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China's Road Ahead

Problems, Questions, Perspectives

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Endorsements

"This is a book I recommend to students and teachers around the globe. It provides a concise introduction into present China's main problems, questions and perspectives. A must for all who try to understand the rising Pacific giant not through short-term answers, but through long-term questions."
Professor Ole Bruun, *Institute for Society and Globalization*, *Roskilde University, Denmark*

"The rise of China to global superpower calls for clear, condensed, yet comprehensive comments for the broader public. This book accomplishes those goals, providing a quick yet comprehensive introduction into what we may expect as the Middle Kingdom seeks to assert what it increasingly sees as its rightful role as a leading world power."
Professor Richard Appelbaum, MacArthur Foundation Chair in Global & International Studies and Sociology, University of California at Santa Barbara

"The new constellation between China and the West needs inspiring departure points of discussion, which may be sober or provocative. This booklet is both in one. It should be used as a basis for in-depth discussion and I recommend it for classrooms and the global civil society debate."
Professor Jan Nederveen Pieterse, Mellichamp Professor of Global Studies and Sociology, University of California at Santa Barbara

Abstract

China today is a rising giant in transition. Since the start of the new government under Xi Jinping, reforms are underway on all levels and in every field: politics, economy, finance, demography, and religion. The relation between (Communist) elite and (Confucian) culture is shifting, and so is the one between the government and the population. Meanwhile, the military-industrial complex is rapidly expanding its influence and outreach. Will China be able to master the many, and in many ways unprecedented challenges? Will it succeed to balance an all too rapid development by making it more sustainable? In other words: Will China succeed in moving from a "successful" to a "resilient" society? What is the road ahead?

Contents

Foreword

One can often learn more from questions than from answers. This plum of ancient Chinese wisdom provides a fitting departure point for some reflections on this masterful book on present China. For neophyte and advanced scholars in every realm of the social sciences, for policy makers and for concerned individuals, set in the panorama of disruptive transformation in world order with social, political, economic, technological, ideological and values dilemmas on every continent, China is in a phase of unprecedented transition that demands attention, understanding and reflection. This book provides a significant resource for all who would go beyond the headlines, the myths and popular assumptions and probe deeply into China's development.

China's Road Ahead is not a compendium of dogmatically inspired answers, but a pondered set of critical questions. From the vantage point of interdisciplinary scholars with extensive practical political experience and broad access to relevant people and information, the authors carefully share their at times provocatively articulated perspectives as challenges to the reader to further question, research and assess.

The core question: *What will be China's road ahead?* framed in the context of the recent transfer of power to a new generation of leaders leads to a well constructed array of more detailed questions which include:

- How will the new generation of leaders guided by president Xi Jinping respond to expectations of an increasingly open, transparent, pluralistic and internationally proactive China?
- How will this leadership address the interrelated set of pressing issues that are high on the agenda of both China and countries around the world such as citizen participation, the fight against corruption, environmental degradation, resource scarcity and social reform?
- If China steps-up its drive for reform and development, maintains its commitment to advance the rule of law and strengthens its resolve to build a harmonious society, can and will democracy with Chinese characteristics evolve over the next decade?

- As nations around the world still teeter from the global economic and financial crisis, and challenges such as youth unemployment, technology driven change, and social and economic apprehension are spreading even into some of the most advanced economies, how will China deal with the transition from a once rural nation and now manufacturing powerhouse toward a modern learning society while continuing to find the resources needed to provide comprehensive and advanced infrastructure, research and development, education and social services to support the levels and quality of development needed by its enormous population?

While China's global leadership in poverty alleviation is internationally acknowledged as are its achievements in addressing the United Nations' Millennium Development Goals, too many in the West still judge the *Middle Kingdom* on the basis of sensational headlines. Too few have an adequate understanding of the complexity of the challenges and opportunities and the need to address all elements of this dynamic reality simultaneously. And while an increasing number of Westerners have misgivings or even fear the rise of the Pacific power, few can point to objective reasons for such feelings.

In this situation, it is essential to strive to build a more pondered picture of one the oldest cultures and nations on earth. With the danger of misunderstandings, reductionism and confrontation increasing proportionally to China's rise, it is important to proceed towards building a mosaic that is more objective and realistic based on insight rather than fear on the one hand and uncritical admiration on the other.

To help build this mosaic, it is most useful to have access to a solid framework to explore China as it embarks not only on a change of era but on an era of change characterized by rapid evolution, fraught with a seemingly insurmountable array of problems, dilemmas, and contradictions. In this, it is critical to foster an inclusive dialogue, and positive engagement.

China's Road Ahead is a very valuable resource for all who are committed to share in the tasks of building this essential mosaic. I recommend it warmly to everybody interested in the "new" China of Xi Jinping.

Shanghai, October 2013

Prof. Frederick C. Dubee

Executive Director International of the Global Management Education Institute of Shanghai University and of the MBA Center of Shanghai University

Senior Advisor of the United Nations *Global Compact* Program

Honorary Professor, Beijing Genomics Institute

Co-editor of *China: The Way Forward*, Beijing 2010

Introduction: China, a Giant in Transition

This book provides a short introductory overview over some of contemporary China's most pressing questions.

The development of nations consists rather of problems than of achievements. That's why this book deals with the changes underway and the challenges ahead rather than with the accomplishments of the past.

Indeed, there is broad agreement among observers today that China is a giant in transition, if not in crisis. Since the start of the era of the new government under Xi Jinping, reforms that try to address the many unsolved problems of a nation grown all too fast are underway on all levels and in every field: politics, economy, finance, demography, religion. The relation between (Communist) elite and (Confucian) culture is shifting; and so is the one between the government and the population. The balance between majorities and minorities is being cautiously re-considered, including the future of the prevailing Han culture and its standing among other ethnicities.

Meanwhile, the military-industrial complex is rapidly expanding its influence and outreach, thus questioning the concept of "peaceful rising", China's official foreign policy doctrine for the past decades, triggering skepticism among its neighbors like South Korea, Japan and Taiwan.

The question is: Will China be able to master the many, and in many ways unprecedented challenges? Will it succeed to balance the all too rapid development of the past years by making it more sustainable—not least by creating new mechanisms of participation? In other words: Will China be able to transit from a "successful society" to a "resilient society"? And will that be possible without the broader inclusion of the population and more constructive relations with the adjacent neighbors and the international financial system still dominated by the West?

The generational power transfer between November 2012 and April 2013 from Hu Jintao to Xi Jinping was accompanied by expectations for a "great democratic leap forward" from a "China 2.0" to a "China 3.0" (Mark Leonard). There were hopes for the start of a new wave of liberalization, including a new, more participatory relationship between the government and its citizens and between China and the global family of democracies. But in reality, the power transfer took place against the background of an increasingly problem-ridden domestic situation and a

growingly confrontational attitude towards the outside. An apparently outstandingly successful generation of "Communist-Capitalist" leaders, in its last years plagued by scandals, transferred responsibility to a new generation characterized by mixed expectations and factional infighting. Today, not few international observers doubt that the new leadership has the will or the inner-party power to introduce serious reforms in a country that reported (depending on the statistical method) 90,000–180,000 riots each involving more than 500 persons in public space in 2011 alone.

Overall seen, the China of today seems not only to be a country on the rise, but also a nation in the midst of a domestic change seldom seen since the 1970s. China still cultivates the self-image of a Communist country, but functions and behaves as a capitalist society. The question is if the resulting hope expressed by Chinese dissidents and Western leaders for a rapid development of China's still largely autocratic political system towards a kind of context-adequate, though probably at least initially illiberal "Confucian" democracy is plausible or not. And the second question is if too rapid a development towards democracy is desirable at all in a country that is too big to risk instability. To express it in other words: Should "rapid democratization" be the strategic goal of China's leaders and of the West—or rather a step-by-step approach towards the "rule of law" first, and "illiberal democracy" to follow, in order to then proceed to some kind of culturally adequate "democratization"? And: Should the West be more worried about a thriving China, or a China in crisis? Will China's success contribute to the further peaceful development of the global community and the future world order, or will it become a threat to it? What can the West do to help China develop its own pluralistic and inclusive approaches in order to secure both domestic and international stability? And how can the West strengthen its democratic allies on China's borders, which are increasingly being both scared of and attracted by the rising new center of gravity in the Pacific?

Many questions to address—with the questions currently more important than the answers. In order to mirror China's complex situation of transition, this booklet applies a simple structure. While Chap. 1 sketches the main motive of China's change today, Chaps. 2 to 4 address mainly domestic issues. Chapters 5 and 6 deal with aspects of China's foreign relations by taking on the examples of Europe and South Korea. Chapter 7 gives a tentative outlook. Chapters 8 and 9 investigate crucial issues of governance and governability between idealism and realism, and expand the questionnaire on the future in conversations with leading China experts both from within China (Chap. 8) and from the outside (Chap. 9). Although some concrete proposals are advanced, the goal is less to provide answers to the many questions raised, but rather to sketch a picture of a complex situation in rapid movement.

The authors thank Sue Masterman for proofreading this booklet.

Santa Barbara, October 2013 Roland Benedikter

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Robert Martin Lees is a graduate in Mechanical Sciences from Cambridge University (1964) with a post-graduate Diploma in European Studies from the College of Europe in Bruges, Belgium (1970). After years as a manager in industry, he started his international career at OECD in 1971 where he was responsible for programs on Cooperation in Science and Technology, on Innovation in the Procedures and Structures of Government and for the design and launching of the "InterFutures Project" on the long-term future of the world economy. He then served at the United Nations in several capacities. In 1984, he was appointed Assistant Secretary General for Science and Technology for Development. During this period, he was also responsible for the establishment of the InterAction Council of Former Heads of State and Government and was based in Vienna as Director General (1984–1986). He left the UN in 1988. He has been responsible for several high level programs of International Cooperation with China, including: Coordinator of a program to brief the leaders of China on international issues: "China and the World in the Nineties" (1988–1995) and the establishment of "The China Council for International Cooperation on Environment and Development" in 1992 of which he was a Member for 15 years. He acted as Co-Chair of the program on "The Integration of Economic Planning and Environmental Protection" (1997–2001) with the Vice Chairman of China's State Development and Planning Commission, now National Development and Reform Commission (NDRC). Lees was elected Rector of the University for Peace of the United Nations in January 2001 until April 2005. From 1st January 2008 to 31st March 2010 he was Secretary General of the Club of Rome.

Chapter 1
Xi Jinping's China. The Motive Behind China's Current Transition: Foreign Success is Changing Domestic Behavior

Roland Benedikter

After the generational power transfer of 2012–2013, China is a nation in the midst of one of its most profound and far-reaching transitions in its recent history. Or as Orville Schell, author of *Wealth and Power: China's Long March to the Twenty-First Century,* stated,

> China is at an inflection point. Its economy is too dependent on state investment and exports; official corruption is epic in scale; the gap between rich and poor is widening; environmental problems are horrendous; and ever more Chinese chafe under the sternness of the rulers. Xi seems to realize China needs change. He has spoken out against corruption and injustice, and attacked the excess of officials, warning darkly that such behavior leads to popular anger, social unrest and regime change. He says he wants national rejuvenation.[1]

In response, the new leadership has started to enact broad reforms. Participatory programs are currently taking grip on all levels: national, regional, local. These programs include village elections, *gong tui gong xuan* (public recommendation and public election), local and regional participatory budgeting, discussion and consultation forums, as well as attempts towards intra-party democracy and some kind of cautious and informal "Hongkongization", which means *de facto* liberalization and autonomization for selected urban centers following the examples of other global cities which are both connected with and disconnected from their mainlands. Not least, China—"as an experiment," as the official statement goes—has loosened grip on Tibet's exiled leaders. After more than one and a half decades, since summer 2013 it allows the veneration of the Dalai Lama again, if only as a religious, not a political leader.

As is unavoidable in such situations of reform and transition, there are many contradictions and paradoxes affecting the protagonists and processes. These contradictions drive the current process of change and innovation forward. Some observers believe that this process must eventually lead to some kind of democratization, because in the coming years it will be increasingly impossible for the rulers to keep the masses away from the Internet—and thus international information and comparison of the Chinese with other realities. The resulting more global mindset could

[1] O. Schell: Too Big to Quail. Xi Jinping takes over a nation beset by challenges and ready for change. Is China's new leader up to the job? In: Time, April 1, 2013, p. 51.

R. Benedikter, V. Nowotny, *China's Road Ahead*, SpringerBriefs in Political Science,
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strengthen the self-confidence of the citizenship and expand requests for greater participation and pluralism. The other half of experts are skeptical though and don't think China is ready for a substantial change of the existing system, not least because it is too big to risk serious instability.

Given the start of a new leadership, China's potential democratization process is without doubt one of the most significant themes of the "Asian Century," heavily debated among dissidents, statesmen, NGOs and experts around the world. But is it realistic to expect democratization from the new generation of leaders around Xi Jinping? Or is it more probable that in their view the next logical step will consist in making the rule of law more transparent, accessible, and equal for all, and to make the current system more effective by rooting out corruption?

China's "Success Trap". Does the Growing Exterior–Interior Interdependency Create a New Sociopolitical Dialectic?

To answer these questions, two crucial aspects are sometimes still underestimated.

First, we consider the growing impact of China's outer success story upon its inner situation. What we see is that in the meantime there is an enormous interdependency among export, foreign trade surplus, and domestic development established in the past decade. This interrelation increasingly changes the mindset of Chinese when it comes to participation, decision-making, and democracy in general. Contrary to what was the basic strategy since Deng Xiaoping started the opening of the country towards the outside, to keep the foreign and the domestic dimension strictly separated from each other and to use foreign success to develop at home, but by as little as possible getting the two trajectories in direct contact, China, maybe for the first time in history, is becoming truly intertwined with the outer world.

Under new leader Xi Jinping, this development is reaching a mature stage for the first time. Whereas the Communist elite followed the principle of authoritarianism towards the inside, liberalization towards the outside, but both strictly separated in order not to endanger the position of the ruling party at home, this strategy is becoming step by step less practicable. With globalization proceeding at an always faster pace towards a growing interdependence between China and its neighbors as well as with the global system still widely dominated by the West, a new sociopolitical dialectic not only abroad, but also within the country is being created.

Seen overall, the growing interference between China's inner and outer dimensions is a process of erosion of ideology. It has two main effects: First, to undermine the belief in the "grand narrative" (or "*grand récit*", as French political philosopher Jean-Francois Lyotard put it) of a truly self-sufficient Chinese Communism, different from any other communist or socialist approach on earth, because allegedly more ''Confucian''. Second, to enable a renaissance of the cultural core of China against ideology, together with the sober pragmatism that always has been part of its "mixed" Confucian-pragmatic mindset.

The result: the king is undressed. Parts of the system lose their appeal. And apparently nobody can interfere with this sacrilege, not even the harshest measures of the mighty politburo, neither carrot nor stick. The politburo itself knows this all too well. The question for Xi Jinping behind closed doors seems rather to be how to arrange with this process of mutual disenchantment between the outer and the inner sphere of the Golden Dragon now underway, rather than to prevent it. The West still underestimates the very careful and pragmatic pondering that is weighed by the new government when it comes to how to calibrate rightly the extent of hesitant liberalization towards the inside, forcefully imposed by China's outer expansion that necessarily connects it with the global system. And the West underestimates the level of—although mostly nonexplicit—inner-party conflict between the left and right political wings when the debate comes to how to decide the question. The China of today is not the China of Tiananmen Square anymore, but a much more differentiated arrangement both with regard to inner-party balances and societal compromising at large.

Xi Jinping: An "Old" Arrangement of Power?

The second aspect that nurtures skepticism about hopes for rapid reform and democratization is the new leader himself. Xi, who came to power by keeping a low inner-party profile and fostering an as much as possible "neutral" stance between leftist and rightist currents within the ruling Communist party, seems to see himself rather as an old-style statesman than a post-authoritarian leader. As François Godement of the European Council on Foreign Relations (ECFR) put it, in the lead-up to the power transfer of 2012–2013

> [T]here was open debate in China about political reform, and economic and foreign policy. What do we know now?
> The world's most powerful man has re-established the primacy of the Communist Party over the Chinese state, and tends towards a personal approach to leadership.
> - Xi has accumulated more power and more personal authority than any leader since Mao Zedong. His top-down approach will probably leave little room for major political reform or economic liberalization; his 'hardline modernization' approach seeks instead to combat behavior such as corruption and loose credit.
> - The economy is the one area where Xi doesn't seem fully in control. The price he has paid for broad support from party elders and conservatives is also an endorsement of major vested interests, which will constrain those arguing for major economic reform.
> - Xi is ignoring his predecessors' 'low profile' approach to foreign policy, and claims a role for China as a global power. Xi seeks strategic parity with the United States whereas its regional approach is based upon China's superior strength.[2]

Overall seen, according to Godement "Xi Jinping is pursuing a neighborhood policy based on strength in which China subjugates small countries while building a 'big power' relationship with the US. Xi seems to want to combine 19th century

[2] F. Godement: Xi Jinping' China. In: European Council on Foreign Relations Policy Briefs, June 16, 2013.

geopolitics with 20th century Leninist politics, in order to gain the upper hand in the globalized 21st century world."[3]

Although this may be probably too simplifying a statement, Xi has certainly not proved to be an enthusiastic reformer, neither in his time as vice president 2008–2013 nor since his election to president on March 14, 2013. And although in his own statements he depicts himself as the moderate and sober administrator of a moderate and neutral China, both his domestic authoritarianism and the increasingly expansive gestures of his "Chinese dream" contribute little to assure his own population and the international community that China is on a "new" track with a government whose average age is higher than that of the previous one of Hu Jintao.

Xi's most famous statement on China's new role in the new multipolar world order itself is ambiguous. In answering criticism from the West on China's new, more aggressive behavior in foreign policy issues, for example, in the South China Sea island dispute with Japan, the Philippines, and South Korea, as well as on its unbroken inner secrecy and opaqueness, Xi, then vice president, on an official visit in 2009 in Mexico famously stated angrily to exile Chinese: "There are some foreigners, who have the belly full and have nothing better to do, as to point with fingers on China. But China firstly doesn't export any revolution, secondly neither hunger nor poverty, and doesn't thirdly cause anyone headache. What else do they want beyond that?"[4]

The ambiguity of this statement lies not only in the fact that this could be understood as veiled menace, which it probably wasn't, at least not intentionally. The statement rather proves that Xi, since October 2010 vice chairman of the mighty Central Military Commission and since March 2013 its chairman, is an engaged and convinced defender of what he believes to be China's "natural" order: Communism, Chinese style. The fact that Xi, in the summer of 2012 only months before his consecration and as a member of the Communist Party of China (CPC) Politburo Standing Committee, "disappeared" for more than two weeks without leaving any indication and without giving any explanation after his return,[5] gave people a taste of the style to expect from the new leader. It was less the fact that there were rumors about health problems that could compromise his charge, immediately suppressed by Internet censorship. The unofficial explanations weren't convincing: either Xi had an accident, which nevertheless would be rather unusual for a high-ranking politician in China. Or he wanted to exert pressure upon his inner-party rivals, by threatening to leave. More important, the „official" nonexplanation of his disappearance proved how much Xi sees himself as leader who doesn't have to justify himself before the people. It proved his innate sense for authority and power, characteristics hardly appropriate for an eager reformer as he was depicted in an early phase by Western media.

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[3] F. Godement, loc cit.

[4] Xi Jinping, quoted in: H. Kautz: Communist party convention in Beijing started. President Hu Jintao promises double incomes until 2020. In: Bild Berlin, November 8, 2012.

[5] Bild Berlin: China's future president shows up again. For two weeks he had simply disappeared—without any explanation, September 15, 2013.

In retrospect, Xi's rise was a sophisticated combination of old authoritarianism and new populism: hard in principles, jovial toward the outside, though uncompromising in leadership, charming when it comes to using his wife's popularity as a tool of "soft power." His wife Peng Liyuan is a popular folk singer whose appeal to the masses provides Xi some welcome glamor without putting its burden and unavoidable disillusions on himself.[6] Peng's "Kate Middleton effect"[7] on the population invites identification, signals modernity and innovation while veiling the unaltered, old-style top-down approach to government of her husband.

Behind the curtain of a charm offensive of openly populist traits that distract people from recent scandals in the elites and rampant corruption, Xi is tightening the screws and reordering China's policies, with a focus as much on domestic, as on foreign issues. As Francois Godement observes,

> Xi Jinping's network and his political style influence China's international strategy.
>
> In the last years of the Hu-Wen years (i.e. the term of office of former president Hu Jintao and former prime minister Wen Jiabao, R.B.), questions were raised about the 'bureaucratic fragmentation' of China's foreign policy and security establishment. Actual policy took twists and turns, and sometimes turned erratic. Previously, China had always been interested in creating a non-adversarial regional environment; it would never pick up a quarrel with more than one neighbor at a time. Now it suddenly seemed to have a knack for antagonizing almost all of them at the same time. Beijing's expert community and its social media community have been full of clashes between 'integrationist liberals' and 'assertive nationalists'. An event like the successful evacuation of Chinese nationals from Libya in the spring of 2011 was heavily criticized as China was seen to cave to Western demands at the UN. While not all observers recognized this as a consequence of a top level power struggle, many saw a lack of control by Hu Jintao and underlying indecision as primarily responsible for these trends.
>
> But with the leadership change that began in November 2012 things have changed—including foreign affairs. China's policy towards its neighbors has refocused without necessarily moderating its course. China is enjoying the division between ASEAN members—take for example the last ASEAN summit where the Cambodian chair prevented any formal declaration regarding China… China has not rescinded any of its South China Sea claims and it is not moving to enforce the ASEAN-China declaration of a code of conduct—despite negotiating it since July 2011. By contrast, China has narrowed the focus of its regional assertiveness on Japan, which in effect also serves as a warning to others. The steady elevation of incidents around the Senkaku/Diaoyutai islands, now involving clashes over flights and the 'lighting' of a Japanese Self-Defence target by a PLAN destroyer, the barrage of media display… demonstrate both a sense of purpose, including a deliberate and calibrated challenge to Japan, and asserting full control of the situation.[8]

But the much more important question concerning the future behavior of Xi Jinping is the link between domestic and foreign policy that was always the critical center of

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[6] C. Larson: Meeting Peng Liyuan, China's First Lady. In: Bloomberg Business Week, June 5, 2013, http://www.businessweek.com/articles/2013-06-05/meeting-peng-liyuan-chinas-first-first-lady.

[7] M. Moore: Peng Liyuan: the 'Kate Middleton' effect of China's new first lady. In: The Telegraph London, 24 march 2013, http://www.telegraph.co.uk/news/worldnews/asia/china/9951016/Peng-Liyuan-the-Kate-Middleton-effect-of-Chinas-new-first-lady.html.

[8] F. Godement: China's New Long March, part 3. European Council on Foreign Relations Policy Briefs, 4th March 2013, http://ecfr.eu/blog/entry/chinas_new_long_march_part_3.

the rule of the Communist party. Until recently, the traditional strategy was to separate them as much as possible in order not to have the population at home infected by developments abroad, which could challenge the stability of the ruling elite and thus endanger China's development. Xi is well aware that he became the leader of the largest country on earth in times when new global communication technologies and the Internet, both inventions of the West, are unavoidably interrelating both dimensions, the inside and the outside in ways always stronger and less controllable than in the past. Add to this the growing domestic impact of the Chinese diaspora—or overseas Chinese—in the world, in 2013 at least 50 million people or 3.7% of the population that live distributed in most countries on earth with the characteristic of never fully assimilating, but who remain closely related to relatives at home and Chinese culture, and one understands Xi's concerns. The changing relation between inside and outside, domestic and foreign policy will be—and will remain—Xi's main focus not by choice, but by necessity. And his response to the challenge seems rather to repeat history than to undertake a new path.

In fact,

> Xi Jinping wants to champion a line that might be called hardline modernization, led by the Party and within the Party by a resolute 'man', eg. by himself: it is a return to the fusion of Party and military leadership of the pre-1949 era, with the Party directly in charge of the state. One is tempted to invoke a precedent in Soviet Union history. Many conservative critics of the Hu-Wen leadership criticized the stagnation and indecision of the leadership team and suggested an analogy to Leonid Brezhnev' long reign. While sympathetic observers are trying at all costs to see in Xi a closet reformer, a Gorbachev in the making, he appears to be much closer to Brezhnev's ephemeral successor, Yuri Andropov. Andropov's reign (1982–1984) was abridged by disease, but he displayed some traits that could make him a role model for Xi. Very knowledgeable about the advanced West thanks to his long tenure at the head of the KGB, Andropov believed both in a foreign policy hardline to the West and a Party-led modernization, in the original Leninist spirit of self-reform.
>
> Xi is doing an Andropov. Instead of resuming the separation between Party and State he wants the primacy of the Party. He is carefully picking his ground for an indirect confrontation with the U.S., quite correctly focusing on the weak link with Japan. Under his tenure, cyberspying on foreign firms is reaching new heights. Yet Xi is also a modernizer—with the proclaimed intention to purify the Party from corruption and a preference for growth over reform. He will regularize some aspects of arbitrary rule, which does not mean limiting the power of the Party: while there is talk of reform for the labor camp reeducation system, China's corrupt cadres are increasingly worried about serving as test cases for these intentions.[9]

Xi, or the Return of the Old Dichotomy: Myth Versus Reality

When seen overall, Xi seems not so different from his predecessors and from Communist party history as many hoped. He recognizes the many fractures and fallacies within the existing bureaucratic apparatus and tries to fix them, without hurting the

[9] F. Godement: China's New Long March, loc cit.

many and complexly interwoven networks that brought him to power. This is first of all a question of efficiency, not necessarily of reform. Xi is seeking "rejuvenation" rather as a tool to perfect the existing institutional machinery than as a lever to change it. At the same time, he tries to position China as a global power, by reaching a new, more productive and influential level beyond the "workshop of the world" that China had become under his predecessors.[10] But when Xi evokes a "new Chinese dream" of wealth and power,[11] he is not trying to rewrite the founding myths of the Communist party so efficiently interwoven with China's recent history and its Confucian civil religion as some believe in the West. On the contrary, Xi's "new Chinese dream" tries to explain to China's neighbors why the existing Chinese way is the better one for Asia than their democratic path in pointing out its benefits and by depicting the link between the Communist Party and Chinese history, tradition, and culture as the only viable one. It is an attempt to reinforce the existing founding myth and collective memory and identity, not to change it.

