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PARTICIPANTS:

PANEL 2: CHINA'S STATE-SOCIETY RELATIONS AND INTEREST GROUPS:

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## PROCEEDINGS

MR. BUSH: So, this is the panel that's always a burden for the moderator, because it's the end of the day and people want to leave to beat the traffic home and so on, but this is actually a really important topic and I am glad that at least you're staying.

The first panel I think addressed the direction and dynamics and pace of political change in China. The second one that we just had looked at some of the tensions in this process with respect to succession and the alignment or misalignment of economic strategy and political system and then within the ruling party.

Now we're going to talk about state society relations. I think this really is the litmus test of political development and political system. As Professor Wang said in the Q&A, it's really at the local level, at the state society interaction, that the party faces its problems. And, you know, one can throw out a couple of different questions in thinking about state and society. Are we talking about a strong state or a weak state? A strong society or weak society? What are the dynamics of these different combinations?

Second, I think you'd expect that between state and different parts of society, you're going to have different modes of interaction. So, in China, for example, the Communist party looks at workers differently than it looks at students.

And, finally, there's the issue of the institutionalization of state society interaction, and here the issue of interest groups comes up.

We have three outstanding panelists, and you have their bios so I'm not going to go over them. I hope they won't mind, but we are under a little bit of time pressure. And the first presenter will be Professor Shi Hexing of the Department of Public Administration at the Chinese Academy of Governance.

Then we will have Mary Gallagher from the University of Michigan and then Professor Jing Yuejing of Tsinghua University.

So, Professor Shi.

MR. SHI: Good afternoon, ladies and gentlemen. It's a great honor and privilege for

me to present here my presentation, entitled "State Building, Society Building, and Trust Building in Contemporary China." This is a syllogism of state and society relations, and within every part, every syllogism, there is still a small syllogism, that is, why, how, and where to go. So, my presentation is in three parts. The first part is "State Building: an untangled Plots." The second part is Society Building: an unleashing Zone. The third part is Trust Building: an unbounded Mission.

Let's look at the first part, "State Building: an untangled Plots." As I mentioned, a small syllogism is why, how, and where to go. Why political other matters? That's my first question. If I want to -- if we answer the question why political other matters, I think we have to look back, to look at the beginning rather than the end of political development in China. We can easily find that making constitutions work has been the principal issue for a hundred years.

From nation building to state building, what extremised the effects of political development in China is seeking for order. Without political order, it's impossible for political development. Therefore, reform is a process of order rebuilding to some extent, along with the state building in the past 30 years.

History matters. If we look back in history, we can see China experienced a weakened state during the first half of the 20th century. Political order has played a key role in the state formation since 1949. State autonomy saved them the reality of excess of different growths to political power. Political order also matters a lot in state building subsequently after 1978. Deng Xiaoping pulls stability to a dominant position to ensure reform and opening up policy and to avoid massive disorder like the culture revolution.

So, we can see the order, political order, in history is very important in China. Since most of us are scholars, I put up some quotations from other scholars about the importance of order.

So, the second question -- the first part is how state building proceeds. We can see from different periods of time. The first period is during 1950s. After 100 years of war, the first task of the new regime was to establish political order. State formation began in 1949

with the convening of the Chinese people's political consultative conference; that is, CPPCC, with the convening of that. And then thereafter China reached its high point of state building in 1954, by the opening of the National People's Congress -- that is, NPC -- the Constitution of People's Republic of China was adopted at the first session of NPC in 1954. It is a milestone in the history of state building.

A new political order began under the 1954 constitution. However, making constitutions work is not easy. Before reform and opening up, the erroneous theory and practice of taking class struggle as a key link created great disorder in China, and this made the 1975 constitution and 1978 constitution dysfunctional.

The current constitution was comprehensively revised by the NPC in 1982 after the reform and opening up. Subsequently, the NPC partially amended the constitution for occasions in 1988, 1993, 1999, and 2004. Chapter 1 of the 1982 constitution set up the general principles of state building. In the 30 years since the 1982 constitution, state rebuilding has brought much progress of order in the field of politics, economy, and society.

Institutionalization is one of the biggest strides. The system of People's Congress, which is the basic political system in China, is at the core of institutionalization. This system is a guarantee of state order. As China develops the system, it is surely to be improved and developed.

According to the 1982 constitution, the National People's Congress and the Local People's Congress at all levels are the organs through which the people exercise the state power. This is a brave picture of the state political structure in China. If we want to know more in detail, we can read the constitution.

Within the system of the People's Congress, NPC is the highest state body and the only legislative house in the People's Republic of China. Altogether there are five central and local levels of the People's Congress at the present. In addition to the NPC, there are congresses of provinces, of cities divided into districts. The first level is NPC; the second level is province; the third level is congress of cities divided into districts; the fourth level is congress of cities not divided into districts; and then the fifth level is congress of townships.

Totally there are five levels of congress. This is the very basic framework.

According to the 1982 constitution, the function and the power of the National People's Congress include amending the constitution and overseeing its enforcement to enact and amend basic laws governing criminal offenses, civil affairs, state organs, and other matters; to elect and appoint members to central state organs; and to determine major state issues.

