from other states.

China's entry into the WTO has undoubtedly provided a strong impetus to improving governance in China, and this drive will continue as the country further fulfils its WTO commitments and becomes more involved in East Asia economic

<sup>23</sup> Nolan (2004), p. 110.

integration. China is now faced with multiplying social challenges. Hence, crisis management has also become a new priority in China's effort for good governance, and the importance of crisis management has been highlighted in tackling the SARS epidemic in 2003.

In the coming 10 to 20 years, China is likely to go a long way in this regard, given the rising demand for good governance and expanded state capacity (increased revenues, better educated cadres, and new technologies, etc.) in pursuing such reforms. Like in other countries, the state will be made to become a better service provider to the society. The current effort to build e-government and "small state and big society" reflects this trend. The top leadership's commitment to achieving good governance in China is strong, and it may constitute China's main approach to political reform in the next 20 years, and it is also an area where China and Europe can find a lot of common ground for cooperation irrespective of their ideological differences.

### 6.1 Direct elections

Chinese reformers have established a broad consensus on gradually raising the level of direct elections from the current village level to that of township, county, province, and eventually the whole nation, but they are unwilling to set a timetable on this.<sup>24</sup> As the village-level election has been in practice for 20 years with mixed results, and the eventual success of the village-level election in promoting rural stability and economic prosperity could enhance Beijing's confidence in moving further down the road. Political disputes may continue in the coming 10 to 20 years between those in favour of quicker pace in promoting direct elections and those of slower pace. However, it is possible that by 2020, the quality of village-level election will be significantly improved than it is now, especially with the rising educational level of the people. One benchmark to indicate the progress in this direction will be to see if China can re-start its pilot-projects in township-level election and extend it across the country (So far only limited experiments at township level have been carried out, mainly due to the resistance from cadres with vested interests.<sup>25</sup>). Another more significant indicator will be to see if and how China will conduct direct election experiments at the county level in the coming two decades, as the political structure of a county in China is much more comprehensive and complex than that of the village or township, and it is in fact a microcosm of China's national political system, with the whole range of administrative, judicial and legislative organs.

<sup>24</sup> "False dawn," *Far Eastern Economic Review*, October 1, 1998. p.27.

<sup>25</sup> Saich and Yang (2003), P.187.

## 6.2 Civil society

At the current pace of development, it is predicted that China's new middle class may well exceed the whole population of the United States by 2020,<sup>26</sup> and the Chinese government also openly endorses the view that a society composed of a larger middle class tends to be more politically stable. The rise of the middle class also means growing demand for political transparency and accountability as has occurred in China's large cities like Shanghai, Beijing and Shenzhen, where citizens are more conscious of their rights and NGOs are also relatively more active.

In the coming 20 years, the Chinese civil society will grow further and undertake many causes that the state neither has the will nor means to pursue. Now the state seems to have decided to cultivate China's own NGOs that are partially dependent on the state and partially autonomous, capable of filling many gaps in public administration and ensuring greater social and political "harmony". But the state's relationship with the civil society is likely to remain confusing for many years to come, possibly experiencing ups and downs during this era of profound social transformation. China's civil society, however, will eventually become more autonomous, with the increase of NGOs in both numbers and quality, paving the way for a more sophisticated and democratic society in China.

In the coming 20 years, the leadership and membership of the so-called "democratic parties" in China<sup>27</sup> will also be replaced by a new generation that has grown up during China's period of reform, and these "democratic parties" may evolve some new status in the Chinese society and play a greater role in China's political consultative process. There will be further growth of non-governmental think tanks that produce alternative policy options and the media will also become more diversified and more autonomous, in keeping with more diversified demands of the people and the increased financial independence of the media. The media's role in checking corruption and fighting abuse of power is likely to be much enhanced in the future. As a result, China's informal liberalisation may gradually become more formal, with increased institutionalised arrangements for liberalization.

## 7 European interests in China's political reform

China is now a laboratory—the largest of its kind in human history—in economic, social and political change, and the success of the Chinese experiment will be greatly dependent on whether the country can carry out successful political reforms. Given the size of the country, the nature of the change and the stakes involved, Europe's interests in China's political reform will be enormous:

<sup>26</sup> CACC estimated that the middle class in China accounted for 15% of the Chinese population in 1999 and then it rose by 1% annually until it reached 19% in 2003. It is expected that by the year 2020, the middle class will account for 40% of the Chinese population. See "China's Middle-income Class in the Making", *The People's Daily*, 29 September 2004.

<sup>27</sup> China's "democratic parties" are: China Revolutionary Committee of the Kuomintang, China Democratic League, China Democratic National Construction Association, China Association for Promoting Democracy, China Peasants' and Workers' Democratic Party, China Zhi Gong Dang, Jiu San Society and Taiwan Democratic Self-government League.