In considering all this, we shouldn't forget that Xi, after a difficult youth, achieved his PhD at Tsinghua University Beijing in Marxist doctrine. He is head of the biggest army in the world with 2.3 million soldiers, disposes the largest foreign exchange reserves of at least 3.3 trillion USD, and more important, he is not dependent on democratic decision-making processes that sometimes require lengthy public discussion and consensus. His 1.35 billion citizens enjoy neither voting rights nor freedom of speech and opinion, but depend strongly on the will and opinion of the 82 million members of the Communist party. That means that the population depends on only its sixteenth part or 6%, of which only the hundredth part has the practical power to change something. The fact that the new leadership started its tenure in office with the aggravation of Internet control—since December 2012 each of the 500 million Chinese "netizens" has to identify her- or himself by name and register with the authorities—is no encouraging sign for the start of a new era of openness.[12] Nor is the fact that conservatives are strong in the new Politburo Standing Committee: Vice premier Zhang Dejiang studied in North Korea, and the Chief of Propaganda Liu Yunshan doesn't compromise in terms of citizen surveillance. Younger reformers such as the party chief of Guangdong province, Wang Yang, and women didn't make it in the center of power dominated by "male understanding." In his inaugural speech, Xi Jinping, against the expectations of many, didn't announce political reforms[13] despite (according to polls conducted shortly before the

[10] D. Shambaugh: China Goes Global: The Partial Power. Oxford University Press 2013.

[11] The Economist: China's Future. Xi Jinping and the Chinese dream. In: The Economist, May 04th, 2013, http://www.economist.com/news/leaders/21577070-vision-chinas-new-president-should-serve-his-people-not-nationalist-state-xi-jinping.

[12] BBC News China: China approves tighter rules on internet access, 28 December 2012, http://www.bbc.co.uk/news/world-asia-20857480.

[13] Reuters: National party congress in China: Communists elect new Politburo, November 15, 2012.

eighteenth national congress of the Communist party that started on November 8, 2012) the 80% of China's urban population who explicitly demanded them.[14]

Without doubt, Xi still enjoys some credit as an innovator because of his mentors Jiang Zemin and Zeng Qinghong, and probably even more because of his father Xi Zhongxun (1913–2002), a former vice-premier and fellow of Mao Zedong who later fell from favor because he demanded economic reforms and criticized the massacre on Tiananmen Square of 1989 (also known as the June Fourth Incident in Chinese). But when it comes strictly to himself, Xi is rather known for being an efficient manager, for example, as chief organizer of the Beijing Olympic games of 2008, rather than as a party or even political innovator. Accordingly, the promise at the eighteenth national party congress both of the old and the new leadership in essence was: "More balanced, coordinated and sustainable development"—not "different" development.

A Nation on the Rise

As an effect, Xi's reform and innovation course could prove to be more a myth than a reality, mainly constructed by the West, not by the Chinese population. In fact, in the Western view, myths still seem to prevail widely against the realities on the ground when it comes to China's present, and in particular, when it comes to its future. In the eyes of a West in crisis, China, despite its inner rifts and Xi's ambiguities between old and new, remains a country of rapidly growing economic, political and military power. It seems a nation on an unstoppable rise, sustained by comparatively stable domestic coherence and driven by moderate but steady outer expansion.

Despite the counter-indications cited, there are certainly reasons for such a view. Indeed, the country has succeeded in becoming the second biggest national economy in the world in the comparatively short timeframe between 2008 and 2011.[15] The Chinese leadership is not only increasing its military outreach almost month by month, but has also managed to administrate its huge foreign trade surplus well by investing it in the acquisition of high-level know-how, advanced technologies and key resource sites around the world, not least in Africa, the notoriously most neglected global continent for centuries. It has succeeded in advancing to control around 80%, some say even more, of the exploitation of rare earths in 2012. It has also dramatically improved the decision-making capacities and global competitiveness of its elites, not least by systematically providing them top-class educa-

[14] AFP: 18th national congress of the CPC started. Majority of Chinese urban population demands reforms. Corruption seen as biggest threat, November 7, 2012.

[15] M. Moore: China is the world's second largest economy. China has become the world's second largest economy, with Japan surrendering its 42-year-old ranking after its economy shrank in the final months of 2010. In: The Telegraph London, 14 February 2011, http://www.telegraph.co.uk/finance/economics/8322550/China-is-the-worlds-second-largest-economy.html.

tion around the globe through state-driven enhancement programs implemented in grand style. And it has succeeded in attracting international research excellence, with Chinese universities steadily advancing in the international rankings.

In short: China today seems to be only the latest, but not the ultimate chapter of a seemingly never-ending success story.

Globalization Is Changing Old Patterns

What is underestimated in such a view, though, is China's societal reality. It only corresponds in part to the bright picture perceived from the outside, when seen from the inside. China's inner constellation is permeated by structural contradictions, and systemic rifts occur with increasing frequency. They now threaten to undermine its—often all too reductionist—positive image as perceived from the outside. Thomas König has rightly pointed out that the challenges ahead of the new government are multifold and profound:

> The new Chinese leadership will face several challenges in the coming decade:
> - Social stability: There are around 300 million migrant workers currently struggling to integrate into urban China, and an increasing gap between the rich and poor. In 2011 there were around 180,000 'mass incidents' (which involve more than 500 people and spill into public space). The Chinese government has significantly increased the public security budget, especially at the central government level where it rose by 68% between 2009 and 2011.
> - Changing the economic growth mode: China will have to complete the transition from an export-led economy with notoriously high labor, energy and environmental costs, to an economy powered by domestic consumption and innovation.
> - International affairs: The Xi-Li administration (i.e. under president Xi Jinping and premier Li Keqiang, R.B.) will need to improve relations with neighboring countries, the US and the European Union. This will be difficult, as the coming Chinese leadership (out of necessity) will be primarily inward-looking, but forced to become more assertive externally. This tension is likely to affect any foreign engagement in the coming years. The EU-China relationship will continue to be dominated by economics. China's domestic economic transformation will lead to a larger stake in Europe (particularly in FDI and financial inflows) and more interdependence, but as this could reinforce splits among EU member states it will need to be approached with more transparency and continued calls for reciprocal engagement.[16]

To be sure, in its growing contradictions between inner and outer dimensions, China, like other emerging contemporary powers, reflects what Michael Mann called "fractured globalization." It is the fact that the differences between monolithic political bodies, which characterized the age of competing empires since the eighteenth century, are now increasingly being transferred from the space between nations into

[16] T. König: A guide to China's leadership changes. European Council on Foreign Relations, 29 October 2012, http://ecfr.eu/content/entry/commentary_a_guide_to_chinas_leadership_changes.

fractures within the nation states themselves.[17] Again, what is still often underestimated is that China's *outer* "success story" is one of the main reasons for its *inner* problems, making it what is in the meantime referred to as "China's success trap,"[18] a notion that is currently in the process of replacing the previous one of "China's modernization trap."[19] Although the modernization trap consisted in growing inequality and institutional failure due to an all too rapid process of economic growth and technological innovation leading to environmental degradation, the success trap that characterizes the era of Xi Jinping consists in the increasing interference between global interconnections and domestic emancipative demands.

In other words, the old developmental principle of "Trade through change"—or generating wellbeing through modernization—is now being replaced by "Change through trade", or social upheaval, requests for democracy and pluralization because of the increasing role of transnational wealth creation and cross-border information. This process consists in the fact that the traditional policy of the ruling Communist party, which demands the strictest possible division between outer success and inner emancipation of selected sections of the population, can no longer be upheld in an era of globalization of a country heavily reliant on exports, trade surplus and global markets. Increasing interference between inner and outer dimensions is unavoidable because of China's economic and financial success, which affects domestic demands for participation, rule of law, and democracy. The divide between China and the international community destined to protect the ruling elite at home is embodied in China's strict "non-interference" policy represented by the phrase that "China doesn't need any friends; because of its size and cultural history it is cause and effect in itself." This has been at the center of both domestic and international Chinese political strategy for decades. It is doomed to decline in times of the Internet, global cultural value assimilation, and the internationalization of wealth production.

It is exactly the increasingly conflict-ridden *inside* constellation induced by *outside* success and expansion that is leading observers both on the inside as well as on the outside of the Chinese "motherland" to claim that a shift is imminent towards more accentuated participatory structures, a stronger rule of law at the expense of the ruling party power monopoly, or even towards illiberal democracy. Such a shift may be, so these voices claim, inevitable in the medium term if China doesn't want to implode into domestic social polarization, antigovernment protest, and political confrontation imported through involvement in a global financial and economic system still dominated by the West, international education dominated by the Anglo-

[17] M. Mann: Fractured Globalization: Historic Empires and Contemporary Nation-States. Lecture at the Mellichamp Initiative on Globalization and Global Studies at the University of California at Santa Barbara, Orfalea Center for Global and International Studies, February 1, 2013.

[18] M. Mohanty: China's Success Trap: Lessons for World Development. Unpublished manuscript, forthcoming 2013, parts of which were presented in the lecture: India, China and the Process of Global Restructuring, at the Orfalea Center for Global and International Studies of the University of California at Santa Barbara on October 18, 2012.

[19] Qingliang He: The Pitfalls of Modernization: The Economic and Social Problems of Contemporary China (2003), German Edition: China in der Modernisierungsfalle, Konrad Adenauer Stiftung, Bonn and Berlin 2006.

American world, and secularization of life-styles imposed by global ''Californication'' (i.e. the combination of a free-wheeling business culture with radical individualism and ''fluid'' identities) and the respective media-transmitted role models.

The so-called "inevitability" of China's imminent democratization due to the growing dangers of implosion induced by globalization, as dissident Fang Lizhi (1936–2012) pointed out over decades again and again, has become a kind of mantra particularly for Chinese dissidents. It is supported by Western institutions and by strategists in the democratic hemisphere. These, not least due to their current feeling of impotence after seven consecutive years of crisis since 2007 and the resulting U.S. post-empire depression, argue that China's democratization is the only way to avoid broader—and more concrete—confrontation between the West and the rapidly growing Pacific giant.

But contrary to the mainstream, we should question these current cornerstones of the "progress-through-democratization" thesis. Given the characteristics of the Xi Jinping constellation, we should seek a more moderate realistic approach towards China's future. A step-by-step approach is probably the best choice available. The road ahead could be to first achieve the rule of law, then illiberal, and then liberal democracy. That could be a more considered approach to still-authoritarian China's imminent development than "democratization," one more adequate to its domestic state of affairs. Why?

China Today: A Nation Driven by Intensifying Interrelations Between Outer and Inner Forces

In the years of the generational power transfer 2012–2013 there was no lack of incidents that seemed to prove to the many critics in the West that China remains an authoritarian regime that spurns human rights and participatory values. According to official statistics released by the Chinese government, more than 90,000 incidents, riots, and mass protests were registered in 2011 alone,[20] a figure that probably amounts to 180,000 in reality and was estimated to be similar in 2012 and 2013.[21] The number was in any case far beyond what was expected of a country in peaceful and solid transformation, as the development of the Golden Dragon is still depicted all too often by a reductionist Western debate ridden by "global-restructuring" worries[22] and the respective black-and-white and winners-and-losers rhetoric.[23] Similar

[20] P. Salom: Nuove sommosse sulla scia del primo villaggio: "Dieci, cento, mille Wukan". Campagne cinesi in rivolta. In: Il Corriere della Sera, Milano, 28 gennaio 2012.

[21] F. Godement: Control at the Grassroots: China's New Toolbox. In: European Council on Foreign Relations (ECFR) London, Berlin, Paris and Bruxelles. Policy Report Publication Series: China Analysis, edited by The Asia Centre/ Centreasia.eu Paris, June 2012, http://www.cctr.ust.hk/materials/library/china_analysis_control_at_the_grassroots_june2012.pdf.

[22] M. Mohanty, loc cit.

[23] M. Jacques: When China Rules The World. The Rise of the Middle Kingdom and the End of the Western World, Allen Lane Publishers 2010.

figures of instability and unrest are also to be expected for the future, independent of more or less authoritarianism enacted by the new leadership.

It is not a chance that most of the incidents originated in the lower and lower-middle classes. They were directed against land expropriation, environmental problems, the growing income gap, inflation, stagnating wages, barely regulated local predatory capitalism, favoritism, and corruption. They occurred also in protest against the rule of single families over whole regions through their affiliation with local and regional party structures and informal networks. Most of the conflicts were solved by force and through old-style authoritarian, centralistic power. Attempts towards an inclusive societal debate were the rare and improbable exception, and they were almost always induced by single influential persons, not by the system. But as in most cases in recent Chinese history, through the use of "forced pacification" and the application of an all too pragmatic: "You don't need to change, business as usual is the way it is and will ever be" mentality, only the symptoms, not the causes were treated. Questions of worried citizens were swept aside and thus remain open wounds with the threat of inflammation, if they are not addressed differently by the new generation of leaders.

The rapidly growing middle-class in China, encompassing 25% of the general population and 50% of the urban population with 300 million people in 2012[24] (i.e., a little less than the entire US population) with incomes quadrupled over the past 10 years[25] is unlikely to accept authoritarian behavior without better transparency and more discussion any longer. And this is true not only for the coastal regions, but increasingly for larger parts of the country. Xi Jinping will have to deal with this fact. The first signs of a post-urban civil society now also in the making in the countryside are mixed news for the new, but rather old-style rulers.[26] They point towards growing awareness and concern of the population regarding participatory issues, as well as the will of larger segments—not only of the priviledged such as the party members or the underpriviledged such as low salary migrant workers—to more actively co-determine decisions. [27]

[24] T. Luhby: China's growing middle class. In: CNNMoney, April 25, 2012, http://money.cnn.com/2012/04/25/news/economy/china-middle-class/index.htm.

[25] A. Censky: China's middle-class boom. In: CNNMoney, June 26, 2012, http://money.cnn.com/2012/06/26/news/economy/china-middle-class/index.htm. Cf. BBCBusiness: Meet China's booming middle class, 19 July 2012, http://www.bbc.co.uk/news/business-18901437.

[26] I. Weber: Mobile, online, and angry: The rise of China's middle-class civil society. In: Critical Arts. A South-North Journal of Cultural and Media Studies, 25 (1) 2011, pp. 25–45, http://eprints.usq.edu.au/18307/

[27] G. Yang and C. Calhoun: Media, Civil Society, and the Rise of a Green Public Sphere in China. In: China Information, SAGE Publications New York, July 2007, vol. 21 no. 2, pp. 211–236, http://www.nyu.edu/ipk/calhoun/files/calhounMediaCivilSocietyGreenPublicSphere.pdf; and H. Wang: The Emerging Civil Society in China and Its Impact on Democratization. Honors Theses of Colby College, Paper 591 (2011), http://digitalcommons.colby.edu/honorstheses/591.

Seven Symptoms Characteristic for Xi Jinping's China

But there is more. The (up to) 180,000 incidents per year are combined not only with growing middle-class self-confidence and anti-establishment anger in the lower classes. They occur in the framework of seven crucial clusters of crisis symptoms that characterize the current transition process:

1. A rapidly increasing number of *corruption cases* are being revealed to the public eye as openly as never before—not least because of the rapid spread of new social media and real-time communication tools. Among them are the cases of Shanghai's party secretary and member of the politburo Chen Liangyu, dismissed in September 2006 for alleged corruption charges, and sentenced to 18 years in prison in April 2008 on charges of financial fraud, abuse of power, and bribery; former railway minister Liu Zhijun in February 2011 because of corruption; and the chief of the General Office of the Chinese Communist Party Central Committee Ling Jihua in August 2012, whose son Ling Gu died in March 2012 in a car accident in his Ferrari on the city highway in Beijing while allegedly playing sex games with two women at 120 miles per hour—a case that revealed a quagmire of corruption and favoritism, thus "rocking Chinese politics"[28] and leaving "fresh scratches in party paintwork."[29] The Hu-Wen regime reacted old-style and in doing so manifested anxieties bordering on the bizarre. Not only was the Internet search for the word "Ferrari" blocked for weeks by authorities nationwide, the name of the driver was initially changed by police in the attempt to hide his identity. Angry citizens publicly asked how the son of a bureaucrat who officially earns $16,000 per year can afford a $300,000 Ferrari in the first place.
2. Increasing *factional fighting* within the ruling party has meanwhile also become transparent to the greater public. The latest event in a long series, it culminated in the failure of the former "paramount leader" Hu Jintao to appoint one of his favorites, regional party secretary of Inner Mongolia, Hu Chunhua, to the Beijing Politburo in September 2012. The failures of widely undisputed leaders, thought to be in solid positions because of the ongoing economic success, to secure positions for their cronies are triggering effects on the new generation of officials. There is a widespread sense of insecurity in China's young and ambitious elite. This is turning the aftermath of the biggest shift of power in recent Chinese history into an inner-party game with an unclear outcome. Since president Hu Jintao and other senior leaders stepped down in the fall of 2012 after

[28] News.com.au: Ling Jihua son's Ferrari crash rocks Chinese politics. In: News.com.au, September 05, 2012, http://www.news.com.au/world/ling-jihua-sons-ferrari-crash-rocks-chinese-politics/story-fndir2ev-1226465189878.

[29] J. Garnaut: Death of Chinese playboy leaves fresh scratches in party paintwork. In: Sydney Morning Herald, September 04, 2012, http://www.smh.com.au/world/death-of-chinese-playboy-leaves-fresh-scratches-in-party-paintwork-20120903-25a8v.html.

10 years in charge, their successors are having to deal with parts of the elite in discomfort and disappointment.

3. *Social inequality* is on a rapid rise. Although between 1981 and 2008 roughly 600 million people were taken out of poverty, since 2000 throughout the country 400 million Chinese have seen a decline in buying power, and relative poverty has doubled. At the same time the overall share of corruption in China's GDP reached 2% in 2012, with unbroken growth prospects and contributing to the redistribution of wealth mostly from the bottom to the top.[30] Forced relocation hits mainly the poor and disadvantaged, with 40 million households forcibly relocated or completely or partially expropriated since the early 1990s, according to the Chinese Academy of Social Sciences and Nanking University, many of them with insufficient compensation. This has contributed to mass impoverishment.[31] The oil boom in the provinces, driven by sometimes extreme private capitalism, such as, for example, in Shaanxi province, is altering established social balances to the point that in June 2012 the government saw itself coerced into disappropriating regional oil factory owners who de facto enslaved whole towns.[32] As a consequence, the migrant worker riots in Eastern China in May 2012 were most probably only the beginning of more protests ahead.[33]
   One symptomatic illustration of the widespread feeling of insecurity and discontent due to forced relocation was the unprecedented success of James Cameron's 2009 movie *Avatar* in China, the highest-grossing film of all time in the country. This success was interpreted as a direct consequence of forced relocation, causing millions of Chinese to identify, as never before, with the indigenous characters (the native "Na'vi") in the movie who were depicted fighting the rulers to resist forced removal from and distraction of their natural environment. It was even more symptomatic how simplisticly the Chinese government reacted once this interpretation became a topic of broader popular discussion: it banned the 2D movie from the cinemas, knowing that the 3D version would not reach the masses due to lack of 3D projection equipment in most Chinese cinemas.[34]
4. China's enduring problem with *mismanagement*, which is no occasional, but a continuous systemic factor, is still underestimated in the West. It was symbolic—and representative for a seemingly never-ending series of similar incidents—

[30] J. Lee: China at 60: No More Excuses for Growing Rich-Poor Gap. In: Spiegel Online, English edition, June 10, 2009. Cf. J. Lee: Will China Fail? CIS 2009.

[31] Ibid.

[32] The Economist: There was blood. The perils of private enterprise: In rural China, a private oil boom became a state-owned one. August 4th, 2012, S. 49–50.

[33] Reuters: Migrant workers riot in eastern China. In: The Financial times, May 29, 2012. Cf. similarly Taipei Times: Citizens riot in SW China: reports, August 13, 2011.

[34] BBC News: China axes 2D Avatar from cinemas. China has pulled the 2D version of Avatar from cinemas amid claims the plot mirrors forced land evictions in the country. In: BBC News, 20 January 2010, http://news.bbc.co.uk/2/hi/entertainment/8469672.stm. Cf. FAZ Feuilleton: Ein Volk identifiziert sich. China untersagt "Avatar". In: Frankfurter Allgemeine Zeitung, 19.01.2010, http://www.faz.net/aktuell/feuilleton/kino/ein-volk-identifiziert-sich-china-untersagt-avatar-1910098.html.

when on August 23, 2012 one of the most important status symbols of the new "globally leading" China, the longest bridge of Northern China in Harbin, collapsed. The bridge had only been opened in November 2011 and was considered the most technologically advanced in the country. The collapse was, according to official data, the sixth bridge collapse within only one year, among them bridges in the capital Beijing and in Hangzhou.[35] No sabotage was reported, however, officials had to point out publicly that incompetence, lack of technology, and corruption were so widespread that they were in the process of becoming a serious obstacle not only to mobility, but were starting to menace public security, that is, one of the most important primary principles of Chinese social order. The incredible increase in mismanagement cases is probably only the top of the iceberg, because due to the lack of a free press still not all are reported publicly. They are indeed threatening the old Chinese principle: "Security and harmony if not through dialogue and participation, then through stability, continuity and reliability." Once mismanagement starts to threatens stability, continuity, and reliability, that means it is starting to threaten the principles of ''Confucian'' government at its core.

The series of earthquakes that shook Yunnan and Ghuizu provinces in Southwest China on September 6, 2012, a region known for strong earthquakes throughout history, with more than 1 million people displaced and whole towns destroyed (an estimated 6,650 houses collapsed and 430,000 were damaged, with at least a 3.5 billion yuan, $580 million, loss[36]) displaying inadequate preparation and poor rescue management did little to reassure the population that government institutions are seriously trying to improve skills for the future.[37] As in most cases, for example, after the earthquake that devastated the same region in Sichuan province two years earlier leaving more than 90,000 dead, help was slow, had difficulties reaching the devastated zones, and often remained uncoordinated. The pattern was repeated after the earthquake of July 22, 2013 near the city of Dingxi in Gansu province. Although earthquakes are a recurring problem in western and southwestern China, there remains a widespread sense of institutional unpreparedness and poor organization every time one of them hits, and of no adequate governmental plan of how to deal with the victims, causing public protests by human rights movements.[38]

5. There is a swath of *cultural autonomization and ethnic re-appropriation* movements on the rise in many Chinese regions, running in some cases parallel to

[35] ORF News Report: New Bridge crushed: China's problem with mismanagement. August 28, 2012, p. 128.

[36] Berliner Zeitung: Mindestens 80 Tote bei Erdbeben in China, 8. September 2012, http://www.bz-berlin.de/aktuell/welt/mindestens-80-tote-bei-erdbeben-in-china-article1538116.html.

[37] J. Perlez: Earthquakes in China Kill Dozens. In: The New York Times, September 07, 2012, http://www.nytimes.com/2012/09/08/world/asia/earthquakes-shake-southwest-china.html.

[38] K. Kwok: Goals fall short on issues surrounding Sichuan earthquake. In: South China Morning Post, September 7, 2012, http://www.scmp.com/article/676745/goals-fall-short-issues-surrounding-sichuan-earthquake. Cf. AFP: Poor Hit Hard by China Quakes. In: The Bangkok Post, September 09, 2012, http://www.bangkokpost.com/news/asia/311587/poor-hard-hit-by-china-quakes.

economic well-being and growth, in other cases caused by persisting poverty in disadvantaged regions.[39] Many call it the return of ethnic consciousness to China. That doesn't concern only the Muslim Uighur population in Xinjiang province in northwestern China, a region notoriously ridden by ethnic agitation, but, as experts like Chris Higgings already predicted more than 15 years ago, "also the Kurds, Karens, East Timorese and, of course, the Tibetans are in upheaval."[40] Although ethnonationalisms, as perceived by the West,[41] are still of poor relevance for average Chinese reality and are kept to minimum visibility with great care by the authorities, Han-assimilation through Confucianism seems to have reached its limits, paradoxically not least because of the ongoing secularization of always larger parts of the population through the increase of wealth. What becomes clear in the era of Xi Jinping is that Han-assimilation with the help of Confucianism is on the retreat and is partly replaced by ethnonationalism, as it is on the rise also in many other parts of the world.[42] The ongoing "cultural turn" in present China, with the accompanying growing self-confidence and sociocultural emancipation of non-Han ethnic groups, puts pressure upon a system that thought to pacify ethnic conflicts through Confucian-based social regulation, nationalism, and appeasement. What is worse, ethnonationalism could eventually infiltrate the political level, especially in times of a potential first serious economic backlash.

6. Another dimension in the interplay between political, social, and cultural dimensions that will increase in importance is the growing *generation gap*. Long expected by Chinese authorities due to the growth in life expectance, it remains addressed in ways that increasingly often attract derision and sarcasm, in particular from urban populations. This was the case in August 2012 with the

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[39] J. Leibold: Toward A Second Generation of Ethnic Policies? In: China Brief, Volume 12, Issue 13, July 6, 2012, http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews[tt_news]=39590&cHash=f6546cfc679f21c0f476fa77da69f849. Cf. above – and in visionary anticipation—H. Xingliang: The Market Economy and Ethnic Relations in China. In: Bureau of International Cooperation (BIC) of the Chinese Academy of Social Sciences (CASS), Beijing, 27 May 2003, http://bic.cass.cn/english/InfoShow/Arcitle_Show_Forum2_Show.asp?ID=326&Title=The+Humanities+Study&strNavigation=Home-%3EForum&BigClassID=4&SmallClassID=8.

[40] C. Higgins: The heavy hand of China. In: Peace Magazine, July-August 1995, p. 8, http://peacemagazine.org/archive/v11n4p08.htm.

[41] J. Z. Muller: Us and Them. The Enduring Power of Ethnic Nationalism. In: Foreign Affairs, March/April 2008.

