

*R*esponding to Challenges and Problems of Governance

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The past decade in China's politics was marked by mounting social and political challenges amidst China's surging economy. Despite loud cries of "the coming collapse of China" and "China's governance crises", by around 2001–2002, the Party seemed to have survived all major tests in managing the world's most populous society and fourth largest economy (second largest if using purchasing power parity calculation) by around 2006. Today the Party maintains tight control over political power while striving to re-invent the government. By doing so, the Party wants to continue to deliver economic growth and public goods, and to remain the legitimate ruling force for China.

The challenges faced by the Chinese government in the last decade had all been daunting. The 1990s witnessed largely failing state-owned enterprises (SOEs) as opposed to the fast growing private sector. In the late 1990s, the reform of the SOEs resulted in millions of laid-off workers in Chinese cities, many of whom took to the streets. Meanwhile, social problems such as the rise of the Falun Gong Cult put the Party's ability to maintain social control to serious tests. Problems caused by China's unbalanced development abound, such as environment degradation, aggravating income disparity, government corruption and public protests. In fact, as often noted by the Western media, the number of public protests in China skyrocketed from about 10,000 in 1993 to 74,000 in 2004 and 87,000 in 2005.

Against this background of challenges and problems, this chapter offers an overview of the major efforts the Party took in the last decade

to stay relevant and renew its ability to deliver economic growth and governance. It has been a relatively remarkable record, but as the Party opens its 17th Party Congress, new challenges continue to cry out for urgent attention. In the coming decade, then, the Party will need to take up tasks that are even more trying.

China Under Jiang and Zhu

With Deng Xiaoping's demise in early 1997, the 15th Party Congress in the later part of the same year marked the first Party congress presided by Jiang after his consolidation of power. As China entered a period of Jiang Zemin and (Premier) Zhu Rongji's governance, the foremost political developments were the leadership's effort to redefine the Party and reorganise the government to stay relevant and competent.

The Jiang-Zhu Administration had to manage China's deeper reforms towards market economy, especially the large-scale SOE reform. Serious challenges continued to emerge; in 1997, China's economy suffered a slow-down as the global economy was hit by the Asian financial crisis. In 1998, China was hit by a flood of scale unseen in more than a hundred years. Then in 1999 Gong's practitioners besieged *Zhongnanhai* earlier in the year, followed by NATO's bombing of the Chinese Embassy in Belgrade and Taiwan's Lee Tenghui's proclamation that Taiwan and Mainland relations should be defined as "special state-to-state relations", openly asserting Taiwan's independence tendency. Amidst these internal and external crises and challenges, the Party started the *Sanjiang* Campaign (三讲 literally "three stresses", i.e. stress politics, stress virtues and stress studying) to beef up Party morale and unity, which had gradually eroded as China's economy marketised and the old Marxist-Leninist ideology lost its appeals.

By emphasising the "Three Stresses", the leadership hoped to renew the Party's strength and avoid or at least delay its degeneration. A more fundamental effort at ideological rejuvenation is Jiang Zemin's *Sange Daibiao* (三个代表 Three Represents) doctrine, meaning that the Chinese Communist Party represents the most advanced mode of production, represents the most advanced culture and represents the interests of the majority of the population. Jiang first put forth this doctrine in February

2000 during a studying tour to South China's Guangdong Province where Deng Xiaoping revived China's reform in his Southern Tour of 1992. Jiang then elaborated on it in July 2001 in a speech made to the Central Party School in which he also called on the Party to admit private entrepreneurs and other professionals into its ranks.

The "Three Represents" doctrine marked a major shift in the traditional role of the Party, which was prescribed as the vanguard of the working class (the workers and the peasants, basically). Now the Party will represent all social groups, including private entrepreneurs and business owners, who, in orthodox Party ideology, were erstwhile treated as exploiters and enemies of the Party. The Three Represents doctrine is without doubt the Party's affirmation of the non-state sector in the economy, and shows the Party's pragmatism in re-orientating its ideology. The Three Represents was eventually incorporated into the Party constitution at the 16th Party Congress in 2002, alongside Marxism-Leninism, Mao Zedong Thought and Deng Xiaoping Theory.¹

In the governmental arena, Premier Zhu Rongji pushed through a major reengineering of the State Council and its sub-national bureaucracies. It started at the State Council level at the 9th National Party Congress (NPC) in 1998, and in three years was expanded to all the provincial and sub-provincial governments. The goal was not only a slimmer and more efficient government, but also tied to the marketisation of the economy: the reforming of the SOEs towards market forces meant many government agencies were now obsolete. In the end, the original 40 ministries within the State Council were reorganised into 29 ministries.²

Jiang and Zhu also oversaw China's accession to the World Trade Organisation (WTO) in 2001. This came after years of arduous negotiations with its trading partners, especially the US, and it was Jiang-Zhu's political commitment to economic reform and opening that eventually made

¹ See chapter by Zheng Yongnian and Tok Sow Keat in Part I of this volume for a focussed discussion of the Party's transformation.