That means there are at least four powers. The first is legislative power; the second is validating authority; the third is policy formulation; and the fourth is supervision of governing organs. These are the function and powers.

As a term, maybe a lot of us heard before the so-called "rubber stamp" used to describe the NPC's function. Nevertheless, changing from rubber stamp to iron stamp is the real progress made in the past 30 years. One of the important efforts was made in 2003. More than 10 -- about 19 NPC standing committee full-time members were elected, and this is one of the important measures to strengthen the function of the People's Congress.

If you look at the website, you can find -- during this year's session of the People's Congress, the *Wall Street Journal* -- I mean, the blogs of *Wall Street Journal* -- published an article titled "National People's Congress, not Just Rubber Stamp Session." You can find it. And the latest episode of *Strength in NPC's Role* is in last month's.

You know, in China nowadays, personal income tax is undergoing a reform. The state council submitted a proposal to raise the personal income tax threshold from 2,000 Chinese yen -- it's almost to 300 US Dollars -- to 3,000 Chinese yen.

During the bimonthly session in April, the NPC standing committee examined the proposals for the first time. Instead of voting on it, the standing committee chose to reexamine it. I think this denotes something, some enhancement of NPC's power, and elicited how the NPC is working now.

So, besides this, nowadays in China, if something openly (inaudible) and objections and tensions is real in process.

So, that's something about the NPC work itself, and besides this we can find

something else. One is rule of law has set up the norms of state building in modern society. Just like Professor Yu Keping mentioned, within the 30 years of reform, the Chinese authority has devoted great effort to enhance rule of law. I don't want to repeat so much about this, but what I want to mention is that in 1997 the 15th CPC national congress decided to make the rule of law basic strategies in building a socialist country under the rule of law. Then in 1999 amendments, the People's Republic of China exercised the rule of law, building a socialist country governed according to law was added to the constitution. And then in a 2004 amendment, the state respect and guarantee of human rights was joined into the constitution. And for the first time, the constitution announced something like the state in accordance with law protects the rights of citizens to private property and to the inherent. This is the first time in the history of the People's Republic of China.

So, during the fourth session of the 11th National People's Congress in 2011, top legislator, Wu Bangguo, announced a socialist system of law of which Chinese characteristic has been formed based on the situation and the reality in China.

So, this is ushering a new chapter in China's effort to promote the rule of law.

In addition to rule of law, one more thing I want to mention is election. Election is to institutionalize, the bridge, to connect the state and cities. The PRC's first election law was put in place in 1953, and then in 1982, 1986, 1995, and 2004 the second or third and fourth sets of amendments were adopted.

What I want to stress is the fifth amendment of election law, which was adopted in 2010. 2010 amendments provide for equal representation of citizens regardless of rural or urban status. This means that urban and rural people will enjoy equal electoral rights. This is a great further step. You know, I grew up in a rural area. I deeply know, you know, that representation was really different in those years. You know, in 1995 the ratio was about 4 to 1, and now after the 2010 amendment we can have the same issue. So, this is a big progress I think.

Then where is the state building to go I just want to mention a little bit. I think the big problem or the key issue of politics in China is -- the first paragraph I quote here -- is

integrating the leadership of the ruling party, the position of people as masters of the country, and the rule of law.

The three things are quite different, but how to pull them together and how to set up mechanisms to integrate them is very important in China.

And the second, a mechanism to turn the party's position into will of the state through legal procedure, is being explored now in China, but we still have a long way to go.

And then the third thing is let the congress from soft to hard. I already mentioned something has been done, but we still have a long way to go.

And then I think one matter is important. What I mentioned is representation matters. In terms of People's Congress itself, the prevalent concern of soft and hard stamp issue is only in respect of legislation and supervision. Representation, however, is still ahead of reconsideration. The representative function of People's Congress is associated with the position of people as a matter of a country, reflecting the relationship between the NPC and its citizens.

In addition to carrying out the election law, making deputies to People's Congress exercise their function and powers in accordance with the law and maintaining close ties with the general public is more important. Besides -- one more thing I'll say is that government has also to take the responsibility for cooperation from other organizations for participation of the public. That's the first part.

The second part is society building: an unleashing zone. The first question, why society building? By society building what I'm going to cover is aspects of social development beyond state building, that is *shehui jianshe*, *shehui guanli*, which means social construction or social building, social administration, or social management. Now it's becoming a very hot topic in today's China.

Professor Ken Lieberthal raised the question more than ten years ago: How has reform in the political evolution changed the nature of the ties that connect the society to the state? There are many ways to answer it of course. I would like to answer it through the way of bringing society back in.

If we bring the society back in, we can see there are three points. The first of all, state building -- society building is both a challenge and response to state-centered policy formation.

The second -- society building is one of the collaboration mechanisms that improved governance in China. I want to say a few words about this. You know, we have the first sector, government, the second sector, market; and the third sector, civil society organization. In China, the third sector is still characterized as being far from well developed. So, social construction and social management are taken as important mechanisms to enhancing governability of Chinese social development; and attempting to move activities from state sector to private market and subsequently from state and market to civil society, China is finding alternative ways to make governance work.