[42] H. Baogang: Confucianism versus liberalism over minority Rights: A critical response to Will Kymlicka. In: Journal of Chinese Philosophy 31:1 (March 2004), pp. 103–123, http://www.kyoolee.net/Confucianism_Versus_Liberalism_Over_Minority_Rights_-_Critical_Response_to_Will_Kymlicka.pdf. Cf. L. Le: Influences of Confucianism on the Market Economy of China. In: I. Alon (ed.): Chinese Culture, Organizational Behaviour, and International Business Management. Westport CT 2003, pp. 27–40. One of the best recent in-depth studies comes from W.-K. Lam: Assimilation and Dissimilation in Japanese and Chinese Philosophy. Nanzan University, Institute for Religion and Culture 2009, http://nirc.nanzan-u.ac.jp/publications/EJPhilosophy/PDF/EJP4-Lam.pdf.

government's push to publicly distribute the "paean to parental devotion, *The 24 Paragons of Filial Piety*"[43] to all citizens for free, a collection of moralistic bedtime stories for children meant to spur filial dedication, obedience, and family cohesion. Many citizens thought it would be better to build serious prevention programs and an institutional generational contract that guarantees public provision for the elderly instead of printing millions of children's books appealing to moral family values in a fairytale sense that can't address the complexities of modern Chinese existence.[44] Among the bigger concerns of generational issues is the educational issue, in particular the "patriotic education" initiative of the government of September 2012, directed towards intergenerational discipline and assimilation;[45] and the one-child policy, in the meantime questioned by larger parts of the population, in particular its uneven and regionally differentiated application. Although some regions are exempt from the relevant rules, others have to adhere to them strictly, causing differences not only socially but also from the perspective of basic citizens' rights.[46]

7. Last but not least, what will be particularly important in the coming years and co-determine the judgment on Xi Jinping's performance is the growing *emergency situation of China's banking and finance sector*, which could affect most other dimensions. Contrary to popular views in the West, China's financial system never coped sustainably with the co-existence of communism and capitalism since the "mixed" system was started under the leadership of Deng Xiaoping (1979–1997). In 2011–2012, the international financial and debt crisis, combined with loose lending ethics, seriously drained the capital reserves of most of China's banks. Due to excessive loans to state-controlled enterprises such as the construction and the high-speed railway industry, which in September 2012 had amassed over $360 billion in debt alone, the Chinese banking sector is currently featuring bad debts of up to 60%. Add to this a provincial and regional debt level long neglected by the central government (and the international rating agencies!) which, according to official statistics, was amounting to $1,65 trillion

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[43] A. Jacobs and A. Century: As China Ages, Beijing Turns to Morality Tales to Spur Filial Devotion. In: The New York Times, September 5, 2012, http://www.nytimes.com/2012/09/06/world/asia/beijing-updates-parables-the-24-paragons-of-filial-piety.html?_r=1&n=Top%2fNews%2fWorld%2fCountries%20and%20Territories%2fChina.

[44] Ibid.

[45] J. Lau: Thousands Rally Against Hong Kong Curriculum. In: The New York Times, September 3, 2012, http://www.nytimes.com/2012/09/04/world/asia/04iht-educbriefweb.html?n=Top%2fNews%2fWorld%2fCountries%20and%20Territories%2fChina.

[46] C. Bedford: Blind Chinese dissident's crime: Challenging China's one-child policy. In: The Daily Caller, May 09, 2012, http://dailycaller.com/2012/05/09/blind-chinese-dissidents-crime-challenging-chinas-one-child-policy/. Cf. The Economist: The One child policy: The brutal truth. A shocking case of forced abortion fuels resentment against China's one-child policy. In: The Economist, June 23rd, 2012, http://www.economist.com/node/21557369; and J. Kryn: 31st anniversary of China's one-child policy mourned with protests, vigils, Congressional hearing. In: Lifesitenews. Life, Family and Culture News, September 26, 2011, http://www.lifesitenews.com/news/31st-anniversary-of-china-one-child-policy-mourned-with-protests-vigils-con.

in September 2012, most of which was owed to the domestic banking sector,[47] a difficult situation can't be hidden any longer. The precariousness of China's financial mechanisms as they were enacted in the past years has the potential to affect larger parts of society, in particular the rising middle class in the coastal regions.[48]

In any case, if it is true to say that Europe and the United States, despite all reform efforts of the past years, continue to have a debt problem which puts their banking and finance system under threat, China is just one step away from a similar banking and finance problem at the core of its economic performance.

Something similar is true with regard to necessary economic reforms. China has achieved its outstanding growth performance of past decades mainly by exporting low-technology products through low-wage work, in turn trying to use the resulting foreign surplus to buy high tech and know-how from the outside. This attempt has succeeded in some ways, but now that the phase of low wages and moderate inflation is over, a housing bubble has developed and many foreign medium enterprises are leaving China in order to repatriate, China is becoming conscious that little has been achieved with regard to building its own original high-tech sector and branches of domestic innovation ready to face international competition. Many, as a result, are demanding serious economic reform including a stronger focus on technological innovation according to the example of America's Silicon Valley. However, the government in August 2012 once again rejected most of the relevant proposals.[49] It will have to be seen if Xi Jinping will be willing and able to change the decisively conservative approach of his predecessors.

Taken together, these complexly interwoven seven dimensions dominate the start of Xi Jinping's tenure. They are without doubt the heritage of the Hu-Wen decade 2003–2013. But we can't forget that Xi was already in charge in leading positions during those years. The respective crisis symptoms point towards a country ridden by increasing societal and systemic rifts and shaken by a series of scandals that have penetrated into government credibility, systemic stability, institutional legitimacy,

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[47] The Week: Is China heading toward an economic crisis? In: The Week, February 28, 2012, http://theweek.com/article/index/224928/is-china-heading-toward-an-economic-crisis; and Sydney Morning Herald: Global investors tip China bank crisis within five years. In: Sydney Morning Herald, December 8, 2011, http://www.smh.com.au/business/global-investors-tip-china-bank-crisis-within-five-years-20111208-1ok2 l.html.

[48] M. Pettis: How to Achieve Financial Reform in China. In: Credit Writedowns, 4 July 2012, http://www.creditwritedowns.com/2012/07/china-financial-reform.html. Cf. C. Archer: China set for banking system reform. In: bobsguide, 4 April 2012, http://www.bobsguide.com/guide/news/2012/Apr/4/china-set-for-banking-system-reform.html; and K. Okazaki, M. Hattori and W. Takahashi: The Challenges confronting the banking system reform in China. IMES – Institute for Monetary and Economic Studies of the Bank of Japan discussion paper series 2011-E-6, March 2011, http://www.imes.boj.or.jp/research/papers/english/11-E-06.pdf.

[49] I. Johnson: China Closes Window on Economic Debate, Protecting Dominance of State. In: The New York Times, June 16, 2012, http://www.nytimes.com/2012/06/17/world/asia/in-shift-china-stifles-debate-on-economic-change.html?pagewanted=all.

and social homogeneity. They indicate that the rethorics of ''China's rise'' are not the whole truth, and that its current system shows serious failings. It is less the depth of these rifts than their sheer number and their synchronicity that are driving the current Chinese system to the limits of its capacities and functionality. In reality, China is not only in the midst of a deep structural transformation but also of an accompanying systemic transition. Both structural and systemic changes appear to depend on each other and to influence each other. They have even led a number of domestic and international critics to ponder the question of whether "the system China" "is on the brink of failure,"[50] and, in any case, how long it might take for societal innovations to take hold in the country because of a population that is in part uneasy and becoming agitated.[51]

[50] J. Lee: Will China Fail?, loc cit.

[51] J. Lee: China at 60, loc cit.

Chapter 2
The Cry for Chinese Democratization: Between Idealism and Realism

Roland Benedikter

In this delicate situation, the generational power transfer from president Hu Jintao and premier Wen Jiabao to the new president Xi Jinping and the new premier Li Keqiang took place between November 2012 and April 2013. It was both preceded and accompanied by a remarkable upsurge of public protest at home and abroad over the Chinese government's undemocratic attitude. This was the case in particular with regard to:

- China's dealing with its domestic critics: dissidents, intellectuals, civil rights movements, civic groups, and new environmental movements, no longer confined to the coastal region but throughout the country;[1]
- Its antidemocratic propaganda among its democratic neighbors in order to convince adjacent countries of a system rapprochement toward the Chinese "one-party"- and "half-capitalism"-practice in the wake of the Western financial, economic, and debt crises, a move brought forward by China's "New Left"[2] in South Korea, but in different forms also throughout South East Asia;[3]
- Spectacular cases of censorship involving global media such as Google.[4]

Among the concerns linked to the impact of absent democracy on the development of the country was—and is—furthermore the environmental question, which is without doubt one of the biggest challenges of a country ridden by environ-

[1] C. Larson: China's Emerging Environmental Movement. In: Yale University's: Yale Environment 360. Opinion, Analysis, Reporting and Debate, 03 June 2008, http://e360.yale.edu/feature/chinas_emerging_environmental_movement/2018/.

[2] C. W. Freeman III and W. J. Yuan: China's New Leftists and the China Model Debate after the Financial Crisis. A Report of the CSIS Freeman Chair in China Studies, Center for Strategic and International Studies, July 2011, http://csis.org/files/publication/110728_Freeman_ChinaNewLeftists_Web.pdf.

[3] D. C. Lynch: Rising China and Asian Democratization: Socialization to "Global Culture" in the Political Transformations of Thailand, China, and Taiwan. Stanford University Press 2006.

[4] G. Crovitz: Google Fights Back in China. The company is telling users when 'state-sponsored attackers' are compromising their accounts. In: Wall Street Journal, June 10, 2012, http://online.wsj.com/article/SB10001424052702303753904577454760037632208.html. Cf. BBC News: China condemns decision by Google to lift censorship. In: BBC News, 23 March 2010, http://news.bbc.co.uk/2/hi/asia-pacific/8582233.stm.

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mental scandals on a weekly, in certain regions daily, basis. Some, like Roskilde University's Department of Society and Globalization Ole Bruun, already speak of a "Confucian" challenge to the "global environmental order,"[5] because China has become one decisive factor for the future of the global environment, including global warming. The reason is not only its demographic size, making China the biggest polluter in the world, but also the strategy of the Hu–Wen years to exempt itself from international agreements, seeking classification as a "developing country" thus blocking further involvement of the United States and other major powers with the only exception of Europe. But any policy change cannot allegedly be managed without greater participatory structures, decentralization, and democratization.

As Bruun writes,

> [D]espite a declared policy of introducing 'Ecological Civilization' in China, the Chinese government has not been able to halt environmental degradation. Environmental monitoring remains arbitrary, civil society and public interest are weak, and certain Chinese values as seen for example in traditional medicine are still contradictory to reaching a real turning point in attitudes to nature and environment. With China's rapidly expanding economic influence, raw materials and organic materials in many parts of the world are extracted for the Chinese market. The combination of authoritarian government, corruption, and sociocentric values present a rising challenge to environmental protection in developing countries, as well as globally.[6]

At the same time though, it must be admitted that even without democracy, China has become

> the world's renewable energy powerhouse, due to a series of policies and plans that have encouraged renewable energy growth. In 2012, for the third year in a row it claimed the title of the world largest clean energy producer, with a massive 23 gigawatts of clean energy capacity. Between 2005 and 2012 China increased its wind generation capacity by nearly 50 times, adding an extra 36% in 2012 alone. China's solar sector is also growing, increasing by 75% in 2012, and it is predicted to grow by a further 300% to over 21 GW by 2015. China's clean energy budget is unmatched by any other nation on earth and at $65.1 billion in 2012, was 20% more than in 2011.[7]

The Democratization Debate: A Complicated Issue

Although because of these issues the "democratization outcry" considerably intensified in 2012-13, attempts to discuss democratization with China have a long tradition in the democratic hemisphere.[8] Nevertheless, there were some interesting

[5] O. Bruun: A "Confucian" Challenge to the Global Environmental Order? Lecture at the Orfalea Center for Global and International Studies, May 30, 2013.

[6] O. Bruun: loc cit, http://www.global.ucsb.edu/orfaleacenter/posters/bruun2013.pdf.

[7] C. Kennedy: China: World's largest polluter also leads clean-energy push. In: *Christian Science Monitor*, April 30, 2013, http://www.csmonitor.com/Environment/Energy-Voices/2013/0430/China-World-s-largest-polluter-also-leads-clean-energy-push.

[8] See for example B. Gilley: China's Democratic Future. Columbia University Press, New York 2004.

changes of strategy in the past few years, not with regard to the issue in principle, but concerning the general attitude of how it was proposed to China's leaders. Xi Jinping will consider these changes in attitude when concrete negotiations with the West proceed further.

First, the democratization topic that dominated the first two decades of China's post-1989 rise like a sort of Catonian *Ceterum censeo Carthaginem esse delendam* is in the meantime often delivered half-heartedly, not least because of China's growing economic and financial power and international diplomatic influence. The West has become visibly more prudent, if not in many ways reluctant, to enforce the democratization debate, not only with regard to Tibet but also concerning other "internal" Chinese issues in order not to risk "unnecessary" conflicts (as they are referred to now). This new approach of prudence and reticence is justified often by the "differing culture" of Asia that should be "respected" in its allegedly "original" approach on social organization patterns, an argument that just years ago would have been considered as politically incorrect.[9]

Second, there is the debate about liberal versus illiberal democracies abroad and their respective pros and cons for the future interests of the West, as carried on by intellectuals mainly in the United States. This debate is aiming towards a broader, more globally conceived "future of freedom"[10] in a "post-American world", integrating liberal and illiberal democracies. It is combined with the debate about "failed states"[11] born out of exaggerated democratization hopes.[12] This seems to have—consciously or unconsciously—noticeably lowered the Maslowian hierarchy of needs and the respective desires of the West, when it comes to participatory societal development abroad. It has reframed the Western demands for Chinese "democracy" towards a more cautious notion of "rule of law" or even "progress", that is, concepts of much lower expectations than those issued in the still (over-) confident 1990s until 9/11.[13]

Third, and probably most important, there is growing awareness that the "democratization" debate did little so far to ease the practical day-by-day problems of China's new middle-class citizens, its civil society, or the many ethnic groups within China that weren't broken by the decades-long attempts of Han-assimilation and the use of Confucianism for the cause of nationalization.[14]

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[9] A. Esarey: Culture Clash. Rising China versus Asian Democratization. In: Taiwan Journal of Democracy, Vol. 2, No. 2 (December 2006), pp. 189–194.

[10] F. Zakaria: The Future of Freedom. Illiberal Democracy at Home and Abroad. New York: W.W. Norton 2003.

[11] S. Patrick: "Failed" States and Global Security: Empirical Questions and Policy Dilemmas. In: International Studies Review, Volume 9 (4), Blackwell editors, pp. 644–662.

[12] F. Zakaria: The Post-American World. New York: W. W. Norton, 2008.

[13] Cf. for example S. Zhao (ed.): Debating Political Reform in China: Rule of Law vs. Democratization. M. E. Sharp, 2006.

[14] Cf. Democratic China online: http://www.democraticchina.org/.

The Western Cry for Democracy, Three Decades in the Process: Was it Helpful?

Overall seen, the balance sheet of the international "democratizing China" discussion seems indeed to be mixed at best. On the one hand, the continuous democracy outcry has undeniably brought some improvements in day-to-day participation of sections of the population, at least in selected cases where projects were scrapped after public protests.[15] But in a more general view, it hasn't so far substantially helped those groups who cultivate different ethnic identities (see, e.g., the case of Tibet), nor for those envisioning a kind of illiberal democracy of specifically Chinese traits. Neither has it been much help in the case of those rapidly growing issues the region and the West have in their dealings with the politics of the G-2 power,[16] such as, for example: economic and financial confrontation between China and the Western hemisphere, South China Sea islands competition, Malakka Straights conflict, the Taiwan question, currency, financial and trade issues, one-sided educational interrelation with the United States, competing interests in outer space such as the ownership of future territories and the race to Mars, technology and research in general (including espionage on crucial weapon systems such as the new F-35 fighter whose plans were allegedly stolen, together with other critical US avant-garde weapon systems, by Chinese hackers in May 2013[17]), or resource security through claim of territories in Africa and Latin America.[18]

[15] See for example C. Tejada: Chinese Officials Scrap Project After Protests. In: The Wall Street Journal, July 28, 2012, http://online.wsj.com/article/SB10000872396390443931404577554302141565274.html.

[16] R. C. Bush III: The United States and China: A G-2 in the Making? In: Brookings Institution, Center for Northeast Asian Policy Studies, October 11, 2011, http://www.brookings.edu/research/articles/2011/10/11-china-us-g2-bush.

[17] AP: Chinese hackers accessed F-35 designs after breaking into U.S. systems: report. In: National Post, May 28, 2013, http://news.nationalpost.com/2013/05/28/u-s-and-australia-claim-chinese-hackers-responsible-for-stealing-weapon-designs-and-building-blueprints/. Cf. T. Y. Jones, B. Trott and R. Taylor for Reuters: Chinese hackers steal U.S. weapons system designs, report says. In: U. S. News on NBCNews.com, May 28, 2013, http://usnews.nbcnews.com/_news/2013/05/28/18556787-chinese-hackers-steal-us-weapons-systems-designs-report-says?lite; and Daily Mail: Plans for more than two dozen U.S. weapons systems—including an F35 fighter—have been stolen by Chinese hackers, claims Pentagon. In: Mail Online, May 28, 2013, http://www.dailymail.co.uk/news/article-2331949/More-dozen-U-S-weapons-systems-compromised-Chinese-hackers.html.

[18] C. Glaser: Will China's Rise Lead to War? Why Realism does not mean Pessimism. In: Foreign Affairs, March/April 2011.

Is China's Democratization Unavoidable and "Sure To Come, Almost Like a Natural Law"?

In this constellation, many observers question the style in which the democratization issue was handled in past decades by the West.[19] They question whether the time is right to point towards clearer—and, in some ways, more radical—goals: towards rapid and uncompromising democratization of China Western style.[20] Internationally respected dissidents such as Fang Lizhi, who died on April 6, 2012, said such a democratization to be the both necessary and unavoidable next step needed by a China otherwise succumbing to its inner contradictions, an opinion shared in substance by influential advisors to the Chinese government such as former UN-Science and Innovation Director and Dean of Environmental Sciences at UC Santa Barbara, Ernst Ulrich von Weizsäcker. Weizsäcker—advisor on topics such as the reorientation of China's tax system and energy infrastructure towards sustainability and renewability in the framework of the 12th five-year-plan (governmental guideline) 2011–2015—is convinced that "China will have to become democratic in the next decades if it doesn't want to implode because of its growing social conflicts".[21] Similarly, Fang Lizhi famously (and repeatedly) had already continued to state since the 1990s, that "China's democratization is as unavoidable and inevitable as it is sure to come and function, almost like a natural law."[22]

But is this really going to be the case? Is democracy the next, unavoidable, potentially already close-to-realization step for a country in clear domestic crisis? And is it thus now as close at hand as never before? Or will the multiple crisis symptoms rather slow down progress towards greater participation and a more open societal debate, by requiring the government (at least in its own perception) "to rule with strong hand"?

Signs and Signals

There are certainly some encouraging signs towards some kind of liberalization. Among them is the steadily rising number of Chinese "postmaterialists" or "social idealists" particularly in the middle and upper classes of the coastal regions. Ac-

[19] W. Zhang: What is Changing China. CITIC Press Corporation 2012.

[20] W. Zhang: Ideas Will Determine China's Future. The theories debated in Beijing these days are all statist. It's a sign of the establishment's bankruptcy. In: The Wall Street Journal, August 1, 2012, http://online.wsj.com/article/SB10000872396390444320704577562463319136168.html. Cf. W. Wagner: Summer stress. China's Elite Wrangle Over New Leadership. In: Spiegel online, July 26, 2012, http://www.spiegel.de/international/world/chinese-leaders-using-summer-vacation-to-decide-on-coming-changes-a-846409.html

[21] E. U. v. Weizsäcker in conversation with Roland Benedikter, Santa Barbara, February 2008. Archive of the author.

[22] F. Lizhi, quoted in: A. Ramzy: Fang Lizhi. In: Time, April 23, 2012, p. 13.

cording to data by Taiwan's Lu-huei Chen presented at the international conference *Social Change and Post-Materialism in Korea* in May 2012, China has one of the most rapidly growing numbers of people worldwide that cling to "post-materialism"—equality, fairness, quality of life, sustainability, self-realization and participatory values—more than any other nation in 2012.[23]

Although this may be a signal of slow but steady development towards a kind of "natural" democratization of China in the framework of value development on many different micro-levels from the bottom up, it could prove to be insufficient to nurture hopes for fast transformation towards liberal patterns on a systemic level. It could rather be that in a slower pace, maybe more appropriate to Chinese sensitivity, the rule of law—as historically first conceived in Western liberal terms—is still the most pressing *desideratum* in a country still widely dominated by family connections, personal favors, class and party affiliation, informal networks, and deliberate implementation of law according to those who have influence and money in given contexts and circumstances.

This leads us to the following conclusion. In the name of a moderate realism not inclined to offensive maneuvers, would a multistep process be more realistic, although certainly noticeably slower, than a direct aim towards democracy in China?

In other words, instead of framing the debate in terms of Western liberal democracy, an endeavor could be made to help the Chinese first to tackle an even more fundamental question: how to achieve, before everything else, the rule of law as the indispensable first and basic prerequisite of liberalism, let alone of democracy?

[23] Lu-huei Chen and Ying-nan Chen, The National Chengchi University Taiwan's University Project: Post-materialism and Political Support in Taiwan and China. In: S. Kang (ed.): Social Change and Postmaterialism in Korea. Acta of the International Conference, Gyeongsang National University Jinju, May 24, 2012, Gyeongsang National University and National Research Foundation of Korea, pp. 22–36.

Chapter 3
The 2012–2013 Generational Power Transfer and Its Perspectives: The Rule of Law or Democracy?

Roland Benedikter and Verena Nowotny

The great question of whether democracy in China is imminent or, on the contrary, not realistic in this century, is taking grip on the international community of civil society members, experts and analysts, particularly in times when open societies around the globe are in crisis. What do we have to expect from China's new leaders in a "moderate realistic" view? Can they give new impulses to the global community by reforming their own country? And what exactly can "reform" be in today's Chinese framework? Is it democracy, liberalization, or the rule of law?

It could make sense to expect China's future as a four-level procedure: *Firstly* expanding the existing "Half-," "Mixed-," or "Meta-"Communism by carefully integrating more elements of capitalism, transparency, participation, and liberalism; *secondly* achieving the rule of law for all regions of the country and for everybody, putting the legal system eventually also above the Communist party; *thirdly* building a sustainable domestic liberalization process upon it, including the introduction of wide-reaching regional autonomies for ethnic minorities and non-Chinese such as the Tibetans; in order to *fourthly* possibly proceed to China's adequate, own form of democracy, which still doesn't exist. To schedule a decade for every of these four steps could provide a realistic timeframe, if things proceed well and without bigger economic and political ruptures.

Given that this fourfold "step-by-step"-thesis may sound "too pacifying" and even "too realistic", if not a sign of "post-empire" Western weakness to some, it has to be elucidated through facts which illustrate the situation of the Middle Kingdom through specific cases of present-day lives of its citizens.

Lives in a Changing Society

The trial of Gu Kailai, the wife of an influential Communist bureaucrat, for the alleged murder of a British businessman in July and August 2012 showed (again) that not all under China's heaven share the same perceptions. Although the official media hailed the trial as a model of transparency, ordinary Chinese mocked the decision to spare Ms. Gu's life, saying a commoner would have been swiftly

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executed for the murder of a foreigner. "Steal a whole country and they make you prince. Steal a fishing hook and they hang you," read one oft-advanced proverb to be found on the walls of Beijing houses particularly often that summer.[1]

Gu's court appearance as well as the downfall of her husband Bo Xilai, the former party leader of Chongqing, attracted interest and media attention in the West, not so much because of dubious judicial procedures but because of the prominence of the defendants. Bo Xilai, a popular and populist politician, pursued promising aspirations to a seat in the former nine-, now seven-member Standing Committee of the Politburo. He wielded considerable power before he was sacked together with his wife in April 2012. His case of "discipline violations" was, as usual, mainly handled secretively by an "internal party body" that investigates and prosecutes wrongdoing by party officials.

The inglorious end of the high-flying power couple triggered at least one common response: few tears were shed. It was one of the few occasions Western politicians refrained from accusing China of authoritarianism, undemocratic behavior, and violation of human rights. This might sound cynical. Western democracies usually consider it an essential part of their judicial systems to grant the right of due process in court proceedings also to hardened criminals such as alleged murderers, a condition that was obviously not met in Ms. Gu's case.

Chinese bloggers actually captured the underlying problem drastically, by comparing Gu Kailai's verdict to the fate of Xia Junfeng, a food peddler on death row who fatally stabbed two urban management officials after they beat him. "A lawyer who commits premeditated murder gets a suspended death penalty, and a peddler who defends himself gets death," one posting on the microblog website *Sinaweibo* said. "This is the Chinese justice system."[2]

For the educated Chinese, China's justice system today is indeed about many things—corruption, party rule, secrecy, arbitrariness—but barely about justice and fairness. The unreliable legal system negatively affects Chinese citizens in their daily lives in numerous ways, causing insecurity and suffering.

Consider, for example, the 2012 case of Feng Jianmei, a 23-year-old woman from the province Shaanxi in central China. Feng was forced by officials to abort her second child when in the 7th month of pregnancy because she could not afford the penalty of 40,000 yuan renminbi (approximately $6,500) for violating the one-child policy. The government remained successful in keeping the case out of court by putting pressure on Ms. Feng to accept an indemnity payment of 70,600 renminbi ($11,500). Ms. Feng had an abortion. As a consequence, her husband put a shocking photo on the web of the bloody little fetus lying in bed beside her mother. Public response and viral domestic dissemination was massive. Feng's husband was swiftly arrested and kept under arrest for several days.

Ms. Feng's case was reminiscent of the much more highly publicized ordeal of the blind lawyer Chen Guangchen from the Shandong province. He supported

[1] A. Jacobs: In China, Gu Kailai's Reprieve Reinforces Cynicism. In: The New York Times, August 20, 2012.

[2] Ibid.

women who had suffered law-induced but nevertheless illegal abortions in bringing their cases to court. In January 2007, Mr. Chen was sentenced to 4 years and 3 months in jail. Soon after his release from prison, he and his family were put under house arrest without further explanation or justification. In April 2012, he managed to escape and was allowed to move to the United States to pursue legal studies. In an op-ed published in the *New York Times*, he drew the following conclusion about his experiences with the contemporary Chinese law system: "The fundamental question the Chinese government must face is lawlessness. China does not lack laws, but the rule of law…. China's political stability may depend on its ability to develop rule of law in a system where it barely exists."[3]

Another current example (among many) is Tang Hui, a 39-year-old woman from the southern Hunan province. In August 2012, she was sentenced to 18 months of labor-camp punishment ("*laojiao"*) for "disturbing the public order" because of her persistent efforts to seek justice for her daughter. The girl had been kidnapped at the age of 11 and forced into prostitution. Ms. Tang complained that police were slow to respond to the case and that the kidnappers were then sentenced too leniently.[4] The *laojiao* system allows those accused of minor offenses to be detained in labor camps without trial for up to four years on police orders. State-controlled Chinese media say about 160,000 people were held in around 350 such camps in 2008, with numbers most probably increasing since then.[5]

Conflicting Interests Between Party and Law, Leading to Paradoxes

Not surprisingly, the Chinese leadership considers cases like these unfortunate but not representative for the current legal system. The government's "White Paper on China's Efforts and Achievements in Promoting the Rule of Law"[6] first published in 2008 praises that "under the leadership of the Communist Party of China (CPC), the Chinese people… gradually took the road of building a socialist country under the rule of law."