² Notably, all the major line ministries managing state-owned industries, such as the Ministry of Coal and Ministry Textile Industry, were all removed from the cabinet and reorganised into State Council-affiliated industrial associations or bureaus.

it possible. In fact, when it finally came, most Chinese were uncertain whether it would be a boon or a bane. There was much fear that with the opening up of China's domestic markets, some of China's economic sectors would be overwhelmed by foreign competitors. But the Chinese leadership seemed to have displayed competence and gumption in managing this full-scale integration into the world economy. By the end of 2006, five years after China's accession, China's economy had surged ahead, greatly boosting the Party's confidence in leading China's economy in a globalised world.

Hu Jintao: Searching for a New Development Model

When Hu Jintao assumed the Party's leadership in 2002, there were doubts about his ability to assert his position and assume firm control of power. The Western media had cynically asked "Who is Hu?" and speculated that Jiang Zemin would continue to wield power from behind the scene. However, Hu proved his critics wrong when he quickly consolidated his power. By 2004, Jiang Zemin had to leave his last post, and during these years Hu had also established his leadership style and governing principles. In tackling the problems and issues that confront China, such as income disparity, regional development gaps, social discontent, deteriorating work safety, official incompetence, corruption and environmental degradation, Hu tried to shift China's development towards a more humane and more balanced model on the one hand, and tried to enhance state authority and political control on the other.

Hu came into power with a populist, pro-people image. His first public appearance in December 2002 after assuming the top leadership position was to visit an old revolutionary base in a rural area in Hebei Province where he articulated what was later called the New "Three People's Principles" (新三民主义): power to be used by the people, concern to be showered on the people and benefits to be enjoyed by the people (权为民所用, 情为民所系, 利为民所谋). At the height of the Severe Acute Respiratory Syndrome (SARS) epidemic in 2003, Hu and Premier Wen Jiabao displayed their caring and down-to-earth side with tours to hospitals, offering encouragement and words of comfort to frontline nurses and doctors handling SARS cases. Hu proclaimed that China should

pursue “people-centred” development (以人为本), and put forward the concept of “scientific development” (科学发展观). Essentially, it was a call to shift from the single-minded pursuit of economic growth towards a more balanced and more sustainable model of development. “Scientific development” is intended to comprehensively address problems China faces following decades of fast growth, such as income disparity, inadequate healthcare and social security systems, and pollution.

Eventually, these people-oriented ideas came to be manifested in the concept of “harmonious society” (和谐社会). This is both a grand vision Hu offered to the nation and an overarching idea that would guide the Party’s policies in the years to come. Hu Jintao apparently has come to believe that the Party should not only deliver economic growth, but also other public goods such as equity and good government. Hence, a “harmonious society” would contain elements of fairness and uprightness, rule of law, order, democracy and balance between the needs of man and nature. The “harmonious society” concept was developed into concrete initiatives in the 11th Five-Year Programme (2006–2010) endorsed by the 10th NPC in March 2006 that was aimed at spreading wealth more evenly and protecting the environment. More importantly, the 6th plenum of the Central Committee in October 2006 formally adopted building a “harmonious society” as its supreme goal in governance.

Building the Party: Educative Campaign and Fighting Corruption

Hu Jintao also saw problems in the weakening of the Party’s unity and moral strength. From January 2005 to June 2006, the Party carried out a three-staged nationwide campaign, each lasting six months, to “maintain the advanced nature” of the Party (保持党的先进性). The purpose of this campaign was to improve the quality of the then 69 million Party members and eradicate malpractices that had tarnished the Party’s image and reputation. Party members had to attend educational and discussion sessions to improve the standard and quality of their work.

Such educational campaigns, however, may fall short of being effective in improving the Party’s quality. A more effective way is to build institutions that are conducive to clean, transparent and competent

government. As a move in this direction, the Party has taken measures to enhance its anti-corruption arms and stepped up efforts to fight corruption. According to official figures, in the 19 months up to February 2007, 6,660 government officials were investigated for corruption charges. Even senior officials such as a Vice Mayor in Beijing and the Chief Procurator in Tianjin were not spared. The most high-profile case was the ouster of Shanghai Party Secretary Chen Liangyu in September 2006 for the misuse of Shanghai's pension fund and the abuse of power to seek improper benefits for his family members. Other officials of ministerial ranks, including Chief of the National Statistical Bureau Qiu Xiaohua and Head of the State Food and Drug Administration Zheng Xiaoyu were sacked.