So -- and thirdly, the growing enthusiasm of cities and civic engagement and political participation in social affairs are reshaping state and society relationships. So, that's why society building is important in China now.

How society is built in China -- I think we can explain from two aspects. The first is social service delivery. Building a service of responsible, law abiding, and clean government is a new goal for administrative reform in China now, as what Professor Yu mentioned about, and if we look at the 11th five-year plan and the 12th five-year plan, we can see social development is a large part in this. Because of time limitation, I will not put some figures in it.

This is for the social service delivery. Since 2006, China has drafted a law on philanthropy and now is a normalized so-called carrot industry and it's also chairing organs with care as well, and the 12th five-year plan put a large effort on it. So, this is one aspect.

The other aspect is for the civic organizations. The mechanism of self-governance is more and more important in China. Nowadays we have two mechanisms. One is communities for self-governance. The other is civic organizations. What I want to mention here is NGOs. That means social organizations, private non-profit organizations, and foundations -- the three types of NGOs in China today.



The development of NGOs in China emerged from three important periods. The first period is from 1978 to 1989. That's a resuming an emerging time. And the third period is from 1992 to 1998. That's emerging national-wide. And then from 2000 up to now, it's delivering and accounting time. That means social delivery and trying to make the society accountable. Making the government accountable is what they are persuading. So, that's the basic picture of social development in China.

But what is to be done for social building, for society building? The significant growth of nine government organizations and their increasing role in social service delivery have demonstrated their positive role in political development. Society building is to provide safeguard for citizens' happiness and safety and to achieve a harmonious society.

Many things have to be done, but two efforts have to be made in the near future. On one hand, society building is necessary to the separation of government, market and the third sector. State initiates to accelerate the separation of functions of the government from those of enterprise, et cetera, like what Professor Lieberthal mentioned just now. However, the state has to improve the dynamics and mechanics of people's self-governance in social development to leave space for social organizations, to put self-management, self-service, self-education, and self-oversight into practice. That means how to separate government from NGOs or some similar organization is another step for the separation. This is one hand.

On the other hand, society building is necessary to avoid failure problems. Nowadays we have market failure, government failure, monetary failure -- many failures now. But the monetary failure is facing a contemporary China. Although booming after a reform and opening up, China's NGOs are still categorically realized as, you know, not well developed. Some of them make mistakes or even become an instrument for crime against the expectation of society. Well, the public has been gradually aware of the social responsibility of NGOs.

So, these watchdogs that monitor the accountability -- okay, just a moment -- of other sectors have been increasingly demanding of responsibility for what is purported to

their entitlement. NGOs are still seen at lacking of accountability, and there are rules in the country's development that are not completely trusted by the public with the increasing account of recent cases.

Because of time limit I don't want to mention too much, like the football corruption in China and some other things. So, this is a problem. Trying to avoid such a kind of failure is very important.

The third one -- third part -- trust building: an unbounded mission. Why trust building? I think most of us know a lot of trust is essential to state legitimacy. Trust contributes a great deal of the well-ordered society, you know? Trust building is essential to conflict resolution, and appropriate functioning of general principles in public governance needs trust. So, trust provides a good governance with accountability. That's very important. That's why trust building.

How trust is building is undergoing in China now. I think there are some things I put here. The first one is creating public values with social harmony. That's trying to build harmonious society after 2006. And then provide good governance with accountability, like what Professor Yu mentioned, which I will not repeat. And then promote civic organizations with self-governance, which I mentioned. And, finally, engage citizens in public life with civility.

One more thing I want to say about the last point is that 2008 is very important for these points because of the Sichuan earthquake and 2008 Beijing Olympic Games. The voluntary spirit is spread all over China, so that's a very important point for engaging citizens in public life with civilities. That's the building of trust in China.

But what is beyond trust building? That's very important. I think taking public governance seriously from trust to accountability is very important.

Finally, only one word I'm going to say. Oh, just like what Fukuyama discovered from the original pledged order, nation did not find stability or sustained prosperity until they became accountable to their citizens. Maybe this is one of the iron laws of state society relations.

Thank you very much.

MS. GALLIGHER: I want to thank Ken and Cheng for inviting me to this workshop, and I will be a little bit more specific about what I'm going to talk about today in terms of state society relations in China. I'm going to focus on workers and their relationship to the state and how that's changed over the last several years.

I want to frame it by talking about three contexts that have really shifted dramatically in the last decade. Some of the things that Ken mentioned in his talk about the demographic changes I think are the most important, but there are also changes that have more to do with the social transformation of new migrant workers and also the political context under the Hu-Wen administration starting in 2003.

The demographic shifts I do think are the most significant, because they're really changing the market or the bargaining power of Chinese workers. And this is the foundation for the mobilization of workers recently, this sense they have that they have more bargaining power vis-à-vis employers. And this has a lot to do with the changing demographics of Chinese society -- generally the reduction in the working population, the aging of Chinese society -- but it also has something to do with some of the policies that have been taken by the government since the financial crisis.