However, for Ms. Feng, Mr. Chen, or Ms. Tang, the ascertainment of this paper that "public security organs fulfill their duties in accordance with the law, safe-

[3] C. Guangcheng: How China Flouts Its Laws. In: The New York Times, May 29, 2012.

[4] Xinhua News Agency: Mother of underage rape victim released from Chinese labor camp. English News CN, August 10, 2012, http://news.xinhuanet.com/english/china/2012-08/10/c_131775435.htm.

[5] The Economist: Demanding Justice. In: The Economist, September 1, 2012.

[6] China State Council Information Office: White Paper on China's Efforts and Achievements in Promoting the Rule of Law. Published in: China.org.cn: White paper published on China's rule of law. In: China.org.cn, http://www.china.org.cn/government/news/2008-02/28/content_11025486.htm., February 28, 2008.

guarding state security and public order, and guaranteeing that people can live and work in peace and contentment,"[7] must leave a bitter aftertaste.

The White Paper's conclusion neatly captures the dilemma that China faces while pursuing its efforts to implement a reliable and fair legal system by stating that

> [T]he great practice of socialist legal construction has made the Chinese people realize that the following principles must be observed to carry out the fundamental policy of governing the country by law: adhering to the leadership of the CPC, the people as masters and ruling the country by law, ensuring that the CPC always plays the role as the core of leadership in directing the overall situation and coordinating the efforts of all elements in legal construction.[8]

These sentences display the fundamental difference of how the Chinese leadership perceives a system based on the rule of law in harsh contrast to its liberal Western counterparts. The rule of law in its ideal form (and as is commonly practiced in global democracies) connotes a system under which the law acts as a curb on state and private power, as the most powerful equalizer that demands the same treatment for everybody no matter of what rank or wealth. Rule of law means that nobody is above the law, not even the highest ranking politicians or a political party. Yet in China, the Communist Party clearly would not go so far as to challenge its own position of absolute authority for the sake of an objective legal system.

On the contrary, the Communist Party's monopoly of ultimate control and thus of defining and modifying the notion of "rule of law" is seen as vital to preserving its power. This not only poses the paradox of how a legal system can obtain sufficient authority to control a monopolistic party when the party always stays above the law by applying, defining, and redefining it at will and according to circumstances. It also unveils the hidden conviction of the Chinese leadership that an objective legal system—or the rule of law in the strict sense—might not (yet) be strong enough to keep the vast population of 1.35 billion Chinese in check. As it seems, this view hasn't changed with the new leadership around Xi Jinping.

On the other hand, most members of the Chinese leadership seem to be aware that a stronger judiciary could offer a way of increasing legitimacy not only on the domestic front but also abroad for a traditional mono-party rule in crisis. That opens up the option of strengthening the authoritarian and monolithic system by subordinating it under the rule of law, i.e. another paradox, to which increasing parts of the new elites, both from the moderate and the left wings, seem to adhere.

It is in this complex framework of diverging interests and options that most of the current endeavors for establishing or subverting a rule of law in China are taking place.

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[7] Ibid.

[8] Ibid.

The Traditional Dilemma of China's Rulers: Should the Government Trust or Not Trust Its People?

Whereas the paradoxes of using the rule of law to consolidate the supremacy of the ruling party and to keep up an authoritarian system are omnipresent today more than at other recent historical crossroads, they are by no means new. Throughout history, China's leaders have been haunted by the fear of chaos. In their view, modern times bear an increasing threat to stability. Of the 180,000 "mass incidents," defined officially as "riots" by the government, allegedly involving more than 80 million people in 2011,[9] the most part were not due to ideology and didn't intend a system change. Most of them were simply requests for open and public debate on practical problems and applied daily policy issues that the government considered as "riot" out of its classical, centuries-old fear of losing control.[10]

As always, China's leadership reacted to what it perceived as a threat of instability and civil unrest with the intensification of the surveillance system. It has now been developed to a point which may provoke Orwellian nightmares not only among Western, but also among Chinese citizens:

- The Chinese government has developed a vast domestic espionage system for the maintenance of social stability (*weiwen*). Independent Chinese journalists estimate that in 2011 alone, the government's "public security" spending totaled 624 billion renminbi ($102 billion), which was more than the official military and defense spending for the same period. In fact, "public security" spending in China is intentionally divided between several ministries, thus blurring the distinction between spending that is dedicated to the surveillance of the citizens at home and that which serves the defense towards the outside.[11]
- Under a system of "letters and visits" (*xinfang*), Chinese citizens have the opportunity to voice their concerns or to address wrongdoing by officials. However, as the success of local governments is mainly measured in terms of social stability and therefore it is desirous to present the lowest possible number of complaints and petitions, local authorities have developed various tactics for keeping their statistics clean: names of petitioners are not registered at all or wiped off official registers; petitioners are arrested and sent to work camps or psychiatric hospitals; local authorities hire private companies to carry out surveillance of or arrest petitioners.[12]
- Communist Party officials deemed to have misbehaved are dealt with by a parallel juridical system called *shuanggui*. Such officials are whisked away by discipline-enforcers and held without public notice at designated centers. Ren Jianming of Tsinghua University believes that most of the 140,000–150,000 officials who are investigated each year in China for "misbehavior" are detained under

[9] F. Godement: Control at the Grassroots: China's New Toolbox, loc. cit.

[10] Godement, loc cit.

[11] Godement, loc cit.

[12] Ibid.

shuanggui terms. Of these, however, only a minority ever goes on trial. Chen Jieren, a well-known commentator on legal affairs in Beijing, believes that 95 % of those who don't face jail evade it because of corruption within the *shuanggui* system.[13]

Doing China—Justice? Chinese Culture and the Rule of Law

The quick conclusion one might draw from all this is that as compared to modern Asian societies such as South Korea, Japan, or Taiwan, China is still a nation where people are coerced into surrendering parts of their fundamental rights and abide by the rule of the one and only party, the latter often dominated by inner circles and "families." However, although in many aspects correct, such a diagnosis would disregard Chinese specifics that do not excuse malpractice but may first of all help to explain the development of nonliberal legal norms in China in terms of history and culture.

As MIT's Bruce Mazlish has pointed out,

> China is a 5000 year-old civilization whose constant concern has been unity over a vast country that until recently was based on agriculture. Its culture has been marked by Confucianism and related philosophies, with an emphasis on a mandarin class installed in bureaucracies and supposedly selflessly ruling the country. The military was given limited respect. An intellectual bureaucracy was given more honor. Classical Chinese thought saw everything in terms of historical relations, not essences. Yin and yang may be viewed as symbolizing this attitude. Many scholars see the Chinese approach as very different from Greek thought—the origin of the West—with the latter's dualism between appearances and reality. There appears no such divide in Chinese thought. As one scholar of China puts it, the Asian worldview sees parts always in the context of the whole that they form together.[14]

As a result, the Chinese notion of individualism is very different from the West. Individualism in China is not a value or even an end in itself as in modern democracies, but rather a relation between a single person and the whole of society, between a part and the whole. Classical Chinese culture implies that the whole as the effect of interrelations is more important than the part, and thus that the interests of the collective, be they only imagined by the authorities or real, come before the rights of the individual. The "natural" effect of this view is a weak notion of what the rule of law can and should be, and a strong sense of collective unity and harmony that tends to replace the protection of individual rights. Mazlish concludes:

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[13] The Economist: Policing the Party. In: The Economist, September 1, 2012.

[14] B. Mazlish: Parts and wholes. The seven-dimensional approach of Roland Benedikter to the analysis of globalization—and its predecessors in the history of the interdisciplinary Social Sciences. An affirmative reading. In: Transcience. The Journal of Global Studies of Humboldt University Berlin, Volume 4, Issue 1, Berlin 2013, http://www.transcience-journal.org/.

> Given this situation, there seems to be no parts/wholes problem to be encountered in that vast land. Yet China is playing an ever greater role in our globalized world, both acting upon the process and being acted upon by it. The fact is that the integration of China, its economy and its values into an increasingly globalized world is one of the central challenges of our time. So, too, for China, is the effect of globalization upon its millennia-old civilization. Cause and effect, of course, are interrelated and part of an on-going dynamic. Or to put it in terms of the Chinese worldview, globalization, like every other human phenomenon must be seen in terms of historical relations. These elements taken together, the Chinese example is simply one among many of the problems facing our time: that of understanding and dealing well with the challenges posed by the eternal-seeming opposition of individual/community, diversity/universalism, freedom/stability and similar supposed dichotomies. It is here that the parts-wholes discussion becomes so relevant. In short, the Chinese is a microcosmic example of that problem which is faced by humanity at large.[15]

Former US secretary of state, Nobel peace prize laureate and long-time connoisseur of China since the 1960s, Henry Kissinger, may serve as another trusted authority to explain the fundamental cultural differences that make it sometimes difficult for Westerners to understand the motivations behind Chinese policies. As Kissinger describes,

> in traditional China, the Emperor had been the linchpin of the *Great Harmony of all living things*… This is why, until the modern period, China did not pursue the ideal of 'progress' in the Western sense. The Chinese impetus for public service was the concept of rectification—the bringing of order to a society that had been allowed to fall into dangerous imbalance.[16]

This longing for a harmonious society and social stability, embodied in just a few persons that constitute a clear center of coherence and stability—the acting government—remains a centerpiece of Chinese domestic policies, well in accord with traditional Confucian ideals.

The Effect: Pursuing Change Succeeds When Using "Affiliated" Strategies Rather Than Dissenting

The effect is twofold. Authorities are fast in branding every simple request for participation and discussion as improper behavior, as breaking the law, or even as upheaval, with harsh consequences. Even the request to apply the existing law on individual cases may be seen as de facto breaking it. On the other hand, intelligent approaches able to play with these cultural prerequisites often achieve astounding success never to be expected in an authoritarian top-down system. One example is the case of China's foremost environmental activist, Ma Jun. He is one of a new generation of activists who in the past years have developed a more realistic approach to a bottom-up civil society for the imminent future not based on protest, but

[15] B. Mazlish, loc cit.

[16] H. Kissinger: On China. Penguin Press, New York 2011.

affiliated work with official data and cooperation with governmental institutions. As Rana Forohaar reports,

> the U.S. wants China to shift its policies on everything from cybersecurity to human rights. But the truth is that change is already happening in China—not from the top down but from the bottom up.
>
> Ma Jun (is) China's foremost environmental activist. Ma has already gotten multinational firms and their suppliers to enact big improvements. Now he is launching a more politically contentious campaign to take on China's pollution Goliaths: the country's state-owned enterprises (SOEs). And his chances of success are good. Ma has developed a playbook for how to be a disrupter in the Chinese context by cleverly co-opting the country's technocratic tendencies and tapping into the concerns of its growing middle class.
>
> Back in 2006, Ma founded the nonprofit Institute of Public & Environmental Affairs with the aim of cleaning up the air and water of a country that's responsible for 25% of global carbon emissions. China had penalties for polluters, but as Ma says, companies found it 'easier and cheaper to simply pay fines for polluting than to clean up their acts.'
>
> Working with two staffers (he now has 10) in a tiny Beijing office suite, Ma found a creative way forward. Rather than overtly pressuring the government—a strategy that rarely succeeds in China—he embraced the government's data as a tool. Ma cut a deal to put China's records about pollution by Western firms and their suppliers online, then used that information to quietly pressure the companies. The results have been remarkable. A 2011 report on Apple, for instance, resulted in a major effort to clean up environmental violations in the company's supply chain.[17]

Interestingly, Ma and others are using concrete and practical questions that are of crucial and explicit interest to larger parts of the population as inexplicit tools to change the system as a whole. In this regard, they in many ways follow the teachings of former Communist dissidents in the West, in particular a strategy that the director of the Birkbeck Institute for the Humanities, Slavoij Zizek, called "political subjectivation." It consists in pursuing a seemingly small and precise topic within and in accordance with the system, without openly theorizing on it, without ideology, and without too much noise, but by setting a precedent and thus modifying the system itself without challenging it to fight in order to defend itself.[18] That's exactly what Ma and those like him do, as Forohaar summarizes:

> Ma hopes for even more impact with his new action against the huge power and energy companies that are responsible for the lion's share of China's pollution. Because they are largely owned by the Communist Party and funded by state-owned banks, they've traditionally been off-limits for criticism. But buoyed by his wins with Western corporate giants, Ma recently announced plans to compile a similar database on these SOEs. 'It's a much more delicate issue,' he says with a somewhat nervous smile. (…) 'We want more transparency and to give people more participation in the system,' he says.
>
> That, of course, sounds like change of a democratic sort. 'We want to use the environment to shift the way our society works,' says Ma. There's already been movement. In March, Ma got a group of large Chinese companies to support his efforts to make environmental data public. Some big SOEs, like Sinopec, are starting to release corporate social-responsibility reports. 'It's like acupuncture,' Ma says. 'You press one spot and see the results elsewhere.'

[17] R. Forohaar, loc cit.: Cleaning up China. In: Time, June 24, 2013, http://www.time.com/time/magazine/article/0,9171,2145500,00.html.

[18] S. Zizek: A Plea for Intolerance, Vienna 1999.

> It's an apt way to describe this uniquely Chinese style of activism that's effecting real economic—and social—change in the Middle Kingdom, from the bottom up.[19]

The State of China's Rule of Law Today

So is "acupuncture activism" from below the most intelligent way towards a more liberal China? Can it slowly and silently permeate the old structure and help to impose the rule of law also upon those who were immune to it? Or does China need a clear-cut and unmistakable course correction from above, that is, from the new government to impose the rule of law once and for all here and now on the broadest possible scale?

The chance for "doing it (implementing the rule of law) from above" was given with the start of Xi Jinping's new government. But not much was undertaken, because it was never as easy as that. In fact, there are many elements to consider when it comes to the obstacles. It is not long ago—and thus still present in the memory of the elites—that Mao Zedong almost eradicated social coherence and any functioning law system, especially during the years of the so-called Cultural Revolution. With regard to a starting point for serious legal reform in China now requested by many, we have to be aware that as late as in 1979, China had fewer than 2,000 lawyers and just two functioning law schools. Until the start of the new millennium, many judges were drawn from the ranks of the retired military.[20]

The explicit goal of "building a socialist rule of law nation" was added to the Chinese constitution as late as in 1999, that is, well into the post-Berlin wall era and the early globalization boom years. Since then, China has enacted and amended more than 200 laws that are in general consistent with international standards and legal principles. China's economic and financial rise that "naturally" increased the international interconnection of its laws further triggered an avalanche of newly written laws in a vast array of areas covering international economic relations in particular. China's accession to the World Trade Organization in November 2001 has further required the implementation of numerous changes in the Communist legal system.[21] Milestones towards a more participatory legal framework were:

- In 1989, the National People's Congress (NPC), China's supreme legislative body, adopted the Administrative Litigation Law (ALL) that grants Chinese citizens the unprecedented right to sue the government over actions that violate their rights and interests. Although the law doubtlessly has serious shortcomings when it comes to politically or socially sensitive cases, it has been a first step for Chinese citizens to hold the government accountable. In reality though, it

[19] R. Forohaar, loc cit.

[20] J. P. Horsely: The Rule of Law in China. In: Center for Strategic and International Studies, March 21, 2006.

[21] World Trade Organization: Accession of the People's Republic of China. Decision of 10 November 2001, 23 November 2001, http://www.worldtradelaw.net/misc/chinaaccessionprotocol.pdf.

remains of poor value due to the authoritarian use of the rule of law by the government that affects ALL too.

- The 1996 Administrative Penalties Law aimed at formally regulating government action. It introduced the concept of "procedural due process" including the right to adequate notice and the "meaningful opportunity" to be heard before a decision is made by the court.
- Transparency of legislation processes has been gradually improved throughout the country. Many local governments started to release draft rules and regulations for public input after the end of the 1990s, although in different and in most cases uncoordinated ways. In June 2006, the Guangzhou Municipality adopted China's first rule mandating transparent public participation in government rule-makings and in various phases of the rule formulation process.
- Since 2005, more than 3,000 government-sponsored "legal aid clinics" have been established to assist low-income citizens with cases involving employment, discrimination, family disputes, urban relocations, and rural land expropriations.[22] Most of them have achieved noticeable acceptance among the population, however, the arbitrary use of the rule of law hinders their efficiency in disputed or politically relevant cases, condemning them to second-hand institutions of poor overall impact.
- On January 1, 2013, the revised Criminal Procedure Law (CPL) entered into force, for the first time after an extensive consultative process among the government, the elite, and experts. Although parts of the law remain controversial, the tonality has changed in such a way that the law is now described as guaranteeing individuals' "fundamental freedoms," thus making it in the view of dissidents and intellectuals a potential "mini-constitution."[23] Although the implementation of this law will be clear progress towards a more objective rule of law, its application and importance in practice remains unclear and in any case open to a vast variety of options, in the last instance again depending on the will and the inclinations of the ruling party.

Obstacles to Legal Reform in China—Domestic and from Abroad

Seen overall, the path to legal reform in China seems to be rocky and full of pitfalls. Weak institutional infrastructure, continuing interference by the ruling Communist Party, poorly trained and compensated judges, inconsistencies in rapidly adopted or amended laws, all these factors and their interconnection still hamper proper and countrywide implementation of legal improvements. To the surprise of many,

[22] J. P. Horsely, loc cit.

[23] H. Winckler: The controversy over secret detention. In: European Council on Foreign Relations (ECFR) London, Berlin, Paris and Bruxelles Policy Report Publication Series: China Analysis, edited by The Asia Centre/ centreasia.eu Paris, June 2012.

China's outgoing leadership in Fall 2012 openly acknowledged that "the legal construction is still facing some problems,"[24] among them, that "the development of democracy and the rule of law still fall short of the needs of economic and social development."[25] In order to further develop the legal system, the Chinese government in 2012 stated explicitly that it wanted to "draw on valuable foreign experience for reference while basing our efforts on China's actual conditions without copying indiscriminately other countries' legal systems or political mechanisms."[26]

The interpretation of these sentences—at least from the viewpoint of democratic societies—is as open as it is disputed. The Chinese government's invitation to provide "valuable foreign experience" has so far not been greeted with confidence by the Western world, first due to well-understandable lack of trust in what the respective concepts exactly denote in the minds of the Chinese rulers, but also second, because many in the democratic hemispheres both of the Pacific and the Atlantic first want to understand what the potential innovations of the new leaders around Xi Jinping are, so as to better calibrate respective expectations and potential assistance. As Paul Gerwitz, professor at Yale Law School and founder of the Yale China Law Center[27] who initiated the "U.S. Rule of Law Initiative"[28] while working for the Clinton administration in 1997 and 1998 recounts, the endeavor to reach a representative, though comparatively prudent and noncommittal joint statement at the US–China summit of 1997 encountered obstacles not only on the Chinese side.[29] After a joint statement had been drafted, one of the main drawbacks for further progress resulted from the fact that the US Congress refused to provide funding. Given the currently increasing competition between China and the United States as well as its Pacific allies a.o. over supremacy in the South China sea and in particular in the case of the disputed Paracel and Spratly islands that escalated in Summer 2012 with mutual threats and diplomatic tussles,[30] one may assume that the situation of mistrust would not be so different today.

To those who want to engage in China's legal reform process Gerwitz recommends that "the basic goals of foreign efforts should be to increase the capacity of reform-oriented individuals in China to be effective in their own work,"[31] thus actually mirroring (at least in words) the attitude put forward in China's own 2008

[24] China State Council Information Office: White Paper on China's Efforts and Achievements in Promoting the Rule of Law, loc cit.

[25] Ibid.

[26] Ibid.

[27] Yale Law School: The China Center: http://www.law.yale.edu/intellectuallife/ChinaLawCenter.htm.

[28] P. Gewirtz: The U.S.-China Rule of Law Initiative. In: Yale Law School, Faculty Scholarship Series, Paper 1705: January 1, 2003.

[29] Ibid.

[30] BBC News Asia: China approves military garrison for disputed islands. 23 July 2012, http://www.bbc.co.uk/news/world-asia-china-18949941.; and BBC News Asia: South China Sea dispute: China summons US diplomat. 5 August 2012, http://www.bbc.co.uk/news/world-asia-19135427.

[31] Ibid.

White Paper. Randall Peerenboom, author of the book *China's Long March toward Rule of Law*,[32] sings from the same hymn sheet when he states, "Institutions and practices that may work in one context may not work in China given its particular circumstances."[33] Peerenboom further claims that "building a legal system takes time. Creating a culture of legality takes even longer."[34]

This should ring a familiar bell, at least for members of the European Union, as all of them have undergone the complex task of adopting the *Acquis Communautaire*. In fact, the European experience of the past 65 years shows precisely that a "culture of legality" can grow out of a legal system, but not vice versa. It is exactly this experience of what a huge challenge it is to reform a legal system (or, as in the case of Europe, to reform and homogenize many legal systems) towards a "culture of legality" which, in our view, puts the European Union members in a perfect position to share with their Chinese counterparts their knowledge of the difficulties, as well as of alternative options and potential shortcuts.

China's Future: Outer Expansion May Be Obstructed by Growing Domestic Splits

If what the sum of the facts suggests about China's situation is plausible, China is in a phase of unprecedented domestic transition that ironically accompanies its seemingly inexorable outer expansion. One consequence for the West to learn is that the Chinese social order is presently in the midst of change and crisis, but all other global orders are too: Europe is embroiled in its multi-year crisis, and ideologically polarized America is in a crisis of political paralysis, not to mention Latin America, the Middle East, or Africa. In the end, the whole world is in the midst of a fundamental change due mainly to the end of the first phase of globalization that led to "saturated" interrelation, and due to the regional and area-specific counter-reactions against and modes of adaptation to it.[35]

China is no exception here. To realize this will be an important aspect of dealing (at least to some extent) with the current post-empire depression of the West on its journey towards a more balanced self-awareness. Although it may seem so from the outside, contemporary Europe, East Asia, and the United States are not weaker than present China, most probably to the contrary, if inner and outer factors are combined. As China's comparatively sharp slowdown in economic and social de-

[32] R. Peerenboom: China's Long March Toward Rule of Law. Cambridge University Press 2002.

[33] R. Peerenboom: China and the Rule of Law. In: Perspectives, Vol. 1, No. 6. Cf. R. Peerenboom (ed.): Asian Discourse of Rule of Law. Theories and implementation of rule of law in twelve Asian countries, France and the U.S. Routledge Curzon, New York 2004.

[34] R. Peerenboom: China's Long March Toward Rule of Law, loc cit.

[35] I. Schaedler, Leader of the Department of Innovation of the Austrian Ministry for Mobility, Innovation and Technology Vienna, in conversation with Roland Benedikter, June 28, 2012, Innovation Summit Vienna, UNO-City Austria (where both served as keynote speakers for the Ministry).

velopment in 2012 and 2013 shows,[36] it is meanwhile over-proportionately dependent on the West. If 2012 has taught the international community some general new realism, it has also demonstrated that the rising power China—not only because of its strong export orientation towards the West and its heavy reliance on cheap raw materials—is part of a far-reaching interdependency that will not leave the system of the country untouched.

It can be seen overall that China at the start of the Xi Jinping era finds itself suddenly in its "post-unity" era, in which rifts between party and people, urban areas and the countryside, heartlands and coastlines, middle class and working class, new leftists and new moderates are "naturally" evolving to debate and confrontation. Competition between party and the military–industrial complex has started on a broad front, with the military pressuring the government towards more expansive attitudes. [37] Taken together, the Chinese model of "half-communist" domestic pacification that dominated the past years through a mixture of explicit authority and nonexplicit Confucian "moral" regulation seems to be questioned in its very fundaments.

But the APEC summit of September 7–8, 2012 in Vladivostok, Russia, again presented an openly (over-)confident, optimistic, and expansion-oriented Chinese government. It once more publicly articulated its ambitions to take up the leading role in the Pacific for decades to come, contrasted of course by the similar aspirations of the other G-2 power, the United States, as well as Putin's Russia.[38] The G-2 summit between Xi Jinping and Barack Obama in June 2013 in California brought a more realistic and cooperative tone and set the standards for further coexistence.[39] Although open confrontation with the United States is unlikely, the question is if China, given its domestic problems, is in reality ready to take up a geostrategic lead role on the side of the United States, or if it will be restrained in its foreign policy ambitions by domestic problems that could absorb some of its political efforts in the coming years. China's societal rifts might hinder its outer expansion in the years ahead, as, interestingly, is the case with US foreign policy in the Barack Obama era,

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[36] P. Sweeney and L. Chiang: China approves $157-billion infrastructure spending to pump flagging economy. In: The Globe and Mail, September 07, 2012, http://m.theglobeandmail.com/report-on-business/international-business/asian-pacific-business/china-approves-157-billion-infrastructure-spending-to-pump-flagging-economy/article4526959/?service=mobile Cf. H. Zheng: China Economic Crisis: Why 44 Percent of Wealthy Chinese Want to Leave the Country. In: Policymic, 13 August 2012, http://www.policymic.com/articles/12645/china-economic-crisis-why-44-percent-of-wealthy-chinese-want-to-leave-the-country; and World Bank: In: World Bank Documents and Reports, China quarterly update, April 2012, http://documents.worldbank.org/curated/en/2012/04/16228722/china-quarterly-update-april-2012.

[37] M. Chan: Military going high-tech on a leaner budget. In: South China Morning Post, 09 February 2011, http://www.scmp.com/article/737673/military-going-hi-tech-leaner-budget.

[38] Deutsche Presse-Agentur: US, China claim leadership role in Asia-Pacific region. In: Stars and Stripes, September 9, 2012, http://www.stripes.com/news/pacific/us-china-claim-leadership-role-in-asia-pacific-region-1.188674 Cf. Asia-Pacific Economic Cooperation APEC 2012 official site: http://apec2012.ru/.

[39] Xinhuanet: Xi-Obama summit opens new chapter in China-U.S. relations, June 08, 2013, http://news.xinhuanet.com/english/china/2013-06/10/c_132444854.htm.

where America's global role is contained by growing ideological polarization and political dysfunction at home.[40]

"Democracy Straight"—Or a "Build-up Approach" Within a Context-Oriented Realism?