## 7.1 Europe's political interests

An open, prosperous and democratic China will be in the best interest of Europe, and China is in fact moving, however haltingly and slowly, in this direction since 1978. However, China is also a huge and complex country, and perceptions on how China should change politically diverge both within China and Europe, and China's political change may well take place in its own way against the backdrop of multiplying social, economic and political challenges as well as the country's unique political and cultural traditions. China's progress in this regard may also contribute to the rise of a unique Chinese model of political change. The democratic system taken for granted today in Europe in fact took centuries of effort and upheaval to take shape, how the Chinese process of political change will evolve in a relatively short time with less social upheavals will be a major challenge to the Beijing leadership, and any mismanagement of this process could be very costly for the Chinese as well as European interests. Indeed, Europe has a stake in the success of this change. Europe's political interests in China's political reform involve at least the following areas:

### a. *Europe's soft power*

Being the cradle of liberal democracy, Europe has a lot of ideas, experience and expertise in building democracy that can be relevant or at least inspirational to China. To what extent, Europe and the European model can influence the goal and trajectory of China's political reform will demonstrate partly the extent of Europe's soft power in the world's most populous nation.

More and more Chinese now view, perhaps unfairly, the Chinese modernization experience since 1978 as too close to America's unbridled capitalism, and China should explore how to build an efficient yet more humane society. Chinese are looking around the world for inspirations to resolve their social, economic and political problems. At a time when China is increasingly looking beyond extreme liberalism of the right and state monopoly of the left and beyond savage capitalism and welfare socialism, Europe has a unique opportunity to use its soft power and display its ideas and expertise to China in building an efficient yet humanistic society.

The experience of China's economic reform shows that the country has tremendous capacity to learn selectively from other cultures and other countries. If "soft power" can be defined as the "ability to get what you want through attraction rather than coercion or payment"<sup>28</sup>, then it will be in Europe's political interest to use its soft power in influencing China, in a way acceptable to the Chinese, so that the country will draw on, even if selectively, the European experience and expertise, especially in the field of humanistic culture, good governance, rule of law, building social safety nets, fighting corruption, environmental protection, crisis management and better handling state-society relations. The more China is influenced by Europe, the greater Europe's soft power in China will be, and the more Europe's long-term political and other interests will be served. However, China's soft power is also likely to increase with the progress of its own style of economic and political reforms, which could even influence the future pattern of East Asian regional cooperation. To what

<sup>28</sup> Nye (2004), p.X.

extent the European and Chinese soft powers can accommodate each other will also be a political challenge to both Europe and China in the years to come (see also the following section on civilizational dialogues.).

b. *Europe's global political interests*

China's political reform will to a great extent shape the trajectory of China's rise, and it is in Europe's political interest to influence China's political reform in such a way that the Chinese state will become not only more transparent and accountable to the Chinese people, but also more transparent and responsible to the international community, especially regarding such European concerns as maintaining long-term regional peace and stability through institutional arrangements, promoting non-proliferation of weapons of mass destruction, and implementing Beijing's commitments to Hong Kong and Macao. In this context, China could benefit in particular from Europe's experience in institutional building for national, regional and sub-regional cooperation. China's progress in this regard will also add more substance to Sino-European strategic partnership. Unlike Europe, East Asia, despite its economic dynamism, still lacks institutional arrangement for regional political and security cooperation. China has demonstrated over the past few years its strong interest in promoting regional institutionalized cooperation. It is in Europe's political interest to assist China in this effort, which will be crucial for the long-term prosperity of the whole East Asia.

c. *Protection of human rights*

Europe can provide inspirations and assistance to China's political reform in the coming decades, especially in promotion and protection of human rights. It is important to promote, with emphasis on effective, concrete and feasible results rather than moralist rhetoric, all human rights, not simply civil and political ones, but also economic, social and cultural ones, in the immediate and long-term interests of the Chinese people. Progress in this regard will facilitate Sino-European cooperation in many other areas of mutual interest.

## 7.2 Europe's economic interests

Thanks to two decades of economic reform, China has emerged as a major economic powerhouse in East Asia and the world. By 2020, China's total GDP is expected to reach 35 trillion yuan (or 4 trillion US dollars) at today's under-valued rate, and Europe's economic interests have been growing fast in China through increased investment and trade. But the Chinese economy is also faced with many challenges such as internal protectionism, corruption, weak financial system and non-performing public sectors, many of which call for political solutions. Europe's economic interests will also be better served with more significant political reforms particularly in the following areas:

a. *A unified domestic market*

Despite China's impressive economic performance over the past 25 years, China's domestic market is still rather fragmented. Local protectionism, especially at the level of provinces, remains a hurdle to building China's unified domestic market. China's entry into the WTO has provided new impetus to

building such a market. In the next 20 years, a number of initiatives may bear fruits, including the ASEAN and China Free Trade Area and regional cooperation between ASEAN, China, Japan and South Korea, and the Chinese Economic Area (China, Hong Kong, Macao and Taiwan). All this will serve as a new catalyst for China to establish a more unified domestic market and entail significant legal, regulatory and political reforms in China. It is in Europe's economic interest to assist these reforms aimed at building up this potentially world's largest consumer market.

