

# CHINA BALANCE SHEET

## POLITICAL REFORM

The direction that China and U.S.-China relations take will define the world's future. For the United States, a rising China increasingly affects American prosperity and security, calling for some clear-eyed thinking and tough economic, political, and security choices. As the twenty-first century unfurls, the stakes have never been higher for getting U.S. policy toward China right. By untangling the complex, sometimes contradictory, strands of this vast and dynamic country, *China: The Balance Sheet* lays the foundation for informed and effective U.S. policy toward China, the world's emerging superpower.

### BACKGROUND

- In response to socioeconomic challenges, **the Party concedes the need for political reform to accompany economic reform.** Various measures are being implemented at the state, party, and grassroots levels.
- These measures are, however, purely instrumental and aimed not at reform per se, but at keeping the Party firmly in control and maintaining its ruling status.
- **Up to 75 percent of rural Party organizations were reportedly in a “state of collapse” in the 1990s**, and other entities, including traditional clans, triads, and Christian churches, were stepping into the vacuum.
- State Reform: After pursuing decentralization in the 1980s, **concerns including the collapse of the Soviet Bloc, as well as local protectionism, corruption, and increasing unrest, provided the impetus for recentralization in the 1990s**; tax reforms adopted in 1994 helped improve Beijing's fiscal position vis à vis the provincial governments.
- Party Reform: **Promoting “inner-Party democracy” and accountability through institutionalizing Party procedures has been implemented.** Efforts to make procedures more transparent include media reporting on previously closed-door Party meetings.
- **Institutionalization also aims to resolve one of the most persistent stumbling blocks for Communist parties: leadership succession.** The transfer of power to the “fourth generation” leadership in 2002–2003 was the smoothest in Chinese Communist history.
- Grassroots Reform: Experiments are taking place across the country:

For further information, see Chapter 3:

“China's Domestic Transformation: Democratization or Disorder?”

*China: The Balance Sheet: What the World Needs to Know Now about the Emerging Superpower*

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- **Elections occur in almost one million villages, affecting about 80 percent of the population in the countryside.** More competitive elections have been elevated to some township governments.
- **Experiments with direct elections for “urban community residents committees” are being held in some places and other experiments are under way,** including the system of “democratic consultation,” in which citizens can freely express concerns on important issues during open meetings with local officials.

## CURRENT SITUATION

- **The Party continues to have success in co-opting China’s emerging “middle class” of entrepreneurs and intellectuals.** The Party recognizes the need to open the political system enough to retain legitimacy and support, but not so much that they lose power.
- **In a white paper issued in November 2005, the Party laid out its plan to build a “socialist democracy with Chinese characteristics.”** Rejecting post-Communist “shock therapies” of radical political reform, it borrows selectively from other systems for a so-called participatory democracy that combines authoritarian Party leadership, a modest expansion of popular participation, and governance through the rule of law, while eschewing universal suffrage, true parliamentary bodies, checks and balances, and contested multiparty elections.

## IMPLICATIONS

- As China moves toward a more open political system, it is unlikely to follow a Western-style path, at least in the near term. Research suggests that at present, **there is no widespread public support for Western liberal democracy.** Chinese academics debate the notion of a “democracy deficit,” pointing to the difficulties that have followed from its rapid introduction in places such as Russia, Indonesia, and Iraq.
- Over the near to medium term, **the United States should be prepared to deal with a China led by the Chinese Communist Party.** As such, while calls for a more open, just, and democratic China are an indispensable part of U.S.–China policy, they should be informed by realistic expectations.

### The Nine Men Who Rule China

Hu Jintao (63), *president; chairman of the CCP and Central Military Commission. Born in Anhui; engineer.*

Wu Bangguo (64), *chairman, National People’s Congress. Born in Anhui; engineer.*

Wen Jiabao (63), *premier. Born in Tianjin; geologist.*

Jia Qinglin (65), *chairman of the China People’s Political Consultative Committee. Born in Hebei; engineer.*

Zeng Qinghong (66), *PRC vice president; president of the Central Party School. Born in Jiangxi; engineer.*

Huang Ju (68), *vice premier. Born in Zhejiang; engineer.*

Wu Guanzheng (67), *secretary of the Central Discipline and Inspection Committee. Born in Jiangxi; engineer.*

Li Changchun (61), *Born in Liaoning; engineer.*

Luo Gan (70), *Born in Shandong; engineer.*

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*The Party leadership frankly noted that China had reached a “critical stage in which new situations and new problems are mushrooming” and warned that the ruling status of the Party “will not remain forever if the Party does nothing to safeguard it.”*

—Xinhua, September 26, 2004

### Rising Stars: The “Fifth Generation” Leadership

Li Keqiang (50), *Party secretary, Liaoning. Born in Anhui, economist;*

Zhang Baoshun (55), *governor, Shanxi. Born in Hebei, economist;*

Li Yuanchao (55), *Party secretary, Jiangsu. Born in Jiangsu, lawyer;*

Yuan Chunqing (53), *deputy Party secretary, Shaanxi. Born in Hunan, Ph.D.;*

Liu Qibao (52), *deputy secretary, Guangxi. Born in Anhui, economist;*