Regardless of official propaganda and interest-driven, often superficial public image cultivation, partly also pursued by economic interests in the West, the Chinese democratization issue is particularly relevant with regard to a cooperative future between the G-2. Inasmuch as both China and the United States feature domestic problems, in the coming years they could tend instinctively towards a more aggressive behavior on the international stage in order to prove strength, resolution, and self-assertion. The old maxim that societies in inner crisis seek outer conflict in order to instill unity into their domestic constellation could once again prove applicable here. Driven by international trends such as the dissolution of large nation states in favor of smaller units, the resulting multiplication of nonintegrated nation states, the rise of ethnonationalisms, the fracturing of traditional societal arrangements and solidarity, increase in social complexity, technological delimitation, growth in transnational competition, and Californication (i.e., the global spread of a mix of individualism, postmaterialism, and technology) the question is, what kind of progress may realistically be expected from a China influenced by these driving forces.

In answering this question, sideline issues could somehow assume a greater importance than the usual politically correct appeal for straight democracy. Impulses from such issues currently come from various directions. There can be identified at least four of them:

1. *The "resilient society" debate* that is now starting to take hold in sectors of China's intellectuals, bringing to the fore a broader concept of progress and integration than the previous sustainability and liberalization debates that widely dominated the democratization issue.[41] If the relevant debate doesn't remain limited to technology, protection, and efficiency issues, but includes social aspects of resilience, an impact on the sociopolitical sphere is possible. The question is if the—crucial—interrelation between risk minimization and social progress can be sustained by the government, or if it will be negatively influenced by censorship and the return of authoritarianism.

[40] F. Fukuyama: American political dysfunction. In: The American Interest, November/December 2011, http://www.the-american-interest.com/article.cfm?piece=1114.

[41] N. Bakshi: The resilient society. In: The London School of Economics Business Strategy Review, 2012 issue, http://bsr.london.edu/lbs-article/620/index.html. Cf. from a different angle A. R. Edwards: Thriving beyond Sustainability. Pathways to a Resilient Society. New Society Publishers 2011; and Foundation for Resilient Societies, http://www.resilientsocieties.org/.

2. *The further development of the "meta"-communist approach* brought forward over the last few years by moderates in China and abroad. [42] The path to "meta"-Communism could consist of further strengthening liberal and capitalistic trajectories in order to develop the current "semi"-Communist practice into an approach beyond both, that is, Communist and liberal. The present political reality of China is still strongly shaped by Communist ideologies (although when examined closely they are varied and in many ways openly conflicting within different inner currents), however, "meta"-Communism could be a trajectory that to some extent could naturally mirror the growing dependency of China on international financial and capital networks and its intermingling with international trade. That could loosen the influence of classical Chinese Communism and help liberalism in getting a grip on broader society issues.
3. *The new "special relationship" between the two "winner-nations" of recent times, China and its European counterpart Germany*.[43] There are many who since the generational power transfer to Xi Jinping assert that "Europe's future relationship with China will be determined by Germany's rapidly evolving bilateral relationship with China. Chinese leaders perceive Angela Merkel as "Frau Europe" and are ready to listen to her when it comes to trade, the euro crisis and human rights. The rest of Europe risks being sidelined."[44]
   Indeed: although Germany seems to be rising to Europe's undisputed lead power without which neither the euro nor Europe's unity can be preserved or managed, China seems to be ascending to become the undisputed lead power in Asia and in the Eastern Pacific. Germany needs China as a crucial market for export, as substitute for demand in the declining southern countries of the Eurozone and as a future resource pool. China needs Germany for its advanced know-how and technology, as a potential buffer against the United States, and as a gateway to Europe's avant-garde in general. The rapidly increasing interdependence between the two key players could also open up mutual influences within segments of societal development and thus become a chance for a different transition in China.
4. Last but not least, there is a politically incorrect question on the margins of today's debate, one that will probably gain in importance in the coming years: is China's potential democratization process in the years to come a *cause for hope*, or will it rather turn out to become a *nightmare* for the global strategies of the democratic West?

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[42] Cf. F. Ruda, Free University of Berlin: Remembering the Impossible. For A Meta-Critical Anamnesis of Communism. In: S. Zizek (ed.): The Idea of Communism 2: The New York Conference. London and New York, Verso 2013, http://www.versobooks.com/books/1170-the-idea-of-communism-2.

[43] H. Kundnani and J. Parello-Plesner: China and Germany: Why the Emerging Special Relationship Matters for Europe. In: European Council on Foreign Relations (ECFR) Policy Briefs, May 2012, http://ecfr.eu/page/-/ECFR55_CHINA_GERMANY_BRIEF_AW.pdf.

[44] ECFR: Germany and China strengthen "special relationship" with joint cabinet meeting. In: ECFR News for Associates, 28 August 2012.

First of all, a fast democratization would most probably trigger the need to change present Western strategies profoundly. Second, the democratization of the most populous country in the world is as much a cause for fear as it is for hope to many concerned with the interplay between demography, politics, and economy. It is a cause for hope because without doubt, the biggest positive projection of the crisis-ridden West rests on China becoming a democracy in order to avoid confrontation, because democracies usually cooperate rather than fight each other.

But on the other hand and at the same time, the biggest source of anxiety for today's West could turn out to be exactly the same motive: that China becomes a democracy. Because only then will demography (i.e., the fact that China has a population of 1.35 billion against much smaller populations of the West) unleash its full weight on world power distribution. As of today, the United States has 315 million citizens, and the European Union has 508 million, all free to be as individually creative as they wish, which gives American and European societies a huge advantage in issues of technological and economic leadership as compared to the large section of the Chinese population who are still kept restricted by the authoritarian regime. But if China becomes a democracy, the population factor will count fully for the first time in terms of innovation and competition. This will not necessarily be good news for the Western hemisphere, still at the forefront technologically and economically, whose global lead role could then be challenged for the first time by a big and productive Chinese democracy.[45]

As the new but rapidly rising field of contextual political analysis indicates, sideline issues of traditional politics will dramatically gain in importance in the coming years.[46] So could do the issues mentioned here.

Be that as it may, all of the currently important issues, although qualitatively different, seem in essence to suggest that rather than "democracy straight", a fourfold step-by-step approach towards a reformed China could be more realistic, promising, and effective:

- *Firstly* evolution of Communism towards a systemic and consequential "mixed"- or "meta"-Communism with more liberal elements.
- *Secondly* achieve the rule of law for all and against the supremacy of the ruling party.
- *Thirdly* proceed to participation of always bigger parts of the population in the framework of some sort of illiberal republic.
- *Fourthly* open up the perspective of a context- and culture-adequate Chinese democracy.

Could this be the realistic path? And if so, will democracy then sooner or later be necessary and like a natural law, as its proponents claim? Or will it rather be achieved through social dialectics (if at all), that is, through a probably much slower

[45] D. Levine: Why and how Population matters. In: R. E. Goodin and C. Tilly (eds.): The Oxford Handbook of Contextual Political Analysis, Oxford University Press 2006, p. 597 ff.

[46] C. Tilly and R. E. Goodin: It depends. An introduction. In: R. E. Goodin and C. Tilly (eds.): The Oxford Handbook of Contextual Political Analysis, loc cit., p. 3–32.

build-up approach within a context-oriented "take what is possible" strategy, which will likely be characterized not by smooth continuity, but by occasional rifts, discontinuity, disruptions, and setbacks? And, most important of all, what stance will Xi Jinping take up on these options?

Outlook: Reframing the Chinese Democracy Debate

There would be no surprise if critics would argue that such a fourfold, step-by-step approach

1. Takes too much time;
2. Is too government-friendly;
3. May turn out to be too complicated and unpredictable so that it
4. Could break apart before reaching even its most basic, primordial goals.

All these could be the case. The outcome of such a moderate and, to a given extent, sympathetic approach with China's existing conditions is by no means certain, as it never is in issues of political anticipation. But on the other hand, the handling hitherto of the democracy straight strategy by its mostly Western proponents can—and perhaps must—be criticized as well.

The demands by Western statesmen that China has to become a democracy in order to avoid the threat of a broader Pacific confrontation between democracies and nondemocracies, as well as new currency and trade wars, is in stark contradiction to the lack of trust and the unwillingness of the West to assist China towards further progress regarding more realistic intermediate goals such as the rule of law. When it comes to the democratization issue, the West seems to play an all-or-nothing game all too often, where any step-by-step approach seems to have been widely neglected. That seems to indicate that an aggressive realism has at least temporarily replaced the moderate realism announced by the Obama administration and its democratic allies with regard to the future of the Pacific framework.[47] The continuous demand for democracy combined with an allegedly prudent reluctance to intrude on China's domestic issues carry a degree of paradox and hypocrisy that is difficult to deny.

On the other hand, China's new aggressive and all too openly expansive policies (under the pressure of inner turmoil and the "New Leftists") against the United States, Japan, South Korea, and the other Pacific democracies on all levels—economically, politically, and militarily, for example, in the South China Sea or when it comes to cyberwar attitudes—is clearly hindering exchange with the "valuable foreign experience for reference towards rule of law" requested in its official statements. It is rendering the credibility of some of its claims suspect. In fact, it is

[47] Cf. for example H. Clinton: America's Pacific Century. The future of politics will be decided in Asia, not Afghanistan or Iraq, and the United States will be right at the center of the action. In: Foreign Policy, November 2011, http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century.

China's own contradictory and unsettled stand between its moderates and new radicals in the interplay between foreign issues and domestic crisis that makes its current policies rather unpredictable.

Disregarding these unfavorable conditions on both sides potentially involved in China's sociopolitical future, a lively Chinese discourse about the country's political future is already taking place, still unnoticed by many. As one of the few contemporary Western institutions, the Brookings Institution has undertaken the commendable effort to shed light on this debate and translate some influential Chinese intellectuals' work into English. Yu Keping, deputy director of the Compilation and Translation Bureau of the Central Committee of the CPC and professor of politics at Beijing University, articulated his thoughts in the article "Democracy Is a Good Thing" at the Brookings Institution. This was printed first in 2006 and has appeared since then in almost all of China's major newspapers, attracting huge domestic interest and debate. However, Yu's perception of democracy might not please everybody in the Western hemisphere: "Democracy requires enlightenment. It requires the rule of law, authority, and sometimes even coercion to maintain social order."[48]

There is a kind of (perhaps creative) dichotomy in these words that are typical for Chinese sociocultural traditions. This dichotomy sounds all too familiar to those who know China from the inside. There is without doubt an aspect in Confucianism that carries a greater potential for stabilization than for change, and for authority than for participation. As Vivian-Lee Nyitray and Christian Jochim have pointed out, the interconnection between Confucian social values and social order in present China still widely departs from the goal of reaching a balance between heaven and earth which leads ideally to a "simply being here" characteristic for the nonmessianic mindset of classical Confucianism.[49] The harmony between heaven and earth presupposes harmony among people, if necessary even through "coercion." This mindset, deeply rooted in Chinese culture and history, not only earns it worldwide admiration but also acts within the Chinese population as an agent of nonchange orientation that still often turns out to be an obstacle for social innovation and, of course, for democratization.

Nevertheless, Yu Keping's words have also led (and may continue to lead) to progress: an intense, unprecedented debate is flourishing among Chinese intellectuals about whether there can be something like a Chinese and Asian enlightenment *sui generis* that may form the basis for a specific form of Chinese republic or even democracy.[50] Without any doubt, this ongoing debate is not only domestically but

[48] Y. Keping: Democracy is a Good Thing. Essays on Politics, Society and Culture in Contemporary China. In: The Brookings Institution Press 2009, http://www.brookings.edu/research/books/2009/democracyisagoodthing.

[49] V.-L. Nyitray: Traditional Chinese Religious Society. In: M. Juergensmeyer (ed.): The Oxford Handbook of Global Religions. Oxford University Press 2006, p. 115 ff.; and C. Jochim: Popular Religion in Mainland China, ibid., p. 125 ff.

[50] W. Zhang: What is Enlightenment: Can China Answer Kant's Question? New York: State University of New York Press 2010. Cf. R. Benedikter: The Enlightenment. In: M. Juergensmeyer and

also globally important, and for many—including the authors of this book—outstandingly inspiring.

On the other hand, it could be more realistic and useful in the short term to replace the usual dialectical approach of democracy versus authoritarian system with the framework proposed by the authors of *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History*,[51] North, Wallis, and Weingast. They differentiate between "natural states" and "open access orders."Whereas natural states are ruled by elites who control access to political power and economic resources, open access order societies establish enduring organizations independently of the state. These organizations operate under the rule of law, which means that all persons, institutions, and entities including the guaranteeing state institutions themselves are accountable to laws that are equally and independently enforced.

From such a viewpoint, contemporary China is, at least in its governmental culture and behaviors, obviously still an expression of a "natural state" approach. But this may change step by step, and in not too long a timeframe. As its growing inner crises symptoms show, China is a "natural state" in transition. In fact, there are signs of substantial questioning of the current Chinese legal system; things are increasingly in flux.

In such a situation, it might be wise to consider what John F. Kennedy wrote in an article in *Foreign Affairs* in 1957 with regard to China: "We must be very careful not to strait-jacket our policy as a result of ignorance, and fail to detect a change in the objective situation when it comes."[52] Such a situation may indeed once again not be too far away, or even already at hand, at least in the (underground) potentials at work in present transition China.

H. K. Anheier (eds.): The SAGE Encyclopaedia of Global Studies. 4 Volumes, SAGE Publishers London and Thousand Oaks 2012, Volume 1, pp. 484–488.

[51] D. North, J. J. Wallis and B. Weingast: Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History. Cambridge University Press 2009.

[52] H. Kissinger, loc cit.

Chapter 4
The Ethnonationalism Problem: Is There a Feasible Solution in Sight? The Cases of the Uyghurs and Tibet

Roland Benedikter

If, as Singapore National University's Walker Connor has pointed out following German political sociologist Max Weber, a nation is not merely an economic or political construct, but rather a matter of group psychology, "a vivid sense of sameness or oneness of kind, which, from the perspective of the group, sets it off from all other groups in a most vital way, (and) this sense or consciousness of kind is derived from a *myth* of common descent (where) members of a nation *feel* or intuitively sense that they are related to one another,"[1] then most of the 56 ethnic minorities living on Chinese soil are not part of the Chinese nation, let alone populations "integrated" by force like the Tibetans. Although Connor is right in pointing out that "by their very numbers, the Han Chinese furnish proof of being history's most successful assimilators,"[2] not least by using Confucianism as a tool of assimilation, this mastery seems to come to an end the more the modernization of China is proceeding.

Modernization is by its very nature a diversifying force, and one of its great paradoxes is that by diversifying populations through facilitating their specific capacities, talents, differences, and individualities, it often also sets free differing group identities sometimes long hidden under the veil of national coherence and unity. This is particularly the case in historical transition periods when state-building efforts are at the center of policies. As Huang Wei has pointed out, there is an intricate relation between state-building and the rise of separatist ethnonationalism.

> (There are) dynamics between state-building and ethno-nationalism in China. State-building, which intends to assure and expand its power, provides opportunity for ethno-nationalism to grow, and even more, for ethnic political movements to occur. The shift in the state policy affects the cognitive framework of the minority people, provides sustainable resource to the movement, and offers space for social movement organizations to surface. (In this sense), state-building produces some unintended results.[3]

[1] W. Connor: Eco- or ethnonationalism? In: Ethnic and Racial Studies, Volume 7, Number 3, July 1984, Taylor and Francis.

[2] W. Connor: Ethnonationalism: The Quest for Understanding. Princeton University Press 1994, pp. 54–55.

[3] Huang Wei: Nationalism and state integration strategy. A case study of Uygur people in Xinjiang, China. National University of Singapore 2005, http://scholarbank.nus.sg/handle/10635/17113.

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The Uyghurs in Western China

The end of traditional assimilation mastery of the prevailing Han majority started years before Xi Jinping took power. In addition to the traditional focus of unrest in Tibet, centered around a religious core and a national sense never to be assimilated by Confucianism, and in essence unaltered since the invasion of the country by Chinese troops in 1950–1951, it has had one of its pre-eminent centers of gravity in the areas populated by the Muslim Uyghur minority in the Xinjiang Autonomous Region in Western China, the biggest single administrative area of China, since the 1990s, when China's politics of modernization and opening up started by Deng Xiaoping reached a certain level of saturation.[4] So frequent have been the incidents stemming from ethnonationalism there that major violence and unrest every couple of years have almost become the normal. It was reported in March 2012 that

> officials in the restive far Western region of Xinjiang said 'terrorists' were behind a day of violence in the Silk Road oasis town of Yecheng, not far from the border with Pakistan. At least 20 people are reported dead, though it's unclear how many were bystanders, police officers or purported attackers. Xinjiang is home to the Uyghur, a Muslim Turkic people who have long chafed under China's domineering rule.[5]

One of the most memorable outbreaks of frustration and anger took place in Summer 2009:

> So grave was the crisis in Western China that president Hu Jintao canceled a meeting with president Obama, broke off from the G8 summit and flew home. By official count, 158 are dead, 1,080 injured and a thousand arrested in ethnic violence between Han Chinese and the Muslim, Turkic-speaking Uyghurs of Xinjiang. That is the huge oil-rich province that borders Pakistan, Afghanistan and several Central Asian countries that seceded from the Soviet Union. Uyghur sources put the death toll much higher. The Communist Party chief in Xinjiang has promised to execute those responsible for the killings. In 1989, fear that what was happening in Eastern Europe might happen in Beijing produced Tiananmen Square. The flooding of Chinese troops into Xinjiang bespeaks a fear that what happened to the Soviet Union could happen to China. Unlike Mikhail Gorbachev, the Chinese, as they showed in Tibet, will wage civil war to crush secession. Already, Beijing has struggled to ensure perpetual possession of Inner Mongolia, Xinjiang and Tibet—half of the national territory—by moving in millions of Han Chinese, swamping the indigenous peoples, as they did in Manchuria.[6]

That was in Summer 2009. Since then, civil confrontation has become rather the norm than the exception in Xinjiang. The latest in a long row were the "uprisings"—as the local population called them—in April 2013 with at least 30 people dead after police searched houses for "terrorists," allegedly killing an innocent, and on June 28, 2013, with police stations attacked, police cars set on fire, and governmental buildings under siege. As usual, authorities condemned the unrest as "terrorist attacks" and ordered police to open fire on the "destabilizing elements," causing

[4] Huang Wei, loc cit.

[5] Time: Knives in The Dark, August 22, 2011.

[6] P. J. Buchanan: The Power of Ethnonationalism. In: The American Conservative, July 10, 2009, http://www.theamericanconservative.com/the-power-of-ethnonationalism/.

the death of at least 40 people in civil-war-like street fights. But these new violent clashes were not only about corruption, disadvantages for the minorities with regard to participation and decision processes, a lack of national identification, or different cultural traditions, nonaligned historic "founding" myths and memories and, importantly, religious practices. As Patrick J. Buchanan comments,

> The larger issue here is the enduring power of ethnonationalism—the drive of ethnic minorities, embryonic nations, to break free and create their own countries, where their faith, culture and language are predominant. The Uyghurs are such a people.
>
> Ethnonationalism… split the Asian subcontinent up into Pakistan, India and Bangladesh. Iran, Iraq and Pakistan are all threatened. (…)
>
> The contrast between insouciant America and serious China today is instructive (here). China is protectionist; America free trade. China is nationalist; America globalist. China's economy is export-driven; America's base is consumption. China saves; America spends. China uses its foreign exchange to lock up overseas resources; America uses foreign aid for humanitarian assistance to failed states. Behaving like ruthlessly purposeful 19th-century Americans, China grows as America shrinks. Where Beijing floods its borderlands with Han to reduce indigenous populations to minorities, and stifles religious, ethnic and linguistic diversity, America, declaring, 'Diversity is our strength!' invites the whole world to come to America and swamp her own native-born. Observing the lightning breakup of the Soviet Union, the Chinese take ethnonationalism with deadly seriousness. American's elite regard it an irrelevancy, an obsession only of the politically retarded.[7]

A Problematic Approach: Jerry Z. Muller's Ethnic Division Policy. Underscoring US Helplessness when It Comes to Ethnonationalism

Indeed, the perception of the meanings and sociopolitical potentials of ethnic struggles such as those of the Uyghurs are very different on the two shores of the Pacific. Empathy for Chinese concerns on the explosive potential of ethnonationalism and for the causes and reasons for minorities to fight against the national government on the other hand are not always self-evident in the American political hemisphere. It may be a side note of history, but ethnonationalism has been without doubt one of the few blind spots of American domestic and foreign policy,and it still remains a far under-developed field of expertise among its elites.

The reason is that the whole American mindset, as well as its founding mythology, is about overcoming ethnic provenience and affiliation in order to build a nation made of basically all ethnic groups that exist in the world. America is a first-time in history experiment of overcoming ethnic and cultural heritage, and an experiment of a "united humanity" society. That has made the American leadership somewhat hesitant to help ethnic groups develop autonomies within existing nation states, and it has contributed, together with the primacy of the growingly important economic ties between America and China, to the negligence of Western leaders not only with

[7] P. J. Buchanan, loc cit.

regard to the Uyghurs, but also to Tibet, which for a decade, and parallel to China's rise, has become a topic widely forgotten by Western foreign policy.

One example for US helplessness when dealing with ethnonationalism was Jerry Z. Muller' emblematic essay "Us and Them" of 2008,[8] hailed by some US critics and experts as the "new article x" for the multipolar era. According to Muller, the best solution for ethnic conflicts particularly in areas where different ethnic groups live mixed in tight space is to make a clean cut in order to divide the groups, if necessary by ethnic cleansing. The goal, according to Muller, to some extent still echoing the idea of "self-determination" of Woodrow Wilson of the post-WW1 era, should be to create a "clean" nation state for each and every group for itself by moving large numbers of the population if necessary through forcing them to leave their homes, thus splitting existing ethnic "aggregates" in the hope of ending conflict once and for all by dividing the groups. Muller clearly prefers an end in terror to a terror without end. Ethnic cleansing, in his view, may prove to be the smaller evil. Or in his own words:

> Partition may thus be the most humane lasting solution to such intense communal conflicts. It inevitably creates new flows of refugees, but at least it deals with the problem at issue. The challenge for the international community in such cases is to separate communities in the most humane manner possible: by aiding in transport, assuring citizenship rights in the new homeland, and providing financial aid for resettlement and economic absorption. The bill for all of this will be huge, but it will rarely be greater than the material costs of interjecting and maintaining a foreign military presence large enough to pacify the rival ethnic combatants or the moral cost of doing nothing.[9]

Not by chance, the "partition" of Kosovo from Serbia in February 2008 and its transformation in a new national state was from such a viewpoint an example of how to do this, irrespective of the fact that Kosovo with its 1.8 million inhabitants was destined to become a "failed state" from the very start, not being able to sustain itself economically, and thus relying completely on monetary aid of the European Union. It is not a case that since 2013 Kosovo is being discussed to be integrated in a "greater Albania," the old nationalist dream of the "Panalbanians" who until today stubbornly ignore the failure of Albanian nationalism on every front and in every historical occasion. More importantly, the problem of Kosovo hasn't been solved at all by creating a new nation state for the former minority through partition; the problem has only been transferred insofar as the Serbs and the Roma who lived in Kosovo for centuries have become the new ethnic minorities disadvantaged in a Kosovo now dominated by an Albanian majority. In contrast to Muller's assumption, Kosovo has proven the failure of ethnic cleansing and nation-splitting strategies, not its success. Partition has led to the multiplication of states during the past century, without necessarily improving the overall conflict situation, and although when it comes to ethnonationalism every single case is different and learning from one case can't be simply transferred to another, it is hardly imaginable that the ideas

[8] J. Z. Muller: Us and Them. The Enduring Power of Ethnic Nationalism. In: Foreign Affairs, March/April 2008, http://www.foreignaffairs.com/articles/63217/jerry-z-muller/us-and-them.

[9] J. Z. Muller, loc cit.

of Muller and those of his kind could lead to any progress in today's China. For the case of the Uyghurs, Muller's approach would mean partition from China also at the price of paying a huge bill, including ethnic cleansing or even the emigration of large parts of the Uyghurs into adjacent Muslim nations, a solution certainly not applicable, with the only alternative of leaving everything as it is, inasmuch as Muller's radical "once and for all" approach foresees no intermediate perspective. Muller's motto is all or nothing, and he is able to think only in the parameters of nation states, be them large (China) or small (Xinjiang), not in any more complex differentiation and integration mechanisms.

Given that many in the United States share this—in reality simplistic and reductionist—approach to ethnonationalist settings out of poor information and sometimes also disinterest for the seemingly overcomplicated details on the ground, it is no wonder that "rising gurus" of US political anticipation such as Ian Bremmer or Fareed Zakaria widely leave out the enthnonationalism issue not only with regard to China, but in their overall anticipatory analyses, and in any case underestimate its importance for China's future.

In contrast to these experts, Western academics and researchers have found interest in observing the ethnic realities on the ground, particularly when it comes to the question of whether the new leadership around Xi Jinping might change the existing hardline policy against Muslim minorities. As Robert Lutener observes,

> Since the late 1990's, academic researchers and news organizations have developed an ongoing fascination with the Uyghur population of the Xinjiang region in Western China. One of China's many ethnic minorities, the Uyghur people, is one of the least understood and misinterpreted ethnic minority populations within Mainland China. Since the late 1990's, the Chinese state media and officials have issued contradictory and extreme statements regarding the situation in Xinjiang and the status of the Uyghur people. Ranging from sensationalist accounts of external actors attempting to foment an extreme Islamist insurgency through channels both public and private, to reassurances that unity and harmony are the order of the day in Xinjiang, the leadership and official state organs have modified their interpretive stance on the directions and motives of elements of Uyghur society as is convenient to their interests at the time. Some observers argue that Xinjiang is an isolated enclave of a latent pan-Islamist fundamentalist terrorism in Central Asia. Others argue that the Uyghur population is fragmented along socio-economic and cultural lines, and that no monolithic community exists that is banding together in a distinct ethno-national religious movement. Still others argue that Islam is utilized by the Uyghurs as a form of self imposed ethno-religious segregation, and that the revival of Islamic practices by no means indicates the creation of a violent Islamist insurgency, but is a symbolic form of resistance against the oppression of Muslim peoples at national and international levels. Others argue that the limited violence in the Xinjiang region is the result of interplay between ethno-cultural exclusion of local elites from leadership positions as well as a lack of a shared national identity between a minority population and that of the core nation. (We) argue that the Chinese government is aware that there is no true Islamist threat to national security and its rule of the Xinjiang region, and has exaggerated that threat. (We) also argue that the exclusion of local elites and repression of religious practice is the true culprit leading to a fringe nationalist, not Islamist, movement, and that acts of violence in Xinjiang are more political than Islamist.[10]

[10] R. Lutener: The Islamist Boogeyman in Beijing's Closet: Uyghur Ethno-Nationalism, Separatism, and Discrimination. In: Simon Fraser University Working papers, November 20, 2009, http://www.sfu.ca/~rjl4/uyghurPaper.pdf.