The very large domestic stimulus package that stimulated a lot of infrastructure development in inland China and some of the agricultural policy changes put in place under the Hu-Wen administration have also made it more desirable for migrants, and these are rural people who have left their rural registered homeland to work in an urban area to make it more attractive to stay in the same province, perhaps even to say in the same general locality rather than going to the coast, particularly going to Guangdong, the Pearl River Delta, or to Shanghai or the Yangtze River Delta.

A third change related to these demographic shifts are the continued barriers to permanent migration for many migrant workers, particularly migrant workers who don't have high skills or a high education, and this is also creating a bottleneck or some kind of barrier to permanent urbanization of these migrants. I know a lot of policies have changed recently

that have sped up urbanization in some cities. Particularly smaller cities have become more open to migrant workers. But for the large coastal cities, these barriers remain.

A lot of the changes in the demographics and these shifts that I'm mentioning came out in surveys that were done even during the financial crisis. So, even though China was experiencing big shocks in their export markets, surveys that were done at the time by the Chinese Academy and Social Sciences, by the People's Bank of China, and by the National Bureau of Statistics all demonstrated actually that wages continued to go up and that migrant workers in general fared pretty well during the crisis, even though many of them were laid off temporarily when exports plummeted in late 2008 and early 2009. And since that time, the economy has recovered and we see again increasing reports of migrant labor shortages and coastal provinces, particularly in labor intensive manufacturing.

The second shift -- and this is related, I think, to some of these demographic changes -- is really more about the culture of migrant workers, what migrant workers want, what their values are, what their expectations are. There's a lot of talk in China now about this new generation of migrant workers and who they are, what they're like, how they're different from their older brothers and sisters or from their parents, if their parents spent some outside their rural home towns. Lots of surveys of migrant workers show that they are indeed much better educated than the earlier generation. They tend to be coming from families with only one child, and because of these changes in their education and in their family background, they are much more aware of their rights, and they have different expectations about who they compare themselves to. Their reference is no longer what would have happened to me had I stayed in the countryside; it's about comparing themselves to other young urban people. So, they have this frame of reference that is much more equivalent to urban youth.

My non-scientific test for this is the hair style test. If they have a hair style -- and this is a picture from a Shanghai NGO event for migrant workers, and so when migrant workers have hair styles like this, they have different aspirations. They have expensive aspirations.

And some of the research that's been done since the strikes that occurred last

spring in a lot of automotive factories and automotive supplier factories again show this increasing rights consciousness of young migrant workers. These are pictures from the first strike in Nanhai in Guangdong Province. Honda workers were well organized during the strike, even though the strike occurred sort of spontaneously, and they used certain tactics to both organize themselves and try to protect their identity from management and from the government.

Again, in talking about frames of reference or expectations, these workers very deliberately made comparisons to other workers. They made comparisons to Japanese workers who work for Honda. They made comparisons across different plants that were all within the Honda supply chain. And so they were really looking at other workers around them who might differ by education or by skill or by nationality but, again, trying to press for better treatment.

The strikes were relatively peaceful, and they emphasized processes of representation for workers to come forward eventually and bargain with management. And the same factory actually this year has reached a collective bargain that is leading to a fairly significant new increase in salaries.

One of the demands that they also made in addition to wages was that they have their own trade union. They didn't ask for an independent trade union, but they did ask for their own trade union, a trade union that would represent their rights.

And domestic media coverage of the strikes continued for several weeks. It was finally clamped down on late, about a month into the strikes, but it did facilitate cross-regional spread of strikes in similar factories often foreign invested automotive supply factories.

And negotiations of the strikes in the end were not handled really by the trade union but through direct negotiation of a Honda CEO, manager and a representative for the workers, who ended up being a professor of labor relations, a very limited trade union role, which I'll return to later.

So, to get to the final changing context, and this is really the political context. This is

something that is seen in the policies of the Hu-Wen administration. I guess this is the *Tuan pi* emphasis on improving the problems with inequality, protecting migrant workers, starting to forcefully draft and then implement new labor legislation that's more protective of workers. And these things I'll talk about briefly.

So, in 2007 -- this was called the year of social legislation -- there were three major employment laws that were passed. The labor contract law received probably the most attention, and it is probably the most important law for labor relations in China currently -- but also the labor dispute mediation and arbitration law, which actually lowered fees significantly for workers in bringing a suit against their employer, and then the employment promotion law, which paid attention to discrimination issues. This is covered again very widely in the Chinese media.

This is Zhang Yin. She's one of the most famous Chinese entrepreneurs, the Jolong paper. She criticized the law for various reasons and then was herself criticized in the media for her opinions.

They also -- and this goes to this increased transparency in public participation in law making in China. The labor contract law had a period of public comment in 2006. It received 191,000 comments total in 30 days, by far more than any other law in recent PRC history, more than the property law and other controversial laws and, again, demonstrating not only the media's attention to these new laws but also people in society generally.

The government has also been very forthright about its desire, really, to really command, that local governments continually raised the minimum wage in major cities, and if you look at some of the cities on this chart, you can see a fairly significant increase since 2005 and, again, going up. It's already been announced, some of these cities have announced new increases for 2011.