The results of such anti-corruption campaigns may be short-lived: once the centre's effort recedes, corruption will resurge. Because of this, the Party is implementing institutional changes to curb corruption. For example, the Party's Discipline Inspection Committee at various levels is given more power to check officials, and in the first half of 2007, a National Anti-Graft Bureau was launched. By introducing more transparency and openness in government, by giving local people's congresses more authority to check the government and by introducing more rule of law in the government, the Party hopes to significantly reduce corruption in the years to come.³

Coping with Social Discontent

Amidst rising grievances and social discontent, in recent years, the Party has placed a premium on maintaining nationwide stability to ensure China's development course will continue uninterrupted. There are many sources of instability arising from public discontent such as local government's illegal seizure of land, as well as soaring estate prices, medical expenses and educational expenses.

For example, while land disputes continue to cause rural unrests, in recent years, the sharp rise in housing prices in the cities has become a source for urban discontent when many ordinary wage earners could not

³ See Yang Dali's chapter in Part I of this volume for more detailed discussion of this topic.

find affordable housing. A more worrying trend is the promotion of estate and development projects by local officials to generate local revenue. In doing so, they disregard laws and proper procedures in seizing land and driving many peasants from their land and urban dwellers out of their housing. This often results in protests by the residents and peasants. In many extreme cases, thousands of protestors besieged government buildings, demanding government concessions.

In response, the Party leadership has tightened supervision of local officials, limited land use rights, as well as strengthened regulations on development projects. On the other hand, the Party and government also tried to allow more channels for citizens to voice their concerns. It made an effort to improve the “letters and visits” system (信访), through which citizens can bring their grievances to the attention of higher authorities for a resolution. To add a more personal touch, some local leaders made themselves directly available to the citizens by receiving a few petitioners every month to help solve their problems. In some provinces, aggrieved individuals can also request for an official hearing (听证会) if they are not satisfied with the initial handling of their petitions by the relevant government departments. Such measures seem to have generated some results. In 2006 the number of collective protests fell “markedly” by about 20 percent after going on an upward trend from 1993 to 2005.

While displaying a caring front, the Party has also shown its readiness to act firmly against elements that could pose a threat to the stability of the country. These may include intellectuals, dissidents and representatives of non-governmental organisations. In particular, the leadership is averse to “colour revolutions” that have led to the downfall of regimes in several Central Asian countries. Luo Gan, a Politburo Standing Committee member in charge of law and order matters, said in February 2007 that the Party must “defend against infiltration and sabotage activities that threaten state security”. The Party can be expected to be even more vigilant as it gears up for the 17th Party Congress due in the second half of 2007.

Looking to the Future

The intermittent reports of rising social unrest and environmental disasters by the Western media may have given the mistaken impression that the

Chinese leadership is in danger of losing control. Yet these incidents still do not constitute a real threat to the regime. For one, China's successful economic reform and development, whilst creating a lot of problems, has produced many winners, particularly the rising middle class in the urban areas. On the whole, the majority of the population is satisfied with and is still supportive of the Party and government. Public opinion surveys continue to confirm this.

Nevertheless, in the years to come, China will have to deal with some urgent problems arising from its rapid but unbalanced development. The government needs to deliver public goods in the areas such as affordable housing, education, healthcare and social security to everyone, including the very poor in the rural and urban areas. It also needs to reform government institutions to be more transparent, more law-biding and more service-oriented. Government institutions need to be able to better protect citizens' rights and respond to citizens' demands. The Party also needs to allow civil society to grow more freely. There is increasing pressure for political liberalisation from an expanding urban, well-educated and well-informed middle class. To sum up, while shifting towards a "scientific development" model may help to solve some of the developmental problems such as environmental degradation and energy over-consumption, the Party needs to introduce real measures in government and political reform, and gradually put China onto the track leading to a pluralist democracy.

In this regard, the "harmonious society" banner can fly high. What it carries — democracy, rule of law, justice and equality, among others — is indeed what China needs. But understanding what it needs to deliver does not mean the Party can deliver. While the Party has been relatively successful in managing China's economic reform and economic development, the current challenges of reforming and building government institutions are likely to be much more overwhelming. It remains to be seen, then, whether the Party can fulfil its promise to the people, that is, a democratic and prosperous China.