Disregarding this analysis, the alleged "terror attack" by Uighur activists on Tiananmen Square on 28 October 2013 and the explosions of a series of bombs in front of the offices of the Communist Party in Shanxi province one week later on 5 November seemed to confirm the "ethnic game" usually played by the Chinese government. While Uyghur representants rejected claims of religious motives and blamed open repression as causes for the incidents, the Chinese government immediately identified "Muslim terrorists" and "separatists" as those responsible, thus once again reducing the ethnic issue to religious extremism. Not by chance the World Uyghur Congress president Rebiya Kadeer said in a statement: "The Chinese government will not hesitate to concoct a version of the incident in Beijing, so as to further impose repressive measures on the Uyghur people. Today, I fear for the future of East Turkestan and the Uyghur people more than I ever have."[11]

The Situation in Tibet: Record After Record of Self-Immolations in Antigovernment Protest

Although Lutener is right in his analysis, the deteriorating situation in Xinjiang of 2013 proved that China's new leadership as yet seems to be not so "new" when it comes to dealing with the ethnic, cultural, and religious minorities on its soil. It rather indicated that one of China's most important domestic problems for the future will remain ethnonationalism, even in times of liberalization and Xi Jinping's "rejuvenation" strategy. But it also showed that the so far enacted strategies of the government have failed on a massive scale and in almost every aspect of the problem. Because ethnonationalism is based on value systems, beliefs, mythology, and group psychology and thus reaches out beyond political, economic, or ideological issues, it can hardly be tamed by force, punishment, or through indoctrination in schools and high schools. On the contrary, such measures usually enforce it, because they create a collective memory of conflict and a history of resistance that reinforces the feeling of ethnic oneness and difference, and thus advance ethnic separatist mythology.

The best example for this at the core of Xi Jinping's "new China" is Tibet. There have been some discreet signs of local compromising in Xinjiang, however, the authorities seem to pursue the hardline strategy with Tibet also under the new government. Despite all reforms and deep-reaching change in mainland China, the future of the annexed region paradoxically still remains widely unaltered, and there seems

[11] W. Wan: Chinese police say Tiananmen Square crash was ‚premeditated, violent terrorist attack'. In: The Washington Post, October 30, 2013, http://www.washingtonpost.com/world/asia_pacific/chinese-police-say-tiananmen-square-crash-was-premeditated-violent-terrorist-attack/2013/10/30/459e3e7e-4152-11e3-8b74-d89d714ca4dd_story.html. Cf. Voice of America News: China Blames Muslim Separatists for Tiananmen Attack, November 01, 2013, http://www.voanews.com/content/china-blames-muslim-separatist-group-for-tiananmen-attack/1781249.html.

to be no serious discussion within the official decision-making bodies of how to improve the situation in the Himalayas in sustainable ways.

On the contrary: since the prephase of power transition started, the situation has worsened, with the administrative, police, and military apparatus mercilessly cracking down on dissidents and terrorizing the local non-Chinese population in what seems to many independent observers to be meanwhile no less than anti-asymmetric warfare tactics imposed by the state against an ethnic minority on its own soil. But the apparent disinterest of the new leadership around Xi Jinping to address the Tibet problem, resulting in its downgrading to a second- or third-rank problem and in any case of no priority, could become one of the heaviest burdens on China's future development.

On February 12, 2013, the hundredth self-immolation since the start of the latest protest wave in February 2009 against the Chinese occupation took place. It allegedly happened against the will of the Tibetan exile government and the religious leader Dalai Lama who, according to their own statements, repeatedly tried to persuade the population not to engage in such extreme measures because they were not appropriate from a human perspective.[12] But during the phase of the power transfer 2012–2013, reports on detentions of Tibetans involved in self-immolation protests came on a weekly, often daily basis. Between November 4 and December 3, 2012 (i.e., during the eighteenth CPC party national congress that crowned Xi Jinping), 30 self-immolations took place in protest; all of them except one of a woman in Beijing took place on Tibetan soil. International aid organizations estimate that at least as many as 20,000 ethnic Tibetans are held as political prisoners in Chinese custody without specific accusations, thus transforming Tibet into a "giant prison camp."[13]

Additionally, the Chinese authorities in Tibet intensified measures to prevent information reaching the outside world about the self-immolations. Apparently, the power transfer phase had increased the authorities' fear of instability. Anti-monk censorship and crackdowns resulting in the deaths of innocent bystanders have repeatedly shocked the global public since 2011.[14] It is estimated that to date 1.2 million Tibetans have died as a result of the Chinese occupation,[15] and more than 90 % of all temples, sacral, and ancient heritage sites (including at least 6,000 monasteries) have been destroyed or desecrated since the invasion of the country

[12] E. Wong and J. Yardley: 100th Self-Immolation Reported Inside Tibet. In: The New York Times, 13.02.2013, http://www.nytimes.com/2013/02/14/world/asia/100th-self-immolation-inside-tibet-is-reported.html?_r=0. Cf. International Campaign for Tibet: Self-Immolations in Tibet, 13.02.2013, http://www.savetibet.org/resource-center/maps-data-fact-sheets/self-immolation-fact-sheet.

[13] Cf. The Hindustan Times: China has turned Tibet into ‚prison camp': top exile says, September 25, 2012.

[14] P. Muncaster: Tibetan monks lose their TVs as China's censors raid monasteries. In: The Register, 31 December 2012, http://www.theregister.co.uk/2012/12/31/tibetan_monasteries_raided/. Cf. BBC: Chinese police ‚raid Tibetan monastery', 23 April 2011, http://www.bbc.co.uk/news/world-asia-pacific-13174810.

[15] Free Tibet Global: The Situation in Tibet, July 2013. In: http://www.srcf.ucam.org/freetibet/situation.html.

in 1950–1951.[16] Tibet's capital Lhasa has been assimilated to the point that Han Chinese immigrants outnumber native Tibetans by three to one.[17] As Xu Zhijong, a lawyer and human rights advocate and a founder of Gongmeng, the Chinese Open Constitution Initiative brought forward by civil society activists, reported in December 2012, Buddhist monks couldn't go to their holy city Lhasa without a special permit, that many roads in the countryside were open for just one hour per day to avoid the massing of protesters, and that it has become common, particularly in the rural areas, for people to disappear without a trace.[18] Xu concludes that "I am sorry we Han Chinese have been silent as Tibetans are dying for freedom. We are victims ourselves, living in estrangement, infighting, hatred and destruction. But we share this land. It's our shared home, our shared responsibility, our shared dream—and it will be our shared deliverance."[19]

An Unsustainable Situation

Disregarding this crucial insight, no signs of reconciliation were reported after the power transfer to Xi Jinping. As of July 22, 2013, deaths of Tibetans in self-immolation reached at least 121, with no end in sight.[20] The situation of the environment is deteriorating fast due to China's unrestricted and widely unsustainable use of the region as a resource for its growth,[21] as well as a center for nuclear weaponry and waste. According to estimates, 80 % of the forests in eastern Tibet have been logged, and parts of Tibet's fragile ecosystem have been seriously threatened through deforestation, mining, and population loss.[22] As the Dalai Lama personally reported as early as in the second half of the 1990s,

> Tibetans are now a minority in their own country—there are now about 7.5 million Chinese to about 6.5 million Tibetans, and inducements of higher pay and other privileges continue to bring a stream of Chinese settlers into the country. The aim of this is to forcibly resolve China's territorial claims over Tibet by means of a massive and irreversible population shift… Tibet, once a peaceful buffer state between China and India, has been transformed into a militarized zone. There are at least 300,000 Chinese troops stationed there at any time, as are at least one quarter of Chinas's nuclear arsenal of 350 nuclear missiles at 5 different missile bases… China furthermore severely restricts the teaching and study of Buddhism, an essential core of Tibetan culture.[23]

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[16] Campaign for Tibet: History since the Chinese invasion. In: Campaign for Tibet, http://www.savetibet.org/resource-center/all-about-tibet/history-since-chinese-invasion.

[17] Ibid.

[18] Xu Zhijong: Tibet is burning. In: The New York Times, December 13, 2012, p. A35.

[19] Ibid.

[20] International Campaign for Tibet: Self-immolations by Tibetans, July 22, 2013, http://www.savetibet.org/resources/fact-sheets/self-immolations-by-tibetans/.

[21] Free Tibet Global: The Situation in Tibet, loc cit.

[22] Free Tibet Global: The Situation in Tibet, loc cit.

[23] Dalai Lama: The Situation of Tibet (1996). In: http://hhdl.dharmakara.net/hhdl-tibet.html.

Tibet: An Open Wound in China's Flank

Seen overall, Tibet remains an open wound in China's mainland body. It constitutes an increasing burden on China's domestic development. Although the West has decided to remain silent for fear of Chinese reprisals and because of increasing dependence on Chinese foreign trade surplus, the situation in Tibet has the potential to infect other areas and the region could become a steady source of unrest and instability for China as a whole. In a region ridden by injustice, contradictions, and ethnic rifts, the future coexistence between Tibetans and immigrant Chinese appears more uncertain than ever. To the more than 55 other non-Han minorities in China, amounting to 124 million people making up 9% of the total population,[24] Tibet's series of self-immolations is once again becoming the symbol of repression and inequality, triggering unrest in ethnic minority areas throughout the country, not only in the Uyghur areas.

Obviously, the problem's importance to China and Asia is widely known to all domestic and international protagonists without exception. Unavoidably, different interests are trying to profit from the problem for their own purposes, and try to move the question in one direction or the other. There are voices that suggest that players in the international community are ignoring the Tibet problem purposely, because they hope that it may be to China's disadvantage and halt its rise, thus its protraction would be in the interest of "the rest against China". In addition, the public debate about potential ways forward has been overshadowed in recent years by other global events such as the international financial and economic crisis, the Western debt crisis, the Fukushima nuclear disaster, or the Arab Spring (turned in the meantime into a new Arab Fall).

Yet since the Dalai Lama's decision to withdraw from political leadership in March 2011, unrest has been steadily growing to the point of producing ongoing guerilla-style upheavals in parts of the region. And although the Chinese government, in a partial pacification and compromise move, allowed the veneration of the Dalai Lama as a religious, not as a political leader "as an experiment" again since June 2013,[25] regional police fired indiscriminately and without apparent reason on those who celebrated the Dalai Lama's birthday on July 6, 2013.[26] Out of the two possible explanations that the deliberation was poorly coordinated and not known to the local authorities in Tibet, or that it was a purposeful signal of restriction and

[24] K. Dede: Ethnic Minorities in China. In: Asia Society, October 2010, http://asiasociety.org/countries/traditions/ethnic-minorities-china. Cf. China.org: Ethnic minorities of China, http://www.china.org.cn/e-groups/shaoshu/.

[25] D. K. Tatlow: Dalai Lama: No more "Wolf in Monk's Robes"? In: International Herald Tribune, June 27, 2013, http://rendezvous.blogs.nytimes.com/2013/06/27/dalai-lama-no-more-wolf-in-monks-robes/.

[26] Reuters in Beijing: Tibetan monks celebrating Dalai Lama birthday shot by police, says rights group. In: The Guardian, 9 July 2013, http://www.guardian.co.uk/world/2013/jul/09/chinese-police-shot-tibetan-monks.

continued surveillance and intimidation, none is encouraging to see a light at the end of the tunnel.

On the contrary, the situation in Tibet has been considered unanimously as "serious" by NGOs, foreign visitors, and human rights movements since 2011. This is the case from the view of the Tibetan exile government:

> The situation inside Tibet today is very serious, Professor Samdhong Rinpoche said when asked to comment on the present situation. 2008 peaceful uprising was forcefully repressed. This repressive measure continues. Tibetans and other minorities are in constant fear. Detention and disappearance are order of the day. Tibetan poets and writers are under attack.[27]

But serious concern is also being expressed by international non-governmental organizations who

> In their statement at the UN Human Rights Council on 13 and 14 March 2012 expressed concern about the current situation. Speaking at the 19th session of the UN Human Rights Council under agenda item 4's general debate on 'Human Rights Situation that requires council's attention'. Tibet is virtually locked down and undeclared martial law is in place. Mr. Jonathan Watts, *Guardian* newspaper's reporter based in Beijing described the situation in Ngaba area as 'conflict zone'. The Chinese security forces opened fire on unarmed Tibetan protestors on three occasions in three different counties in late January 2012. Five Tibetans were killed and over 30 were severely injured. Those injured from gunshots have been in hiding without medical treatment for fear of being arrested by the Chinese authorities… (The NGOs) called upon the UN Council to urge China to respect basic rights of the Tibetan people and allow unfettered access to restive Tibetan areas.[28]

Accordingly, in the United States

> The governor of the state of Washington, Jay Inslee, expressed his deep concern for the situation in Tibet and hoped that the legitimate concern of the Tibetan people is addressed. Governor Inslee was a member of the US House of Representatives representing the 1st Congressional District. He had spoken in favor of House resolution 1077 calling on the Chinese government to end its crackdown in Tibet and to enter into a substantive dialogue with His Holiness the Dali Lama to resolve the problem of Tibet.[29]

And although the Dalai Lama has presented his five-point plan for pacification since 1987, proposing

1. Transformation of the whole of Tibet into a zone of peace;
2. Abandonment of China's population transfer policy which threatens the very existence of the Tibetans as a people;
3. Respect for the Tibetan people's fundamental human rights and democratic freedoms;

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[27] Y. C. Dhardhowa: The Situation Inside Tibet Today is Very Serious: Tibetan PM. In: The Tibet Post International, 19 February 2011.

[28] Tibet.net: International NGOs tell UN the current situation in Tibet is serious, March 15, 2013. In: http://tibet.net/2012/03/15/int'l-ngos-tell-un-the-current-situation-in-tibet-is-serious.html.

[29] Tibet.net: Governor of Washington Expresses Concern on Situation in Tibet, June 4, 2013. In: http://tibet.net/2013/06/04/governor-of-washington-expresses-concern.html.

4. Restoration and protection of Tibet's natural environment and the abandonment of China's use of Tibet for the production of nuclear weapons and dumping of nuclear waste;
5. Commencement of earnest negotiations on the future status of Tibet and of relations between the Tibetan and Chinese peoples,[30]

little or nothing has been achieved through this proposal, not least due to China's stubborn nonnegotiation policy. China instead has—rightly—pointed out the contradiction in point 3 of advocating "democratic freedoms" by the Dalai Lama who was certainly not elected democratically, nor as an institution has ever been dedicated to democracy being the clear expression of theocracy. When the civil society initiative "The Open Constitution Initiative" (OCI; Chinese: 公盟; pinyin: gōngméng), sometimes referred to in English as *Gongmeng*, an organization consisting of lawyers and academics that advocates the rule of law and greater constitutional protections, published a report on Tibet in spring 2009, "critizising the Chinese government's policy towards Tibet, alleging that propaganda is being used to mask failings in its Tibet policy, such as ethnic inequality and creating 'an aristocracy of corrupt and abusive government officials'".[31] The report circulated broadly through discussion websites, but the government refused to ever comment on it. One month later, the organization was first fined, then declared illegal and shut down by the authorities.

Conspiracy Theories

Until today, China is said to believe rather in conspiracy theories than in ethnic or religious discomfort when it comes to the reasons of enduring Tibetan unrest. Most cases "are 'attempts toward separatism steered by interest outside China', said the highest-ranking police officer of Tibet, Hao Peng, according to the official news agency Xinhua: 'They want to separate Tibet from China, and they are guided by foreign agents. These agents have ordered and planned the self-immolations.' Xinhua quoted premier Wen Jiabao, who asserted in March 2012 at a press conference in Beijing that the self-immolations had been,induced by outer forces, in order to undermine China's social harmony, and to interfere with it."[32]

But who are these "outer forces"? There seem not to be too many available options at hand. Is it the West, Japan, Russia, or India? Who has the capacities, who has the interest? Every one mentioned, of course, because China's rise in turn shrinks them. Although this assumption could lead to a new kind of political xenophobia in China's Politburo Standing Committee, it would be without doubt an unhealthy attitude for a world champion in exports. But although there are multiple options

[30] Dalai Lama: The Situation of Tibet (1996), loc cit.

[31] The Daily Telegraph: Chinese report on Tibet reveals the roots of unrest, May 22, 2009.

[32] J. Erling: China blames foreign countries for self-immolations in Tibet. In: Die Welt Berlin, May 28, 2012. Translation from German: Roland Benedikter.

to make the culprit, China's government doesn't forget that only the West insists, although hesitantly in the meantime and without much conviction, on human rights; and only India and the West seem to be "friends" with the Dalai Lama and Tibet's exile government.

If conspiracies seem to be an (imagined) reality for the old and the new government alike, the respective counter-measures from time to time can get close to bizarre. During the eighteenth CPC party congress from 8–14 November 2012 which installed the new government, not only phone and Internet connections with Tibet were interrupted by the authorities, but firefighter teams were positioned strategically all over Tiananmen Square and its surroundings to prevent potential self-immolation of Tibetans.[33] Instead of facing the problems behind the immolations, the authorities continue to rely on propaganda. Lhasa's Tibetan Communist party chief went so far to assert that the Tibetans "are living so happy lifes today like never before, making Lhasa for four years in a row of all official rankings the number 1 of the happiest cities in China."[34]

A Proven European Model of Ethnic Pacification

Taking these multifold phenomena together, one teaching is clear: amid increasing instability, time is starting to press for a viable solution able to provide at least a temporary arrangement. Is there a practical model for how China may arrange Tibet's further political and institutional existence? And could such an arrangement be not only in the interest of China, but also be well accepted by the Dalai Lama and the Tibetan exile government, as well as by the international community? How could such a win–win arrangement potentially look?

There are of course prerequisites that have to be considered. Any win–win arrangement would have to balance political, cultural, and ethnic dimensions while taking into account the extraordinary power of contextual political factors in multiethnic and minority areas such as traditions, customs, worldviews, religion, historic identity, mythology, and social psychology. It must consider factors outside institutional and party politics alone, and at the same time respect the interests of local and ethnic politics and of a Chinese nation in need of stability and unity. That indicates the need to reconcile classical party and institutional politics with the globally emerging field of contextual politics, that is, the potentially most important need of contemporary politics today on a global scale.[35]

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[33] J. Erling: China and Tibet: Firefighters shall prevent self-immolations. In: Die Welt Berlin, November 9, 2012. Translation from German: Roland Benedikter.

[34] J. Erling: China and Tibet: Firefighters shall prevent self-immolations, loc cit. Cf. Xu Tianran: Lhasa party chief calls for more vigilance. In: Global Times, January 31, 2012, http://www.globaltimes.cn/NEWS/tabid/99/ID/693890/Lhasa-Party-chief-calls-for-more-vigilance.aspx.

[35] R. E. Goodin and C. Tilly (eds.): The Oxford Handbook of Contextual Political Analysis, loc cit.

Perhaps the most viable interdisciplinary model of pacification and justice for all sides involved, at least as a transitory solution, could be one that strictly adheres to *realpolitik*: nonideological, practice- and problem-oriented policy applied to concrete circumstances on the ground. This solution might follow the example of the trilingual Autonomous Province of Bolzano-South Tyrol in Northern Italy, a region where three different ethnic groups coexist in harmony and that is overseen and protected by the European Union.[36] A similar solution, inspired by the South Tyrol example, could be implemented immediately in Tibet. It would establish regional autonomy for Tibet within the national borders of China, self-administration (with elements of self-determination) without separation.

The implementation of this model would build on solid ground. As early as in the second half of the 1990s, the Dalai Lama personally instituted a permanent study group at the European Academy of Applied Sciences (EURAC) in the provincial capital Bolzano/Bozen/Bulzan, a research unit and think tank there dedicated to foster knowledge about the South Tyrol model and to work with representatives of ethnic conflict areas worldwide to seek consensual and feasible solutions. The study group of the Dalai Lama there consisted of some of his closest collaborators who studied this model and searched for ways to apply its compromise between independence and assimilation to Tibet, with the Dalai Lama visiting the area on a regular basis.[37] Efforts to adapt this model to contemporary Tibet led to several practical proposals to China. But so far all have been rejected by Chinese authorities who—falsely—assert that the central part of Tibet is already an "autonomous province."[38] The model has never been adapted in detail to the Uyghur regions.

The Territorial Autonomy of South Tyrol: A Model for China's Ethnic Pacification?

The regional autonomy model of South Tyrol, established (in the framework of a "second autonomy statute") in 1972 and now proven successful for more than 40 years, is a model of "inter-ethnic tolerance established by law."[39] To many, it is thus far the best example for the positive handling of ethnic divisions found in Europe.

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[36] Cf. A. Alcock: The South Tyrol Autonomy. A short introduction. Londonderry and Bozen-Bolzano-Bulzan, May 2011, http://www.provinz.bz.it/en/downloads/South-Tyrol-Autonomy.pdf; and Civic Network of South Tyrol: English Information about South Tyrol (2013), http://www.provinz.bz.it/en/.

[37] Cf. for example Südtirol online: Dalai Lama an der Europäischen Akademie (EURAC), November 10, 2009, http://www.stol.it/Artikel/Chronik-im-Ueberblick/Lokal/17.-November-Dalai-Lama-an-der-EURAC.

[38] Cf. Information Office of the State Council of the People's Republic of China: New Progress in Human Rights in the Tibet Autonomous Region, In: Xinuanet, Beijing, February 1998, http://news.xinhuanet.com/zhengfu/2002-11/18/content_633196.htm.

[39] E. Pföstl: Tolerance Established by Law: The Autonomy of South Tyrol in Italy. In: Mahanirban Calcutta Research Group, http://www.mcrg.ac.in/EURAC_RP2.pdf.

South Tyrol is a small area approximately the size of Shanghai along the mountainous alpine border between Italy, Austria, and Switzerland. With a total population of 505,000 (less than a third of Kosovo), it has a high degree of political and cultural autonomy and its model presents a working and practical solution to multiethnic co-existence. Here, the German speakers are the majority (67%) and have the majority in the provincial parliament, which disposes of an autonomous legislative and executive power. Italian state population in the province amounts to 26%, and a third ethnic group, the Rhaeto-Romanic Ladins, represent 4%.

Historical Background

Before World War I the region of South Tyrol was part of Austria. A majority (95%) of the area's inhabitants were culturally Austrian, and thus native German speakers. Ceded to Italy by the Treaty of St. Germain in 1919 against the will of the population, South Tyrol experienced a troubled and difficult transition to its current status of a wide-ranging linguistic and cultural autonomy. Not until June 1992 did the foreign ministers of Austria and Italy sign what was to be a satisfying agreement safeguarding South Tyrol's full autonomous status within the Republic of Italy. [40]

Three years following the annexation in 1919, Mussolini's Fascist government began to Italianize the region by force by attracting large numbers of Italians mainly from the South to settle in the area (similar to the policy adapted by the Chinese in today's Tibet). This was interrupted only by World War II. After the end of the Second World War South Tyrolese representatives and the provisional government of Austria began working to see that South Tyrol would be returned to Austria. The Great Powers of the victorious Allies had, however, already rejected such claims in the autumn of 1945 and, despite further massive attempts by the South Tyrolese and Austria (in South Tyrol more than 80% of the native population signed the call for a plebiscite, and in the capital of Tyrol, lnnsbruck, a huge demonstration was held on May 5, 1946); a final negative decision was taken at the end of April 1946. The only way left open now for Austria and ltaly was to negotiate directly so that South Tyrol should obtain an "intermediate" status through some form of self-government. Through special provisions and legislation, German-speaking citizens should be granted parification of the German and Italian languages in public offices and official documents as well as before the courts. A basic agreement was reached within the framework of the peace negotiations in Paris. On September 5, 1946 the

[40] This and some of the following is based on the official information booklet about South Tyrol: "South Tyrol—an introduction" available at the Press office of the Autonomous South Tyrolean Government, Crispi street 3, Landhaus 1, I-39100 Bolzano/Bozen/Bulzan, http://www.provinz.bz.it/lpa/english/index.html. Other sources include the three seminal works of Anthony Alcock: A. Alcock: The history of the South Tyrol question. London: Joseph 1970; A. Alcock: The Future of cultural minorities, Oxford and London: St. Martin's Press 1979; and A. Alcock: A History of the Protection of Regional Cultural Minorities in Europe: From the Edict of the Nantes to the Present Day, New York and London: Palgrave McMillan 2000.

Paris Agreement was signed by the foreign ministers of ltaly and Austria, Alcide Degasperi and Karl Gruber, and annexed to the peace treaty with ltaly, so that the South Tyrol question was thereby given official international standing.

In the following years, Italy did not fulfill its obligation signed at the Paris Agreement and therefore in September 1959 the South Tyrol question was raised in the United Nations in New York by the then Austrian Foreign Minister, Bruno Kreisky. Further efforts by the SVP (the South Tyrolean Peoples Party, an ethnic unification party representing the Austrian and Ladin population) and Austria were not successful: in 1961 bombing attacks were carried out by members of the growing independence movement with 37 separate incidents in the night of June 11 alone. They were followed by new negotiations with Rome, which reached a successful conclusion. Little by little a whole package of measures to put the self-government of the South Tyrol area into effect was agreed upon. It was approved by a narrow majority of the SVP at its congress on November 23, 1969 against its independentist wing and thereafter by the ltalian and Austrian governments. Only after the coming into effect of the new Autonomy Statute in 1972 was the parification of the minorities energetically pursued with special executive measures and decrees by the Italian state.