Still fairly low minimum wages, if you think about what the average salary of a worker in these cities is, but still significant increases; and this is, again, part of the political context of the government's increased support for better protection.

Media has played a really important role often by demonstrating what's possible, and

also giving people almost false hope about what you can actually achieve through the legal system or through the administrative system of labor dispute resolution. But it still is continuing to play a large role in mobilizing people, and this is just from the last couple of days' reports in the Chinese media in Chongqing. So it's also Bo Xilai, maybe a populist move.

Intervening directly in migrant workers' wage arrears -- this is something that Wen Jiabao did in 2003, also received a lot of attention. Bo Xilai is doing it in Chongqing. He actually used the *tejing*, the SWAT team, to go in and get these migrant workers paid.

Of course, according to the media reports it happened because the head of the special police in Chongqing had been beaten up himself by one of these construction managers. And so it was really more a personal conflict between two elites that led to the payment of migrant worker wages. But again, it's not insignificant when this is covered in the domestic Chinese media.

I want to switch now to talk about some of the problems. And this is kind of a more pessimistic view of how far China can go in changing its representation of workers' interest. And how little has actually changed. We see a lot of the context changing. We see mobilization increasing. We see increased awareness by society. We see increased media reporting. But the actual political changes are less significant than they could be.

And this is particularly related to the trade unions. So the trade union has been given enhanced power under the Hu-Wen Administration. A lot of this power is more administrative rather than legal. They've been given increased political space at the top to mobilize.

But with the Honda strikes, for example -- and this is a picture that was widely circulated in the Chinese media. The local district trade union was sent down to deal with the strike, and ended up getting into fisticuffs with the workers. The guys with the yellow caps are from the local trade union. They were trying to take pictures of the workers, and the workers objected to having their pictures taken.

And in theory, there are a lot of differences, of course, in terms of how the trade

union functions in practice versus how it functions in theory in the trade union law, and in other administrative regulations. In theory it should be democratically elected from the workforce, in practice still often appointed by management, often from within the HR division.

In theory, it has the right to sit in on any meeting that affects worker welfare. In practice, is often passive or non-existent in many firms. In theory, has the right to stop production if unsafe, in practice -- and you saw this in the Honda strikes -- acts as the representative of management during disputes.

And increasingly, the government has put most emphasis on the right to engage in collective bargaining. Right? And this is the big push for interest representation -- collective representation of labor. In practice, collective contracts were expanding rapidly, here are more and more of them being signed. Often mirror either minimum local standards or government set targets, rather than a bargain between the two sides.

A lot of these issues come down to the structure, the political structure, of the trade union in China. It is a single trade union, it is an umbrella system led by the ACFTU at the top. And the trade union is -- I've lost those three minutes so quickly. And it's also, though, however, related to what Ken was mentioning in terms of the incentive structure of local officials. Local officials are mobilized to boost GDP -- local economic growth -- and boost local GDP. And protecting workers, allowing wages to go up, enforcing some of these very protective new laws often flies in the face of these incentives. And those incentives have not shifted dramatically.

And so it continues to be the case that despite the changes, workers do not have confidence in the trade union to represent their interests, and see it more as either a tool of management or as a tool of the local government to crack down on strikes.

So ironically, what you find instead is that harmonious policies are policies that are pursuing a harmonious society have engendered more social conflict. And this is a picture from the most recent highly publicized strike in the Shanghai port.

Since 2008, the labor contract law, labor disputes have doubled in China. Collective labor disputes now are often accompanied by work action, strike stoppages, blocking traffic.



And the rate of increase has slowed down since 2008, but 2009 labor disputes are about at the same level of about 700,000 per year. These aren't necessarily strikes, these are legal - sort of administrative and then later legal disputes. And they're highly concentrated in some places, mainly costal cities and costal provinces with large, labor-intensive manufacturing sectors.

With the strikes last year there's a debate, I think, among people who study Chinese labor whether or not this was a strike wave, whether or not we'll see these strikes continue or pop up again. And I think it's still too early, really, to tell whether or not that's going to happen. Given how concerned the government is with stability and how quickly they're working to nip them in the bud now. But you do see increased willingness on the part of workers to mobilize collectively.

Sometimes collective mobilization happens through the assistance of NGOs, labor activist NGOs. There's about 75 total now across China. And increasingly, what's interesting, I think, about NGOs is that some of them now are founded by migrant workers themselves. Former migrant workers setting up small, grassroots NGOs, receiving some legal training, maybe getting a little bit of foundation money, and then beginning to do outreach and do legal aid and education. Rather than the old model, which was much more from the University or from a foreign foundation starting NGOs.

And also, labor activists. These may be more individual people doing citizen representation of workers. This is something that's allowable in Chinese law. Workplace organizers of strikers. These are workers who have had a lot of experience across many factories and then go on to other factories to help organize. And university student groups.