b. *Rule of law*

A major problem for European investors in China is the country's weak legal system. With European economic interests rapidly growing in China in the coming decades, disputes involving such issues as protection of intellectual property rights, labour-management relations and contract compliance are bound to increase. Europe's economic interests will be better served if China's political reform can lead to the further strengthening of the rule of law, especially in fighting corruption, resisting unwanted administrative interference, protecting intellectual property rights, promoting judicial independence and effective law enforcement. Europe should therefore assist, through concrete projects, those legal/political reforms that will improve the quality of China's legal system.

c. *Good governance*

As part of China's political reform, China is in the process of reinventing the state from 'direct and micro-manage' the economy to 'indirect and macro-manage' the economy, and China's entry into the WTO has heightened this pressure for good governance. In the coming two decades, China and Europe are likely to maintain their status as each other's largest trading partners, and the Euro is to become a major currency in China's foreign exchange reserves, and the Chinese currency may become freely convertible. Europe's exposure to the Asian financial crisis in the late 1990s has compelled Europe to place greater emphasis on assuring domestic political institutions that are conducive to economic and financial stability. China is also faced with many governance issues: weak regulatory and supervisory framework, lack of trained human resources and officials' abuse of power. Europe's assistance to China in ensuring good governance will enhance China's capacity to implement its WTO commitments and help the country avert major economic and financial crises, which would impair the economic interests of both China and Europe.

### 7.3 Europe's social and cultural interests

China's economic reform has reached such a stage that there has been an increasing demand for a greater balance between market forces and social justice. China's social inequality and differentiation have reached an unprecedented scale that is causing multiplying social problems and undermining China's political stability. As part of the reform of the Chinese state, China is engaged in re-building its social safety nets for its population and the Chinese civil society is also emerging fast as a response to these challenges.

### A. *Social justice*

In the coming 10 to 20 years, China will complete the reconstruction of its social safety nets to ensure greater social justice and better protection of the population, especially its vulnerable groups. The country will also pursue many other large-scale social reforms covering such issues as internal migration, household registration, building up urban and rural communities, and reform of educational and medical systems. In fact, many of these reforms are political in the Chinese context, as they entail inevitably readjustment of the relations between the state and society/individuals.

Such reforms, if executed in earnest, will contribute to the better realization of many economic, social and cultural rights of the Chinese people. Europe's experience in various social undertakings, past and present, positive and negative, can offer inspirations to China. Likewise, some of China's innovative initiatives in this regard may also be relevant for certain European countries as they are also engaged in reforming their welfare states. Europe's government and civil society should be encouraged to engage their Chinese counterparts and exchange ideas and experiences in their common effort to build a society with both efficiency and compassion.

### b. *Emerging civil society*

As China's social stratification has deepened when the country is going through its own industrial and technological revolutions, China's NGOs have become a growing dynamic force in various social causes ranging from helping the poor and the sick to defending the interests of migrant workers to protecting the environment. In the Chinese context, the most likely trajectory of the evolution of the civil society is the further expansion of NGOs first in these non-political domains and then into other domains. The work of many Chinese NGOs itself is of great importance for the European interests, such as fighting environmental degradation in China. It is in Europe's interest to develop constructive long-term relations with China's emerging civil society and assist their various social endeavours, as their influence will further expand as China gradually becomes a more sophisticate society. The rise of China's civil society will have long-term implications for China's future political change. It is therefore important for Europe to assist the emerging NGOs engaged in various social causes in China, as this is the most dynamic and promising part of the civil society in China. It is also a less controversial area for possible cooperation between China and the EU in promoting China's civil society, since Beijing itself is willing to draw on foreign experience and expertise in tackling its multiplying social problems and build what it calls 'harmonious society'.