Ethnic Groups

Three ethnic groups currently live in South Tyrol: the German and Ladin speaking minorities and the Italian state population. According to the latest census, carried out on October 9, 2011, the German speaking group with 314,604 people represents 67.15 % of the population; the Italians with 118,120 represent 26.06 % and the Ladins with 20,548 represent 4.53 %.[41] The Ladins are the oldest and at the same time the smallest language group in the province. They had already been resident in the country at the time of the Roman conquest from the South, but were then increasingly pushed back by the German tribes invading from the North. The Italians in South Tyrol mainly live in the cities of Bolzano/Bozen/Bulzan (carrying three names according to the three ethnicities) and Merano/Meran/Maran and in the bigger centers. At the 1910 census, the last to be held before World War I and therefore before South Tyrol's annexation by Italy, there were only 17,339 Italian-speaking inhabitants in South Tyrol (2.9 % of the population). The considerable increase of the Italian population of South Tyrol occurred in the 1930s as a consequence of the violent Fascist Italianization of the province, but also in the years after 1945, reaching its peak, 34.3 %, at the 1961 census. Since then, the Italian percentage of the population declined (1971: 33.3 %; 1981: 28.7 %, 1991: 27.65 %, and 2001: 26.47 %).

[41] Autonomous office for statistics of South Tyrol/Alto Adige (ASTAT): Results of the census 2011 in Italy regarding South Tyrol, May 16, 2013, http://www.provinz.bz.it/astat/de/volkszaehlung/aktuelles.asp?aktuelles_action=4&aktuelles_article_id=425640.

Which Are the Pillars of the South Tyrol Autonomy Today?

Until today, the Statute of 1972 represents a solid guarantee that the German and Ladin linguistic minorities can survive as ethnic groups with their own linguistic and cultural identities, so that the implementation and observation of the measures of protection form the basis for a peaceful co-existence of the three ethnic and linguistic groups in the province. Currently, the pillars of the South Tyrolean Autonomy are:

- The so-called *Ethnic Proportions Decree* demands the declaration of ethnic affiliation by every citizen on the soil of South Tyrol in the framework of every census, as well as the proof of an acceptable knowledge of the major provincial languages in South Tyrol, German and Italian, as obligatory for people employed in the public sector. The "acceptable knowledge of the German and Italian languages" is usually ascertained through a bilingualism examination, which can also be extended to trilingualism. This exam is a hurdle for all candidates of the Italian national state who have no knowledge of German and therefore it prevents uncontrolled immigration and is implicitly an advantage for the local population in search of labor. In the competition for employment in the public sector, the vast majority of the candidates from other Italian provinces would be excluded, to the advantage and benefit of South Tyrolean residents. This can be seen as one major reason for high employment in the province (currently 4.5% unemployment rate), which is another main precondition for the success of the autonomy model and for the peaceful co-existence between the ethnic groups. Most probably, the autonomy regulation wouldn't be accepted so well by all three ethnic groups without the apparent economic success and the practical benefits for all local citizens.
- The proportion of percentages between the ethnic groups also regulates the distribution of public money to the respective groups, as well as the composition of public bodies and the distribution of administrative and bureaucratic posts in the public administration. In theory, every group has the right to as many posts in the public administration as its percentage in the census is; that means that at the present moment, 67% of the posts are announced for declared members of the ethnic German (Austrian) speaking group, 26% for the Italians, and 4% for the Ladins. Nevertheless, the measure is handled flexibly; that is, when, for example, no appropriate candidate can be found for a job reserved for the German-speaking group, it is opened up to all groups.
- The regulations on bi- and trilingualism contained in the above-mentioned Ethnic Proportions Decree have been extended to the recruitment of personnel in firms, societies, and bodies that carry out public services or services of use to the public in the Autonomous Province of Bozen (Bolzano).
- 90% of the taxes collected in the province by the Italian national authorities—South Tyrol has no independent tax authority—are automatically restituted to the local autonomous government. They are then distributed proportionally to the three ethnic groups, thus in theory benefitting every citizen of South Tyrol equally, without favoring either the Italian state population or the minorities. That's

why the South Tyrol autonomy is explicitly considered a *territorial* autonomy, not an *ethnic* autonomy, which would be at the disadvantage of the Italian state population living in the territory.
- In order to ensure the independent cultural development of each linguistic group, each has its own administrative and organizational domain in the form of an independent local ministry for culture and schooling. The Italian ethnic group culturally cooperates closely with other Italian provinces and regions, and the German and Ladin ethnic groups maintain active contacts with the German and Raetoroman cultural worlds. According to the Autonomy Statute, the Province of South Tyrol has primary legislative powers in terms of culture.
- Legal proceedings and trials must be conducted in the declared mother tongue of the accused.

Measures to Protect the Minorities

The new statute of 1972, the so called "Autonomy Package", consisted of 137 measures. The measures should have been issued within four years from then by the Italian national government. But in the end more than 20 years were required by the fast-changing Italian governments to implement it. On the basis of the Paris Agreement, the South Tyrol Autonomy Statute should ensure the maintenance and linguistic and cultural development of the German and Ladin linguistic groups within the framework of the ltalian national state. But at the same time the benefits of the enlarged powers of self-government apply to members of all three linguistic groups in South Tyrol.

- The most important *primary powers* of the Autonomous Province of South Tyrol are: place naming, protection of objects of artistic and ethnic value, the regulation of small holdings, arts and crafts, local customs and traditions, planning and building, public housing, public construction, common rights (a.o., for pasturage and timber), mining, hunting and fishing, agriculture and forestry, the protection of fauna and flora, fairs and markets, prevention of disasters, transport, tourism, expropriation, public welfare, nursery schools, school welfare, and vocational training.
- *Restricted powers* apply to teaching in primary and secondary schools, trade and commerce, apprenticeships, promotion of industrial production, hygiene and health, sport, and leisure.

Census and Linguistic Proportions

An important prerequisite for the protection of an ethnic minority is to know its exact numerical size. In the 1920s and 1930s the Italian Fascists succeeded almost completely in forcing the South Tyroleans ("those of foreign origin," as Mussolini

described them in his speech to the parliament in Rome in 1928) out of public employment and regional administration.

Furthermore, during the Fascist dictatorship, public housing in South Tyrol was almost exclusively allotted to Italian-speaking tenants. This kind of policy continued even after the 1946 Paris Agreement which provided for "equality of rights as regards the entering upon public offices with a view to reaching a more appropriate proportion of employment between the two ethnical groups." From 1935 to 1943 3,100 units of public housing were built in South Tyrol (of which 2,800 were in the capital Bolzano/Bozen/Bulzan), which were entirely allotted to immigrating Italian families (not unlike today's practice with regard to Chinese immigrants in Tibet). From 1950 to 1959 the national government built a further 5,500 units, of which 3,500 were in Bolzano/Bozen/Bulzan with only 5 % given to local German-speaking tenants.

The introduction of a fair distribution of administrative posts and housing according to the numerical strength of the three ethnic groups was therefore perceived as reparation of Fascist injustice by the minorities. Since 1972, the key to that distribution has been the above-mentioned principle of ethnic proportions which is based on the numerical strength of the three linguistic groups living in the province according to the latest census. Public housing built since 1972 was distributed according to ethnic proportions; but since 1988 it has been distributed according to a so-called "combined proportion" which takes into account not only the numerical strength of the three linguistic groups but also the needs of each group based on the requests for housing submitted.

Concerning the local bodies in the province (the personnel of the public sector, the municipalities, the health services, etc.), the equality of rights that regulates the entering upon public offices provided for in the Paris Agreement was gradually implemented. By the year 2002, also employment in Italian national and semi-autonomous bodies in South Tyrol (railways, postal service, roads administration, customs service, court administration) occurred proportionally according to the strength of the three ethnic groups. However, certain state bodies such as, for example, the military, the police and the security service, are not subject to the principle of ethnic proportions.

Solve Ethnic Conflict Through Self-Government

Summing up, the primary legislative competences of the autonomous provincial government include: the organization of provincial authorities and their staff, the obligation of bilingualism (German and Italian, with the third language Rhaeto-Romanic a plus) for all public employees, the protection and care for historical, artistic, and ethnic values; provincial planning and building directives; conservation of the landscape; community easements, roads and public works; communication and transport; tourism and catering industry; agriculture and forestry; public care; and welfare. There are special measures to protect and preserve the various languages

(German, Italian, and the ancient Rhaeto-Romanic Ladin), such as the distribution of public money for cultural and schooling affairs according to the proportional system to the three mutually independent ministries of culture and schooling.

One of the most important measures is that the province of South Tyrol has three separate school systems for the three language groups, where every system works monolingually in the native language of one group (with the second language considered the first foreign language), but where all citizens, independent of their ethnic affiliation, can freely choose to which system they want to send their children. The province furthermore spends a substantial amount of money on German, Italian, and Ladin cultural activities. In order to ensure the independent cultural development of each linguistic group, each has its own administrative and organizational domain, which means that the three parallel culture ministries, one for each group, are completely independent of each other and receive their part of the tax revenues according to the proportion of population they represent. Nevertheless there are a number of areas, for example, in music and art, where close cooperation between all three linguistic groups results in mutual enrichment.

"Three things are important to us: the parity of the German and Italian languages before the courts, the ethnic representation system in the public sector and the provision of mother tongue media programs," says Bruno Hosp, former Provincial Minister for Culture, Schools and Science of the German and Ladin ethnic groups, and his Italian colleague, Luigi Cigolla, former minister of the Italian group, agrees. The spending of the 90 % of the tax revenue generated in the province that is returned by the Italian government to the province is controlled by the locally elected parliament. South Tyroleans receive different color identity cards from those of other Italians and the street signs and other public communications are bilingual, in the Ladin areas trilingual.

In addition, the United Nations plays an important role for the South Tyrol autonomy. They made available legal mechanisms to the South Tyrolese to ensure Italy complies with international treaties affecting the region, and require that Italy consult formally or informally with other members of the United Nations and the European Union before taking any action that may affect the provincial autonomy. The result is that the Italians cannot forbid the use of German (as they did under Fascism in the 1920s) and cannot create economic projects to persuade Italian citizens from other provinces to immigrate thereby possibly weakening the minorities (as the Chinese continue to do in Tibet). Italy must, moreover, consult with other states and abide by treaties signed with the minority groups or risk alienation by the European Union which is something that the country can't afford neither for political nor for economic reasons.

The former Chancellor of Germany, Helmut Kohl, and the former leading member of the European Parliament, Ria Oomen-Rujiten, from the Netherlands represent the opinion of many international politicians and experts, including Italian statesmen, Azeglio Ciampi and Lamberto Dini, when they contend that South Tyrol, after a violent past of ethnic division, today is the best example for the peaceful coexistence of different ethnic groups in Europe. Comparative autonomy researcher

Thomas Benedikter calls it "One of the great modern Autonomy systems of the world,"[42] able "to solve ethnic conflict through self-government."[43]

Autonomy, Equality, and Parity

Concluding, it can be stated that the proportional and bi- and trilingual regulations represent reparation of Fascism's acts of injustice against the regional minorities. On the other hand, they are a safeguard, not uncontroversial but nevertheless useful for an agreed distribution of welfare among members of all three language groups. The success of the South Tyrol model, in contrast to the devastation that has accompanied other ethnic conflicts, reveals that it could provide a good example of autonomous integrated regional organization between different cultural and ethnic groups. Can these arrangements be imitated and succeed in Xinjiang and Tibet as well, or at least help as an orientation for the co-existence of the major ethnic groups there?

In judging the origin, impact, and effect of the South Tyrol autonomy system as well as its potential usefulness for contemporary China's ethnic problems, it is first of all important to discern among the three concepts of autonomy, equality, and parity. They are not the same, but all have to be integrated if a working solution for notoriously overcomplex multiethnic conflict areas has to be practically implemented. As the South Tyrol model teaches, ethnic conflicts are not necessarily about equality, but about self-determination of certain subgroups within a more complex societal body in the first place. These groups usually feel disadvantaged and demand a counteroffer for their unsatisfying condition. That implies special treatment, which is usually perceived as "justice" by the given groups, and as "unjustified privilege" by the others, in particular by the majority that has to concede special rights to the minority.

On the other hand, ethnic conflicts, even if equipped with the most efficient solutions mechanisms, will never reach full justice and can never be based on equality, but are about parity. Parity in such settings can mean many things, from positive discrimination in order to further equal chances (an, although productive and potentially progressive, contradiction in itself) to the territorial implementation rather than the ethnic in the strict sense, thus giving every citizen living in a special area the same rights of the privileged group, not only to the members of this group (as is the case in South Tyrol). That in turn may lead to new conflict, as in the case of Italy where "normal" Italian citizens not seldomly denounce the special rights of self-government of Italians living in South Tyrol an unjustified discrimination that

[42] T. Benedikter: The World's modern Autonomy systems. Concepts and Experiences of Regional Territorial Autonomy, Bozen/Bolzano/Bulzan: EURAC Research 2009.

[43] T. Benedikter: Solving Ethnic Conflict Through Self-Government. A Short Guide To Autonomy in South Asia and Europe, Bozen/Bolzano/Bulzan: EURAC Research 2009.

allegedly hurts the principle of equality, as well as certain fundaments of the rule of law anchored in the Italian national constitution.

These aspects are also two main points why the United States which is centered like no other nation on constitutional rights of the individual, hesitate to deal with special group rights, thus in turn unwillingly creating disadvantaged groups such as Afro-Americans and the like, exactly because group rights are not addressed. Something similar is the case with Confucian China, although not for constitutional, but rather for nationalist reasons stemming less from juridical or political, but more from an ancient cultural history, memory, and identity, as well as of concepts such as social harmony, obedience, and collective spirit.

Potential Effects of Autonomy Regulations on Tibet, the Uyghurs, Other Minorities—And on China as a Nation

According to these insights, the best solution both in the Uyghur areas as in Tibet, as far as can be seen today, could be federalization between the major ethnic groups on the basis of a regional autonomy following the South Tyrol model, if such a model is implemented through a sober, nonidealistic approach that doesn't ignore the differences and complexities between autonomy, equality, justice, and parity.

In particular, some basic aspects from the South Tyrol model could be transferred to ethnic conflict areas in contemporary China, such as differentiated regional tax autonomy, distribution of money according to percentages of ethnic population, guarantees for ethnic representation in the local government and parliament, and systematic cultural independence as an alternative to ethnic separatism. Furthermore, in areas with a "mixed" coexistence between different ethnic groups, it might be wise to install parallel cultural and school administrations, and to give national and international guarantees for language and heritage autonomy. Concerning all these proposals, the South Tyrol autonomy should not be merely seen as a model to copy, but as an example of concrete success that can help to find appropriate, original local solutions according to the practical needs of single situations.

In short, following the South Tyrol model, Tibet would become a real autonomous zone, administered by a government elected by Tibetan residents and equipped with primary and secondary legislative powers. Tibet would be entitled to establish its independent bilingual schooling system where Tibetans would have their own self-administered schools using their mother tongue and learn Chinese as a foreign language.

Both Tibetans and Chinese ethnicities would be represented by law in the government and parliament. Money for cultural and educational issues, including heritage protection, would be distributed among the two ethnicities according to census percentages. The national government of China would keep overall sovereignty, and taxes collected within Tibet would belong exclusively to the autonomous region and be distributed among the ethnic groups, again according to population.

Although China would continue to control the military to secure the borders, Tibet would have its own police force responsible for domestic security. Tibet would have primary legislative powers in the fields of agricultural development, environment, fishing and hunting, housing (both public and private), industry, transport, demographic development, and tourism, among others. Last but not least, the autonomous government of Tibet would be entitled to contain further immigration from China, following the outcome of negotiations between its resident ethnic groups. The respective agreements could be supervised by Tibet's neutral neighbors such as India, following the practice of supervision and guarantee of the South Tyrol model in Italy by adjacent Austria.[44] Such a "greater" arrangement could in turn decisively help to improve Chinese relations with India and its other 14 neighboring nations and thus serve as a trust-building measure with positive long-term effects on the geopolitics of the region.

Similar arrangements could apply to Uyghur areas in Xinjiang, although Tibet and the Uyghurs could certainly be treated quite differently according to local negotiations. In Tibet such a solution could be only transitory, however, in the Uyghur areas it could be permanent, or vice versa.

Six Problem Clusters

Without doubt, there are many problems and difficulties inbuilt in any such attempt to install working minority protection in modern China, particularly in the current historic situation of transition not comparable with that of South Tyrol in the 1970s. We have to discern at least six problem clusters, with which every attempt to use the South Tyrol model—and similar approaches—in Xi Jinping's China will have to deal and for which they will have to find specific original solutions.

First, both Uyghurs and Tibetans are, unlike the two minorities in South Tyrol who make up the majority in their autonomous province, minorities on their own territories. The Uighurs count for 43.3 % in Xinjiang province, with other ethnic minorities up to 15.7 % and the Han Chinese 41 %. The Tibetans amount to 44.5 % in Tibet and the Chinese to 55.5 % (although according to official statistics by the Chinese government, percentages may vary). The fact of being a minority in a self-governed territory such as a potentially autonomous Tibet of the future could complicate, if not compromise instruments including ethnic proportion decree and issues of self-governance such as autonomous taxation, the proportional distribution of cultural and schooling money, as well as the assignment of administrative and governmental posts, because in all of these issues the Chinese would have the majority. In Xinjiang province, a deal could probably work if the minorities combine

[44] The Austrian Ministry for Foreign Affairs: South Tyrol. In: http://www.bmeia.gv.at/en/foreign-ministry/foreign-policy/europe/neighbourhood-policy/south-tyrol.html. Cf. T. Benedikter: The World's Working Regional Autonomies: An Introduction and Comparative Analysis, http://www.eurac.edu/en/research/institutes/imr/Documents/Autonomies_Anthem.pdf.

their size on a lasting and stable basis, thus achieving the majority in the territory and then work together with the Han on a basis of mutual trust, seriousness, and reliability. But such cooperation in many cases requires charismatic, internationally well-connected, stabilizing, and reasonable statesmen of outstanding trust and sympathy values on all sides involved. Where are they in the current conflict regions?

Second, no outer protecting power is involved in the autonomization process comparable to Austria in the case of the South Tyroleans, and most probably neither will be in the near future. Because China's weight is too big, none of its 14 neighbors will actively seek to exert positive influence on any domestic differentiation process, with the exception of a potential weak help from India only depending on context and situation. If autonomization is the goal, the will of China's new government will be decisive, and the only positive sustenance from the outside may come not from nation states, but from international and global bodies such as the United Nations.

Third, the size factor indicates a small area like South Tyrol is easier to handle through regional autonomy than a province like Xinjiang which is the size of a medium global nation state with its 21.8 million people, or Tibet with around 13.5 million. It shouldn't, however, be impossible, but it will remain to be seen if and how a far-reaching autonomy of such an extended part of the biggest nation on earth can work out.

Fourth, in the case of Tibet there was no partial annexation of a foreign nation territory such as was the case with South Tyrol as a former part of Austria, but a whole entire nation was "integrated," which is denied to exist or to have ever rightfully existed. The cross-border element is missing, thus creating a widely different situation.

Fifth, there is a different culture of thinking nation, the individual, subgroups of society, ethnicity, and authority in China as compared with the West. This is due to Confucianism and, more importantly, the lack of Chinese democracy. In fact, one of the crucial prerequisites for the solution of the South Tyrol dispute was that all powers that participated in the negotiation, including in particular Italy and Austria, were working democracies. Democracies don't fight each other or their citizens, but negotiate. China is no democracy to the present day, and will unlikely become one soon. This is probably the main problem for its minorities, more important than all single procedural and institutional issues.

Sixth (and last), there is a global trend away from group rights towards individual rights triggered by modernization and growing transnational and transcultural interdependency. It goes against the simultaneous trend towards ethnonationalism and makes international agreements on the issue not exactly easier.

These differences in context, settings, and prerequisites constitute without doubt obstacles against applying the South Tyrol model to today's Chinese realities. Particularly the fact that Tibet, due to the immigration policy of the past decades, has a Chinese majority in the meantime makes it difficult to apply the proportional mechanism at the basis of the South Tyrol agreement; it will only work if both ethnic groups show understanding and a real commitment to reconciliation, otherwise

the Han Chinese will continue to dominate a Tibetan people that have become a minority in their own land.

This is also the reason why second, the implementation of any such—or similar—model of pacification on Chinese territory may not be a lasting solution as in South Tyrol, but rather a starting point to make the most out of a difficult situation.

In fact, the South Tyrol example could be used as a model for a transition phase only transitory and temporarily. The effects would nevertheless be multiple. They would lead to a better identification of the minorities with a more differentiated Chinese overall arrangement, which may be unavoidable anyway in such a huge nation in the long term the more it modernizes, and this would lead to more efficiency and a noticeable reduction of conflict, facilitating and further empowering China's development.

Outlook: Towards a New Pragmatism?

What Is the Outlook?

Unfortunately, the new Chinese government hasn't openly manifested the will to compromise for a solution of the ethnic issue yet, a stark contrast to the attitude of the Italian national government in 1972. Without a peaceful and constructive approach there will be no solution, regardless of any working "best practice" example like South Tyrol.

What is needed now is first of all—and most important—a new pragmatism from all sides involved. Given its outstanding monolithic power, the challenge is in the first place to the new Communist Chinese government which has the credits and the historic window to pacify its minority regions in order to change things for the better. Xi Jinping shouldn't waste this chance because it will not be there forever, but most probably be limited to an certain time window. To give the Uyghurs and the Tibetans and maybe also other ethnic groups autonomies that deserve the name would liberate China from a permanent spine in its flank, and prove to the many domestic and foreign critics that the new government has started a new phase of reconciliation and development. It thus would be in China's best interest.

Although such a grand solution might not be fully satisfactory for either party involved, because it necessarily relies on compromise from all negotiating partners, it could provide a rational model of renewal and progress in order to become an at least temporary win–win arrangement for all sides.[45]

The South Tyrol autonomy model may provide proven steps to move the situation in Xinjiang and Tibet forward. The new heads of the Chinese government are, as far as we can assume, not dreamers but inclined towards realistic models of pacification and joint development. The Chinese, the Uyghur representatives, and the

[45] J. Woelk: Tibetan Autonomy and Self-Government: Myth or Reality? In: Academia. The Science Magazine of the European Academy of Bozen-Bolzano, Nr. 21 (December 1999-March 2000), http://www.eurac.edu/en/research/institutes/imr/Documents/Tibetan%20Autonomy%20and%20Self-Government.pdf.

Tibetan exile government continue to be under strong pressure from their respective constituencies not to compromise, but progress will be made only by negotiating arrangements more likely to foster peace than the existing ones. Given that it is undoubtedly in a position of growing strength and global power, it is mainly up to China now to show its good will and extend its hand to the weaker side on the table. As we have tried to show, such an approach is in its own interest, in order to pacify increasing ethnic unrest before it spirals out of control.

As the reality on the ground teaches, the old Chinese model of "pacification through force" is inadequate for dealing with the deep and complex ethnic divisions we find in the current Uyghur province, in other ethnic minority areas, and in Tibet. Maybe it warrants trying cooperation based on the European experience. The South Tyrol model is one, currently probably the best, option. Given that it is by no means radical, but allows cautious progress based on compromise, "tolerance by law" and justice based on realism, the new Chinese government should study it, and consider it as a viable path to a better future. In the end it has nothing to lose, only to win.

Chapter 5
China's New Foreign Policy and the West: The Case of the European Debt Crisis

Roland Benedikter and Jae-Seung Lee

China's new self-confidence on the international stage is mirrored by its new foreign policy rhetoric. Since bilateral free trade agreements with Island in April 2013[1] and, more importantly, with Switzerland in July 2013[2] after two years of intense negotiations, have created spearheads in Europe's center, many on the old continent fear that in the long term, not only national debts, but parts of the entrepreneurial and infrastructural core of Europe's economic and technological performance may be step by step bought up by China, a nation with more than one and a half times the population of the Western nations combined and eager to reach similar levels of innovation.[3] And this, so these critics warn, could happen also to the United States, the biggest foreign debtor to China: a slow, but steady sell-out of crown jewels to China's banks and its globally operating, government-controlled corporations. But does China really want to "buy up the West"?

This chapter first appeared as the lead story under the title: "Does China Want to Buy Up Europe? Europe's Crisis and China's Reluctant Rise" in *The European Business Review London*. March/April 2012 edition, London 2012, pp. 30–31.

[1] A. Trotman: Iceland first European country to sign free trade agreement with China. In: The Telegraph London, 15 April 2013.

[2] Xinhuanet: China, Switzerland ink free trade agreement, July 06, 2013, http://news.xinhuanet.com/english/china/2013-07/06/c_132517635.htm.

[3] K. Mahbubani: The New Asian Hemisphere: The Irresistible Shift of Global Power to the East, New York: Public Affairs 2008.

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The New Supremacy Rhetoric, Understatement Chinese Style: "China Doesn't Want to Buy up Europe"

On the occasion of Germany's Angela Merkel's visit to China on February 3rd, 2012, Chinese premier Wen Jiabao officially stated that "China does not want to buy up Europe."[4]

The visit was, remarkably, just one of four bilateral governmental summits between Chancellor Merkel, foreign affairs minister Guido Westerwelle and highest ranking Chinese officials in one and the same year, underscoring the rapidly expanding new "special relationship" between the Eurozone's leading power and the rising G-2 giant.[5] Although unusual in international diplomacy, Chinese officials obviously felt such a statement was needed to assuage concerns over potential Chinese investment in the Eurozone's debt crisis. The fact that the Chinese government felt urged to underscore "that China doesn't have this intention, and neither has it the capacity"[6] shed light on the growing ambiguity of China–Europe relationships.

China and the Western Crisis

During troubled times for Europe, China's influence in the global financial system is indeed growing fast, not least because of Europe's and the West's weakness. With a huge trade surplus of more than $300 billion and a foreign exchange reserve of more than 3,000 billion in dollars and other currencies, including the euro, the yen, and the pound sterling, China has emerged as a key player in the European debt crisis. Although its influence on the United States was already huge before the recent crisis, given the amounts of dollar reserves and trade surplus China holds with its Pacific rival, Europe could be the next geopolitical zone to become dependent on it. Will China rescue the tottering Europe, as Western politicians desperately implore? Will the Golden Dragon be a Good Samaritan for the Eurozone in particular, by investing in the European Financial Stability Facility (EFSF) as a whole, or separately in the debts of individual European countries such as Italy, Greece, Ireland, Portugal, or Spain?

[4] Ding Qingfen: China not out to purchase Europe. In: China Daily, February 4, 2012, http://www.chinadaily.com.cn/china/2012-02/04/content_14535828.htm.

[5] H. Kundnani and J. Parello-Plesner: China and Germany: Why the emerging special relationship matters for Europe. In: European Council on Foreign Relations Policy Reports, ECFR 55, May 2012, http://ecfr.eu/page/-/ECFR55_CHINA_GERMANY_BRIEF_AW.pdf.

[6] Ding Qingfen: China not out to purchase Europe, loc cit.