I am out of time, so I will just sum up in a minute or two. The government response. I think the government response to what, in a sense, are the consequences of these changing contexts -- the demographic shifts, the political support, the media coverage, the social transformation of new workers. The consequences of this has not been harmony, but rather new social conflict -- more social conflict. And the government's response has really been to focus on preserving stability. And in order to preserve stability, it is not about

granting more autonomy to labor organizations, to really even the trade union. But rather, using direct government intervention in large, collective protests to guarantee social stability.

And this means, of course, that the problem of representation has not been solved. But rather, it's the substitute for interest representation has begun to return to government -- direct government intervention into labor relations.

So, thank you. And sorry I went over. (Applause)

MR. JING: According to the conference schedule, the topic of my presentation is about interest-based -- oh, sorry. Mistake. Politics in China.

My presentation consists of four parts. The first, a brief description of interest groups in China. The second, to different attitudes towards interest groups. The third, a reaction of Chinese government towards interest groups. And the last one is a hard look at such kind of practices.

So, let's begin the first. What does interest groups look like in China? A background. As mentioned about by lots of panelists, so I shall omit it.

Let's talk about different ways -- three ways of formation of interest groups. I divided -- the first category is from within the system. And three sub-types can be divided further. The first is -- oh, no. Maybe six.

The first is the self interest of local governments in the process of decentralization. The second is departmental interest of government at the top. The third is state-owned enterprises. And the fourth is a variety of intermediate associations with government background. Actually, most of these I mentioned before are government agencies.

Next is mass organizations, officially set. As mentioned, trade unions. And next year's marketized media.

The second category is from all sides, the system. New interest groups were emerging in the area of reform and opening up. Including first private companies, second not official associations, and organizations. The third is entrepreneurs.

And three -- the third category is interest groups from abroad. So, as I mentioned, joint ventures and exclusive business associations. And then China branches of

international NGOs. So this is the general picture in terms of organization.

The second point I would like to make is that the impacts of interest groups on policy in China. I think the influence of IG is all around, especially in policymaking and implementation.

The case of enactment labor kinds of law, as mentioned by Mary. Two-years' debate. And the second case of Real law is quite long, more than 10 years.

And with implementation, the most case central government's effort to control the overheating price of housing. In most cases, I think central government is worse (inaudible) by an interest coalition consists of local governments, banking institutions, and maybe some real estate, and some economists, and media.

So, I don't know how to translate in English. But everyone knows what this means.

So, just a brief conclusion. Today's China is deeply embedded in interest politics. We cannot understand it if we neglect the influence of interest groups on public policy.

Second, the influence of interest groups on public policy is highly imbalanced. Some are so-called strong interest groups, while others have limited and weak influences.

This kind of phenomenon, I think, is largely due to how well the relevant interests are organized. This is very important. And there exists formal and informal institutional limits on foreign association, according to China. However, the explanation and articulation of interest is not simply a function of independence and well-organized interest. Why? Due to high-tech and a new, emerging public space.

The interest in politics -- the process that we need particularly in China becomes complicated. In some cases, the weakest group's interest can be represented with the help of government, media, intellectuals, and public opinions.

So although the last one is -- although interest groups are actively involved in policy process and, generally speaking, the government has a final say. So, part two. How to deal with IG?

Seven point consensus agreement on interest-based politics among Chinese scholars and government officials. When first interest structure have changed fundamentally

where the transition from planned economy to market economy. Second. On the central condition, China is well -- China is and will be experiencing a period of interest conflicts. Third, in most cases interest conflict goes around the basic goods because of material interest. Thus among people, not between people and enemies, according to official ideology.

Fourth, there exists interest coordinating mechanisms is facing severe challenges from economic transition and the interest differentiation. The fifth. Generally speaking, the social and the political stability can be maintained in the coming future. However, the pressure from society will increase and the cost for maintaining social order is very high.

Sixth. A new kind of interest coordinating mechanism should be established in coping ways with challenges. Seventh, the goal is to build up a harmonious society. So, until now we have conflicts. But two divergent views are the new interest coordinating mechanism.

The first, I named it, pluralist-oriented oriented view arguing for fully association. Relating interest groups compete for the check and balance, et cetera.

It's a recent report, a research group, based on Tsinghua University -- actually, my colleagues, suggests that six sub-mechanisms should be set up in order to fulfill this goal.

Now, quick. Mechanisms for information acquiring based on the principle of published information. Mechanisms for organizing interest based on fully association, mechanism for interest inflation based on citizen participation and the full media. And mechanisms for imposing pressure channel. So people can really strike, parade and petition, et cetera.

Mechanisms for interest coordinating. That is rational dialogue and negotiation between interest groups. The last one is mechanisms for mediation and arbitration. And independent judicial agents are needed.

And the second one -- or second response by government, which I called conservative view and neutral sense. Stressing the, adjustment, and adaptation within the framework of existing political system. This is the very standpoint adopted by the

government.

So, part three. Let's talk about what government does. Theory and ideological dimension. The attitude toward interest groups from positive to negative. The term 'interest group' was first used by top leaders on March 15, 1988. Zhao Ziyang, the party general secretary, in his working report. The contradiction between each group among China's people existed on the social institution. However, more than 10 years later, when this term reappeared in party government documents, it became a negative one.