### c. *Civilizational dialogue*

The rise of China is to a great extent the rise of a non-Christian civilization, which Europe does not fully understand yet. In fact, both the European and Chinese civilizations have a long tradition of humanism, sophisticated cultures and different political traditions, and they could share with each other on many aspects of their fascinating cultures and civilizations. It is in Europe's interest to demonstrate an open mind and try to understand the Chinese way of economic and political development, however different it may be from the European model. The aforementioned poor record of forecasting China, much of which had been done by Europe's China watchers, highlights their little understanding of what can be called Chinese model or the country's soft power, which may well become



more influential as China further grows and even challenge the Western orthodox view of development. China's soft power may help shape up the future pattern of East Asian regional cooperation in the coming decades. Drawing on the European experience in regional integration, East Asian regionalism may also evolve, not based on the community of democracies as in Europe, but on shared interests and some broadly defined "Chinese soft power" or "Asian soft power", strongly influenced by certain shared values in the region with emphasis on developmental state, industrial policies, unique cultural norms and respect for sovereignty. Indeed, the Sino-European political dialogue will be enhanced by more focussed discussions on China's way of development, as this may generate long-lasting implications, especially for the developing world. Furthermore, Sino-European dialogues on the divergences and similarities of their respective civilizations will not only enrich each other's culture, but also point to the international community, especially those who believe in the clash of civilizations, that understanding and mutual respect between different civilizations could offer a more sensible alternative.

## 8 Recommendations

*Recommendation one* As part of Europe's general approach towards China's political change, it is in Europe's interest to assist, in line with the view of most Chinese, gradual reform rather than revolution or 'regime change', which could produce hugely negative consequences for China itself, Sino-European relations and European interests in China and even East Asia.

*Recommendation two* In order to achieve more practical and effective results, Europe is advised to present its perception of democracy and human rights to China, not always from a high moral ground, which the Chinese know well, but more from the angle of good governance and public administration, with focus on demonstrating how, in concrete terms, the European ideas and expertise may tackle, perhaps more effectively than the original Chinese approach, China's multiplying social, economic and political issues. This also requires Europeans to really study and better understand China's real economic, social and political environment.

*Recommendation three* There are potentially huge areas of cooperation between Europe and China in the field of political reform. Yet, given Beijing's suspicion of the West's intention to undermine China's political system, Europe should have a long-term vision in its support for China's political reform, and it may consider giving priority to projects in those areas that Beijing has identified as priority, such as the rule of law, good governance, fighting corruption and various social reforms. This demand-driven approach will not only facilitate China's political reform but also gradually create more mutual trust between the two sides for greater cooperation in the field of political reform.

*Recommendation four* Given the dominant position of the Chinese Communist Party in the Chinese society and its own objective to become a modern political

party,<sup>29</sup> Europe should strengthen its contact with the CCP by inviting CCP leaders, especially those of its younger generation at all levels, to visit or study in Europe or even take internships in European public services, and encourage party-to-party exchanges between Europe and China. This will help deepen CCP's knowledge of how modern political parties function in the market economy and pluralistic society, and this will eventually facilitate the modernization of the CCP and other Chinese political institutions.

*Recommendation five* In the same context, it is necessary to encourage Europe's leading schools of public administration to develop joint programmes on public administration such as MPA with China's leading universities and various top party schools, and eventually, when conditions are ripe, establish a China–Europe School of Public Administration, along the line of the very successful China–Europe International Business School (CEIBS).

*Recommendation six* It is necessary to encourage Europe's leading educational institutions to run various training programme for Chinese cadres not only from Beijing, but also from various provinces and major cities of China, as China's political power has become much more decentralized since 1978. One focus in this cooperation could be various training programmes for Chinese mayors, as much of China's day-to-day governance is now carried out at this level and the number of Chinese cities is expected to increase rapidly in the coming two decades with rapid progress in urbanization.

*Recommendation seven* It is recommended that Europe and China should jointly explore, through concrete projects, ways and means to promote and protect all human rights, including encouraging best practices, giving due consideration to China's specific social and cultural conditions. This joint approach will help China to “own” human rights initiatives and also facilitate Europe's greater understanding of this complex nation.

*Recommendation eight* It is advisable to encourage China to draw on Europe's rich experience in building regional economic and security institutions, as China is now engaged in various regional initiatives, including the Chinese Economic Area, the ASEAN+One and the ASEAN+Three. China should be encouraged to take the lead in building regional arrangements in the field of traditional security areas such as peace in the Korean peninsula and reconciliation between China and Japan as well as new security areas such as building an Asian energy community and fighting drug trafficking in East Asia.

*Recommendation nine* The EU should encourage and support more policy-oriented studies on Chinese affairs and deepen Europe's knowledge and understanding of China and its way of economic and political change. The EU may also consider establishing an ad hoc China Advisory Group composed of leading China experts in Europe to provide regular consultancy service to the EU decision makers.

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<sup>29</sup> Wang Jiarui (2005), p. 12.

*Recommendation ten* Hong Kong is a major European interest in its relations with China. The EU may try to persuade China, in due course, to take bolder steps in facilitating HK's political reform by encouraging China to view HK's political reform experiment as a pilot project for China's future political reform, which will serve China's long-term interest.

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