In the famous speech delivered July 1 -- 10 years ago, Jiang Zemin pointed out we never allow the exercise of public power for private purposes. We never allow the formation of vested interest groups. Against pro-pluralism proposition, instead, situations of party, government, and later, protection of mass interest.

The last one is -- not last one -- this argument presumes that CCP and government stand above the society. Those two statements, attitudes logically. The first is, prevention of government agencies be turning into vested interest groups. The second is, CCP as an exclusive ruling party, should represent the whole society. Actually this is one of the key points made by President Jiang..

Practical measures dimension. I just listed some of them. The relative management and the control of all social organizations, double management systems, elective strategy, a permeation of CCP, and resource dependence strategies.

Second, adjustment of important public policy and revision of law, peasant tax and other fees nationwide, a strengthening of function and trade union in order to protect the rights of workers. And develop a strategy -- we just did a national level from GDP to in-close development. So in this sense, the 12th 5-year plan maybe is the turning point.

Improved social welfare. Gradually trying to reduce a huge gap between the poor and the rich, improve living conditions of the weak social groups, and the improved policy process enhances the quality of decision making in a democratic and scientific way, through more participation by experts, both local and top-level. And ordinary people, on a local level.

Public discussion. Selective hot issues, through media. Making a service-oriented

government. By doing this, governments at different levels try to close ties with people and establish a mechanism of demand reaction or response between government and people, in policy demand. In a political system, making free elections which clears so-called anticipated reaction. Such practices are crucial for functioning of the system. So some accidents can be viewed as a very important functional substitute for election, at this moment, in terms of dynamic relations between people and the government.

So, last part. How to look at the practice of Chinese government. A sharp difference between Chinese interest groups politics and that of U.S.A. So, I'm just puzzled. Is interest group politics the right word to describe what happened in China today?

Second, interest-based politics is greatly shaped by the nature of the relationship between state and society in current China. And the more and more Chinese scholars begin to realize that the forming of Chinese society is under the umbrella of government, which is a similar feature -- with a similar feature of corporatism in the state of civil society and pluralism.

So, several questions need to be answered, but not agreement literally yet. The first one is, to what extent can we say that the practice of China is effective or not? Second, is it a temporary phenomenon or a new forming patent with Chinese characteristics? Third, is a party state compatible with an interest-differentiated society based on market economy? Or how far can that travel without fundamentally falling?

The fourth? Whether or not all these differentiated social interests can find their representations within the CCP. Thus, stimulate, foster, or promote the intra-party democracy.

These answers are the answers to these questions, in my point of view, do not exist in text books or mainstream series of social science today.

So, more attention should be paid to the evolution process of the Chinese party state in terms of interactions between challenges and the reactions in which the learning ability of CCP plays a key role.

This is just a picture. The moving of the party states pattern, just like a swing. So

version A is most area, version B is dense area. Up to now, we knew quite well about version A of Chinese party state. However, it is hard to say we have great ideas about where version B is, and what it is, and what it would be like. So personally, I prefer an open mind stand by considering what is ongoing in China as an unprecedented social experiment in the context of globalization, with its long history tradition.

Thank you. (Applause)

MR. BUSH: I think that you will agree that we've had three very rich presentations. They stimulated, in my mind, a lot of questions. But I'm going to be generous to the audience and not ask my questions, to give you more time. And we don't really have very much time, we have maybe 15 minutes.

So, the floor is open. And I see my colleague, Tuan, there with the first question.

SPEAKER: Thank you, Richard. My name is Tuan from here -- CNAPS, Brookings.

I have two questions for Chinese colleagues, a very quick one. The first one is do you have any laws governing the formation and activities of non-governmental organizations in China? Second question is what is the role of the think-tanks in China? As far as, I know you have more than 500 think-tanks now, and the number keeps on growing. So what is the role of think-tanks?

Thank you.

MR. SHI: Excuse me. I'd rather speak in Chinese, okay? (Speaking in Chinese.)

Well, let me answer the questions regarding NGO legislation in China. Currently, there's no comprehensive or completed legislation in this particular aspect. But we have a number of regulations and rules, particularly there are three major regulations corresponding to different types of NGO in China. These are the three major different types of NGO in China. You know that NGOs will have to register with the Ministry of Civil Affairs in China.

So there are basically three types. The first is social organizations, and the second type is the private and non-enterprise or non-corporate organization. The third is a foundation.

So, corresponding to the three major types, there are regulations and rules

regarding its organization and operation.

(Speaking in Chinese.)

Well, as--related government rules and regulations, there are also other laws or other norms and codes established by these organizations themselves. They are considered trade codes or trade norms. And for example, the charity law is under construction. And also we've seen that about 60 NGOs have got together and come up with their own disciplines and bylaws. And overall, I think we see emergence of legal framework in this particular aspect.

MR. JING: (Speaking in Chinese.)

Well as you see, China is currently constructing a legal society. And the current practice, as you see, is we practice first and then if it's a good practice and it will form good policy or good law. So it's in order that you do not see in the West. And that's also very different from the West legal framework.

(Speaking in Chinese.) (Laughter)

Well as to the think-tanks in China, they are developing very fast. We see official think-tanks, and also private think-tanks. And based on my observation experience with them, I noticed a very interesting phenomenon. Usually what people would avoid using the term *shetuan*, which probably means a social organization. But if you call yourself a social organization you have to go get registered. So in order to avoid that, they come up with a different term, which is *shequn*, which probably means a social group.

(Speaking in Chinese.)

I think the long-term general trend in current Chinese society is that the civil society will continue to emerge and grow, and be strengthened. And at the same time, we see the construction or building of the rule of law. And that is also taking place gradually in China. And that's the long-term prospect.

MR. BUSH: Please identify yourself.

MR. JUA: My name is Xing Jua; I'm a senior fellow of the U.S. Institute of Peace.

I want to ask Dr. Shi to elaborate a little bit more about what you mentioned about



social management. You mentioned that it's a hot topic recently, and also I think Dr. Jing also mentioned there are quite high-level training workshops on social management, *shehuiguanli*

So, how do we understand this new emphasis on social management? Why would the government launch this new program at this time, and in connection with what happened in the Middle East? What kind of content or what kind of plan the government has to improve or strengthen social management?

Mainly through offering courses for the senior officials? Or other plans? Thank you.

MR. BUSH: Thank you. Professor Shi?

MR. SHI: (Speaking in Chinese.)

MR. BUSH: Could you let the interpreter please translate?

MR. SHI: Sorry.

Social management is a very new concept in political science, and also in academia it's a very special term or special capillary with Chinese characteristics. And in our understanding, actually social management and public service delivery or public service -- or public security, public safety -- these are actually different approaches or perspectives addressing very similar problems -- very similar social problems. But each one of them has a different focus or a different emphasis.

And for example, public service delivery is more focusing on the delivery of public service to the general public. And social management is more on the governance side for the maintenance for the order and stability of the society. And also, it has emphasis on guarantee or ensuring the public safety.

It's probably somehow similar to a term in conflict management here in Western scholarship. It's very similar to crisis management or conflict resolution.

(Speaking in Chinese.)

As they are sharing some similarities with the concept of conflict management or conflict resolution in the Western scholarship, social management -- the concept itself in China, also encompasses many other aspects. For example, the household registration

reform and the management of the household and that household registration. This is a very special phenomenon in China.

So, social management reform includes that particular aspect of how to reform and/or better the household registration system.

(Speaking in Chinese.)

And also, we go back to the first question in terms of the legislation related to NGO. And that's also under the preview of social management.

MR. BUSH: Mary has a comment?

MS. GALLAGHER: I want to just say something about --

MR. BUSH: Turn on your mic.

MS. GALLAGHER: Thanks. About social management, since it's also related to what I was talking to at the end of my talk about how the government now thinks about management of large-scale collective labor protests or strikes.

And one of the things that -- this is around the whole idea of preserving stability or having some kind of stability preservation committees that are intra-government offices. So within a locality, if there's a large-scale protest, actually many different types of government and party units have to come out to the site to manage the conflict. And that might include, for a labor dispute, the trade union, the labor bureau, the police, the local government and party, and maybe some higher representative of the company, depending on what type of company it is.

That has a lot of advantages to the government because it allows it to do a number of different things. And it's a number of different goals that it has. One, it gets those -- it keeps those labor disputes out of the court system. And this is something that Hu and Wen have been much more supportive of, which is not always using litigious means to resolve labor disputes. And so this is about harmony, again, and it's about mediation. Sometimes forced mediation, but mediation of large-scale labor disputes.

That also means that you can then easily repress the leaders of the strike if they're obvious at the site. So you also get rid of the leadership. And you usually compromise.

You give the workers something, so most of the workers leave relatively happy.

But -- so it solves a lot of problems that the government sees. I think the issue with that kind of resolution -- I mean, it violates due process under the law, under the labor law. But also it requires huge government investment in social management.

MR. BUSH: Unfortunately we've run out of time. We could go on for a long time, I think. I'd like now to turn it over to Ken Lieberthal to close the conference. While he's coming to the stage, please join me in thanking our presenters. (Applause)

MR. LIEBERTHAL: And the audience for being here for the entire afternoon. I know it's a long afternoon. I hope you found it as rewarding as I have listening to it.

Again, want to thank our funders for this. The CUSEF, based in Hong Kong. And I especially want to thank our Chinese colleagues, both for your participation in this project overall, and especially for your coming here today.

And Professor Yu, in particular, for taking the leadership role in all of this. We really appreciate all you have done to make this a success.

I also want to thank the unsung heroes that always help out dramatically in these kinds of meetings, which is the staff of the China Center who have put in a lot of time on this and have really organized things, I think, very well.

I want to remind you that we have two volumes coming out of this project later this year. One in Chinese, one in English. Each will have very extensive papers on each major aspect of the Chinese political system with comments on those papers. And I think they will be worth looking at when they are available.

And that is it. Thank you, again, for coming. And to all the participants. (Applause)

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