Mixed Feelings, Ambiguous Tactics

To say that both Europe and China have mixed feelings about this aid is an understatement. Both sides have been hesitating for months while discussing plans of cooperation and aid, which in turn has ironically hurt their relationship. China is seen as both a rescuer and a threat by Europeans who are in desperate need of funds but remain at the same time worried about losing their independence and security. On the other hand, China also seems undecided. On December 2nd, 2011, China officially refused to participate in the Euro Rescue Funds with its foreign exchange and gold reserve, pointing out that its constitutional law forbids the Chinese government even to use it to mitigate their own rising social inequality.

At the same time, Chinese elites have continued to send positive signals to countries such as Greece, Portugal, Ireland, and Spain, saying that China is available to help by using a number of options including using part of their trade surplus with these countries for re-investment in their government debt bonds. Although some European leaders fear a *divide et impera* strategy behind this country-by-country approach, individual arrangements are not off the table. On the contrary, on the occasion of Angela Merkel's visit to China in February they were again brought to the table by both German and Chinese leaders.

If these tactics happen on a larger scale, China will certainly ask for a proper quid pro quo. In return for the contribution towards selected countries of the Eurozone, China may also ask for more maneuver room to handle its own currency, which has constantly been under pressure for appreciation. During the past decade the United States and Europe have pressed China to revalue the Chinese yuan. In almost every G-7 meeting the Chinese currency issue has been brought to the table. China replied adamantly saying that they needed to have flexibility to manage their exchange rate. Arrangements to China's advantage may be the entry price for relief of the European debt now, and maybe for America's one later on. China may also ask for a bigger voice in the International Monetary Fund.

A Reluctant Rise?

But despite this favorable constellation, most Chinese are still worried about getting involved in the volatile international financial system, which is allegedly controlled by the United States and a few European countries

In order to understand China's hesitation towards a more serious institutional involvement in the European debt crisis, we have to look beyond their official wordings. It is important to feel the "temperature" of the issue among the Chinese elites, intellectuals, and the public. Since the volatile international financial system is allegedly still controlled by the US and a few European countries, many Chinese believe the danger of playing an open, liberal financial game with the United States and Europe cannot be underestimated. If China opens its financial door too widely,

they believe it could backlash and put the Chinese economic fate in the hands of foreigners.

In addition, the clear priority of China is still its domestic agenda. So far, China has been preoccupied with the goal of sustained economic growth to maintain domestic political and social stability. China's immediate political priority may not yet be to stand on the commanding height of the world financial system, yet. But the time has already come when China wants to be invited to discuss the European and Western debt matter, as, in its own eyes, its historical and cultural status as the "empire of the center" and as "the mountain that doesn't move" demands.

Most important, China's psychology in the present moment of transition is characterized by a mixed feeling of confidence and vulnerability. China still feels itself vulnerable in its economic status. The China of today is different from Japan in the late 1980s, when the yen was at record highs. Back then, Japan was aggressively purchasing foreign assets with its strong currency value, obtaining ambivalent results. China may be much more cautious this time. China is being rapidly armed with confidence. But simultaneously a good number of Chinese believe that the Western world is trying to contain China's rise, and this is felt more as a matter of nationalism than of socialism. The nationalist consensus, coupled with a growing confidence, would best describe the current mentality of the Chinese public.

Seen overall, China wants to control its pace of financial and economic liberalization while maintaining solid economic and trade growth. The Golden Dragon wants to grow up in a quiet lake, not in the troubled waters of international financial competition.

China is also wary of potential volatility ahead. After the political power transition, the growing domestic socioeconomic inequality has kindled the attention of Chinese political leaders. It is no coincidence that the Chinese Communist Party, in approving the twelfth five-year plan (2011–2015) in March 2011, programmatically declared that the foremost objective in the coming years would be maintaining domestic coherence and achieving qualitative enhancement of peoples' lives. In this situation, China fears that an overexposure to the global financial system could harm internal macroeconomic management, which in turn could threaten domestic stability. This cautious and lukewarm reaction to the Western financial and debt crises of recent years reflects the basically defensive nature of China's external financial policy, which often contradicts its more aggressive trade and military policy.

Europe's Weakness Is Not in China's Interest

And it is exactly here that the euro rescue comes back to the forefront. The weakness of the Eurozone is not favorable to Chinas' plans of "rise through stability," "growth through arrangement," and "development through appeasement." First of all, the recession in the Eurozone is harmful for China's exports. The depreciation of the euro, if further advanced, may damage the price competitiveness of Chinese products. Second, China possesses substantial amounts of euro-denomination

bonds in its reserve basket (allegedly up to one fourth of its total reserve), thus any further delay in resolving the debt crisis is not in China's interest. As a fast-growing export market, the best scenario for China at the present time is a favorable economic growth worldwide.

What does this mean in a nutshell?

Contrary to what some European and American leaders believe, China does not want to dominate Europe or America by buying up their debts. What China wants is favorable conditions for its rise.

Nevertheless, we shouldn't make any mistakes; if the same crisis might recur in the future, we may have to expect a more powerful China. China's involvement in rescuing Europe would not be a major threat to the West this time. China does not have enough power and willingness to change the big picture of the European and international financial system yet. However, China may think that it would be an important learning experience to test its financial capacity. If it leads to a successful outcome, China will gain a lot more confidence in international financial matters in the forthcoming years.

Chapter 6
China and Its Neighbors: How to Sustain Democracy and Democratization in the Pacific? The Case of South Korea

Roland Benedikter

China's "new" foreign policy is concentrating, for the time being, mainly on its own geopolitical zone, i.e. East and South East Asia. In so doing through a decisively more expansive gesture, it is stirring up the existing order and scaring most of its neighbors, especially those, who are the most developed and as such crucial allies of the global alliance of democracies - like South Korea.

As Columbia University's Ian Bremmer rightly analyzes, China's neighbor South Korea is a "leading emerging power."[1] Exemplary for other Asian nations in the expanding gravitational sphere of China, paradoxically both its competition with and dependency on China are growing simultaneously.

This is creating a contradictory, if not torn, situation, which is characteristic for many countries in present China's neighborhood. South Korea is a democracy, allied with the United States and the global family of open societies. On the other hand, it is increasingly—and unavoidably—attracted by the growing geopolitical influence of China, disregarding the fact that this could also lead, in case of conflict, to a stronger inclination towards China's historic geopolitical antipode, India:

> China's growing power and muscle-flexing vis-à-vis its neighbors have now resulted in a regional balancing effort… This is a time of great turmoil in the Asian strategic landscape, and India is trying to make itself relevant to the regional states… India's role becomes critical in (the) evolving balance of power… (since it) is emerging as a serious player in the Asian strategic landscape as smaller states in East Asia reach out to it for trade, diplomacy and, potentially, as a key regional balancer… China is too big and too powerful to be ignored by the regional states. But the states in China's vicinity are now seeking to expand their strategic space by reaching out to other regional and global powers. Smaller states in the region are now looking to India to act as a balancer in view of China's growing influence and America's anticipated retrenchment from the region in the near future, while larger states see India as an attractive engine for regional growth… Great power politics in the region have only just begun.[2]

[1] I. Bremmer: Every Nation for Itself. Winners and Losers in a G-Zero World, Portfolio Penguin 2012, p. 70.

[2] Harsh V. Pant: Wary of China's growing influence, its southern neighbors court India. In: The Daily Star, November 03, 2011, p. 7.

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A New "Great Game"

South Korea is one of the players in this new "great game" that is evolving around Xi Jinping's new China. The overall situation seems to be inclined to a volatile constellation with unstable perspectives, as Ian Bremmer finds:

> Asia is becoming the most potentially unstable region in the world. In East and Southeast Asia, many governments still rely on the United States to provide a counterweight to China's rise, but Washington's more limited means will raise new doubts there as well about American staying power. These doubts are as prevalent in Japan, Taiwan, and South Korea as in Thailand, the Philippines, Indonesia, and Vietnam. As Kishore Mahbubani, a former permanent secretary of Singapore's Foreign ministry, once said, Asians 'know that China will still be in Asia in 1,000 years' time, but don't know whether America will still be here in 100 years' time…[3]

But there are also serious countertrends to this view. While China tries to rally as many Asian nations as possible under its umbrella pointing out the advantages of its system against Western democracy and trying to identify the "Asian way" with a kind of modern collectivism, it is harvesting increasing skepticism. As Richard Weitz asserts,

> Beijing has continually promoted economic, military, and political cooperation relationships that are 'Asia only`—such as the ASEAN Plus Three (ASEAN, China, Japan, and South Korea). But, unable in recent years to keep the implications of considerable military weight (a double-digit annual growth in defense spending for the last fifteen years) from showing in the region, China has also undermined its 'win-win' idea of diplomacy. While upholding mutually beneficial economic ties with their giant neighbor, ASEAN leaders have also, with varying degrees of enthusiasm, encouraged the United States to maintain an active presence in their region as an external balancer to China.[4]

In accordance with this view, George G. Chang rightly points out that

> Despite their growing economic cooperation with the People's Republic of China, ASEAN nations now acknowledge that improved security ties with the United States offer the safest and most effective way—and a far better one than they could achieve alone—for them to hedge against China's growing power and to exercise influence on Chinese policy. Yet the ASEAN countries also want to keep China and the United States in balance, and do whatever they can to avert a major Sino-American confrontation. While they play both powers against each other to gain advantage and maneuverability, they insist that Sino-American competition remain a civilian contest for regional position, profit, and prestige. Whether the region can maintain that delicate balance in the face of growing American concern over China's new hegemonic potential and ambition is the question that will determine ASEAN's future.[5]

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[3] I. Bremmer, loc cit., pp. 114–115.

[4] R. Weitz: Nervous Neighbors: China Finds A Sphere of Influence. In: World Affairs Journal, March/April 2011, http://www.worldaffairsjournal.org/article/nervous-neighbors-china-finds-sphere-influence.

[5] G. G. Chang: The Party's Over: China's Endgame. In: World Affairs Journal, March/April 2010, http://www.worldaffairsjournal.org/article/partys-over-chinas-endgame.

South Korea is in many ways aligned with this strategy, if not one of its key players. South Korea is forced to play out a double strategy between the G-2 powers the United States and China, first of all due to its hopes for a positive influence of China on the North Korea question, into which the United States is closely, but in a rather estranged way, involved.[6] But there are other reasons too. As Yonsei University's Han Suk-hee underscores,

> In August 2012, South Korea and China celebrated their twentieth anniversary of diplomatic normalization. During the past two decades, the two states have advanced their political, economic, diplomatic, and cultural relations with unprecedented speed and scope. This development has been driven by expanding bilateral economic cooperation and its resulting benefits. Trade between the two countries has increased approximately thirty-five times, from $ 6.37 billion in 1992 to $ 220.63 billion in 2011. Currently, China is South Korea's largest trading partner and South Korea is China's third largest.
>
> However, underneath the surface of this relationship is an increase in South Korea's negative perceptions of China. East Asia Institute-Asia Research Institute (EAI-ARI) polls reveal that in the context of these developments in bilateral relations, South Korea's public perceptions of China have been ambivalent. On the one hand, South Korea recognizes the growing importance of China for its future economic prosperity… On the other hand, South Koreans feel apprehensive about China's growing influence. (They) are increasingly concerned that China's rise will be a source of instability.[7]

The result is a strategic dilemma between the United States and China, the same that most other neighbors of rising China are facing:

> Traditionally, South Korea has been a close U.S. ally. The South Korea-U.S. alliance has been a major factor in South Korea's peace and political and economic success. Due to China's consistent rise, market growth, and size, however, South Korea is increasingly dependent on China's economy. Consequently, South Korea has to dually manage its security, which is grounded in the South Korea-U.S. alliance, and its economic well-being, which is dependent on the South Korea-China strategic cooperative partnership. The South Korean public tends to favor the diplomatic strategy of managing both bilateral relationships harmoniously. South Koreans believe that it is against their national interest to promote one relationship at the expense of the other… Unhappy with South Korea's emphasis on its relationship with the United States, China has often questioned whether the South Korean government can possibly manage the incompatibility between the South Korean-Chinese 'strategic partnership' and the South Korean-U.S. 'strategic alliance.' China's growing criticism of South Korea's relationship with the United States has triggered debates… about whether the foundation of the relationship with the United States lies in common democratic values or is simply a reflection of a temporary convergence of strategic interests. Advocates of the ROK-U.S. alliance argue that the bilateral relationship is based on shared beliefs in democracy and human rights and should not be viewed as a threat to China, while critics argue that strategic cooperation with the United States need not entail efforts to export values, which China may perceive as threatening. However, sustaining friendly relations with both powers has proven difficult.[8]

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[6] UPI: South Korea welcomes China's influence, April 15, 2013, http://www.upi.com/Top_News/Special/2013/04/15/South-Korea-welcomes-Chinas-influence/UPI-26451366035563/.

[7] Han Suk-hee: South Korea Seeks to Balance Relations with China and the United States. Current Issues in U.S.-ROK Relations. In: Council on Foreign Relations Press, November 22, 2012, http://www.cfr.org/south-korea/south-korea-seeks-balance-relations-china-united-states/p29447.

[8] Han Suk-hee: South Korea Seeks to Balance Relations with China and the United State, loc cit.

Summing up the different facets of an increasingly complex situation, Bremmer concludes:

> Hot spots and jostling powers aside, the central problem in Asia is that many countries want to maintain security ties with the United States even as they expand trade relations with China. That isn't sustainable, because Beijing's economic influence gives Chinese policymakers ever-increasing leverage with these governments. As China's consumer markets take on added weight and Americans see their purchasing power reduced, East Asian countries are rushing to expand trade ties with one another and with China. In fact, according to Xinhua, in 2012 China became the largest trading partner and single biggest export market for Southeast Asian countries. China's agreement with members of the Association of Southeast Asian Nations, which went into effect in 2010, involves more people than any other trade deal in history. Washington is losing leverage on more than just trade. Given new limits on America's means and the scale of its domestic challenges, officials in Japan, South Korea, Singapore, Indonesia, Thailand, and other U.S.-friendly states can be excused for questioning America's long-term staying power.[9]

Similarly, Troy Stangarone of the Korea Economic Institute of America depicts a not too distant future scenario in China's surrounding nations where

> a series of free trade agreements (primarily between China, South Korea and Japan) should help to lay the groundwork for a common set of rules and standards for the region to deepen economic integration. Two-way trade today outstrips South Korea's combined trade with the United States and Japan… Economic ties should only continue to grow in the years ahead as China shifts its economy towards greater levels of domestic consumption. Currently, much of South Korea's trade with China is processing trade. As China shifts towards more domestic consumption additional opportunities for South Korean producers to sell into China's domestic market will develop… Of all of the relationships in Northeast Asia, the one between South Korea and China may be the most complex. While the United States remains South Korea's primary security partner, South Korea's economic growth has become increasingly tied to China's own economic fortunes. Similarly, real progress on North Korea requires the cooperative involvement of China. If (current South Korea's president) Park's approach is able to improve relations with China while maintaining strong ties with the United States, she will not only have achieved what her recent predecessors have not, but also have improved South Korea's economic and security prospects.[10]

Three Aspects to Consider

What these analyses implicate, but don't mention though are three points.

Firstly, as it is always the case with political predictions, they create the reality described through their observations and judgments as much as they objectively mirror it, as it was exactly the case with the "clash of civilizations" thesis of Samuel P. Huntington during the 1990s or the "end of history" theory of Francis Fukuyama after 1991.

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[9] I. Bremmer, loc cit, pp. 70–71.

[10] T. Stangarone: South Korea seeks its own reset with China. In: China-U.S.-Focus, April 8, 2013, http://www.chinausfocus.com/foreign-policy/south-korea-seeks-its-own-reset-with-china/.

Secondly, the implicit joint prediction of all these observations is, as Bremmer summarizes, that "China is the major power least likely to develop along a predictable path."[11] But on the other hand, this—mainly Western—prediction is known to the Chinese elites, and it's exactly one reason for aspects of China's restrictive and conservative behavior.

Third, this "I know that you know that I know" situation is putting pressure on both powers, China and South Korea alike. The United States has a comparatively simple situation just feeling pressured by China's rise and trying to limit it, and China is feeling an ambivalent pressure between hegemonic outreach and self-limitation due to its deteriorating relations with its neighbors.

China's Pacific Expansion

Disregarding these restrictions, China is indeed increasingly influencing the community of Pacific countries through trade arrangements like never before, not only economically anymore, but as a side effect also politically. Establishing closer economic ties than ever, the Chinese leadership is implicitly and explicitly trying to not only show a thriving country to the world economically, but also to point out the benefits of the underlying political system to this success. As it is unavoidable more and more Pacific nations react to this charm offensive, the question is how to maintain the primacy of democracy in countries based not primarily on idealistic, but on pragmatic considerations, as most Asian countries are.

South Korea and the other neighbors have to face it: China has already become a global player insofar as it is reaching out not only to them, but beyond them all over the Pacific. Among the targets of its energetic outer investment and expansion drive is not only the whole South China Sea, but the greater Pacific, including countries as far away as Chile, the most thriving economy in Latin America.[12] As Juan Carlos Gachúz reports,

> China's foreign policy has been characterized in the last decade by a heightened interest in reaching out to Latin America, particularly to countries rich in natural resources and with potential markets for Chinese exports. Chile is one of these countries. Currently, China's relationship with Chile is one of the former's most solid in all of Latin America. Chile was the first Latin American country to sign a free trade agreement with China (the other countries being Peru and Costa Rica). The Chile–China relationship started under the socialist government of Salvador Allende; in 1970, Chile was the first South American nation to establish diplomatic relations with China. Even though the Chilean economy has benefitted from the signing of the free trade agreement, it also faces potential risks. To continue to benefit, Chile needs to boost exports in other potential export sectors (value-added products or services) and should attempt to attract more Chinese direct investment to Chile's export

[11] I. Bremmer, loc cit, p. 148.

[12] Cf. R. Benedikter and K. Siepmann: Meet the Mattes. The Family—And Paper Company—That Helped Build Chile's Economy. In: Foreign Affairs, June 12, 2013, http://www.foreignaffairs.com/articles/139476/roland-benedikter-and-katja-siepmann/meet-the-mattes.

> industry. The export of raw materials (particularly nonrenewable ones) is not always sustainable in the long term. The roles of the Chilean state and the private sector in attracting Chinese investment and enhancing diversification of exports of value-added products are crucial for the future of the economy of Chile and its relationship with China.[13]

Despite this outreach, most of China's attention is dedicated to its neighbors. So how should the West react to this situation of silent, but deep-reaching transformation underway among China's neighbors, particularly among those that are democracies and Western allies?

Growing Inequality and the Crisis of Economic Idealism in East Asia: An Undervalued Cornerstone of the Western Pacific Strategy

In answering these questions, the United States from the start of the Barack Obama era on January 20, 2009 has implemented an "Asia first" strategy. This strategy departs from the assumption that the future of America will be increasingly dependent on the economic and political development in the Pacific, in particular on the interrelation between China and the United States and its democratic Asian allies on the other hand. The grand strategy of balancing democratic and nondemocratic trajectories in the Pacific is centered on the intensification of economic, diplomatic, and military cooperation of the United States with countries such as Korea, Japan, Taiwan, and the Philippines.

At the same time, efforts towards broadening American coalitions in Asia are underway. It was no coincidence that immediately after his re-election on November 6, 2012 Obama announced a four-day trip to Burma, Thailand, and Laos in an effort to strengthen ties with SouthEast Asian nations, with the aim of containing the growing Chinese influence in the region and improving cooperation among Pacific democracies.

What, though, is still widely underestimated by the United States and other Western governments is the growing impact of Asian domestic social inequality on class stratification, and as a result on the voter behavior and politics of the Pacific allies. As the current example of South Korea illustrates, the potential decline of social cohesion, intergenerational solidarity, and economic idealism in post-industrial Asian societies is a worrying signal that could trigger dramatic changes in existing political and diplomatic alliances. The problem must be addressed in order to avoid antidemocratic inclinations and a potential regionwide shift towards a China that is meanwhile "half-communist," but still authoritarian. Because the aftermath of the inner-party power transfer between November 2012 and April 2013 could generate Chinese progress towards further liberalization, the issue could also become important for China's own domestic development. But given that the growing

[13] J. C. Gachúz: Chile's Economic and Political Relationship with China. In: Journal of Current Chinese Affairs, 41 (2012), 1, 133–154.

inequality in South Korea to a large extent mirrors similar developments within US society, which has been the blueprint for Korean democracy since the Korean War (1950–1953), it seems questionable whether America, being in the midst of a deep inequality crisis itself, might be able to provide any proven solutions. The resulting question is therefore what contribution Europe, the continent that still boasts the best social equality index in the world, as measured by the Gini Index 2011[14] and the Human Development Report of the United Nations Development Program 2011,[15] might be able to provide to stabilize Asian democracies, despite Europe's own crisis now being in its seventh consecutive year.

The—Alleged—Shift from the West to the East

At an international conference on 24 May 2012 at Gyeongsang National University Jinju on "Social Change and Postmaterialism in Korea", led by Korean sociologist Sootaek Kang, international experts, among them Taiwan's World Values Survey director Lu-huei Chen and the author, discussed the future of economic idealism in South Korea and, more generally, in East Asia.

Economic idealism inserted into the practice of modern societies has sometimes been described as "post-materialism." The respective values include social cohesion, class solidarity, pluralism, participation, self-expression, sustainability of investments and the environment, interpersonal relations, and subjective and objective quality of life. These values and measurements are thought to be, in principle, of equal importance to the three classic economic values: growth, employment, and social order, if applied to what is necessary for inclusive, long-term growth and sustained development.

Experience has shown that the "societal idealism" that drives these values is always strongest when times are good: when the economy is thriving, people are freed from the immediate needs of mere survival and thus have time to aspire to higher goals.[16] Or in other words: when the belly is full, the desire of people starts to work on nonegoistic values for the greater good of society. That is part of most teachings on social logic, not only of the Maslow hierarchy of needs theory.[17]

For many years in (post-)modern history Western open societies such as those of the United States and Europe, because of their economic well-being and their

[14]The World Bank 2011 Gini Index: http://data.worldbank.org/indicator/SI.POV.GINI?order=wbapi_data_value_2011+wbapi_data_value+wbapi_data_value-last&sort=asc.

[15]The Human Development Report of the UNDP 2011: http://hdr.undp.org/en/reports/. Among the first 20 nations with the lowest social inequality, 18 are European.

[16]Cf. the affirmative critique of this basic assumption in I. Kyvelidis: Measuring Post-Materialism in Post-Socialist Societies. In: European Integration online Papers (EIoP) Vol. 5 (2001) N° 2, http://eiop.or.at/eiop/pdf/2001-002.pdf.

[17]Cf. for example G. Norwoord: Maslow's Hierarchy of Needs. In: http://www.deepermind.com/20maslow.htm.

democratic participatory structure, were leading the world in terms of the percentage of economic idealists (or post-materialists) in the composition of national populations.[18]

However, recent decades have seen a noticeable shift from West to East. Given that the West has not benefited from globalization to the same extent as the East since 1991, has been shaken by the 9/11 terror attacks, and, since 2007, has been going through multiple financial, economic, and debt crises for six consecutive years with no apparent end in sight, the numbers of social idealists in the countries previously leading the world in post-materialism have decreased.[19] The recent crises in the West have produced record unemployment in some nations such as, for example, Spain and Italy, as well as unprecedented austerity politics and economic recession all over Europe, but also rising social inequality and unrest in Latin American countries such as Chile.[20] With a few exceptions such as Switzerland,[21] they have again increased the absolute number of the poor in the West,[22] thus infusing fear into Western societies; and, as we know, fear is the greatest enemy of societal idealism or post-materialism.[23]

Economic and Social Change in East Asia

In this situation, Asian democracies have taken over the lead in implementing idealistic economic values and fostering post-materialistic cohorts in their populations. Indeed, they have sustained them for quite a few years now.

Since the mid-1990s countries such as South Korea, and partly also Japan, due to their rapid technological and economic development, were already among the world's leaders in social idealism and percentage of post-materialists, as evidenced

[18] See the long-term overview since 1990 at: The Human Development Reports of the UNDP: http://hdr.undp.org/en/reports/.

[19] R. Tormos: Postmaterialism as a lifetime learning process. A Longitudinal Analysis of Intra-cohort Value Change in Western Europe. Paper presented at the European Survey Research Association Warsaw Conference 2009. In: http://www.academia.edu/1519949/Postmaterialism_as_a_lifetime_learning_process, p. 19. Cf. the more recent statistics in G. Diakoumakos: Post-materialist values and crisis. Explaining the Greek political crisis according to Inglehart's theoretical framework. Paper presented in the European Sociological Association Social Theory Conference "Crisis and Critique", 6–8 September 2012, Athens, http://www.gdiakoum.com/files/documents/Paper-PostMaterialistValuesAndCrisis.pdf?5766db, p. 3.

[20] R. Benedikter and K. Siepmann: Meet the Mattes. The Family—And Paper Company—That Helped Build Chile's Economy, loc cit.

[21] R. Benedikter and L. Kaelin: The Swiss Miracle? Beyond Chocolate, Cheese, and Banking. In: Foreign Affairs, April 9, 2013, http://www.foreignaffairs.com/articles/139142/roland-benedikter-and-lukas-kaelin/the-swiss-miracle.

[22] Szu Ping Chan: Unilever sees 'return to poverty' in Europe. In: The Telegraph London, 27 August 2012, http://www.telegraph.co.uk/finance/financialcrisis/9501771/Unilever-sees-return-to-poverty-in-Europe.html.

[23] G. Diakoumakos, loc cit.

by statistics generated by partly applying the Inglehart model to Asian societies.[24] Among the origins of this leadership are:

1. Their collective mindset;
2. Their strongly cooperative traditional cultures;
3. Their noncompetitive, nonmessianic spiritual and religious foundations, which—unlike those in the West—are rather oriented towards present-day conciliation and harmony in day-to-day-living, not towards "final values" as is, for example, Christianity.[25]

   Another reason is:
4. The youth factor. While most Western societies are aging, Asian countries have much younger populations. It is an accepted standard in transcultural research on values, including basic economic attitudes, that the lifecycle ratio plays an important role in determining the percentage of social idealism, not only in developing countries but also in Western nations. The older people get, the more materialistic they usually become. This means that the younger a populations is, the more non- or even post-materialistic it will be.[26] Although there is an aging process in Asian countries underway too, as is precisely the case in China "where people above the age of 60 now represent 13.3% of the total, up from 10.3% in 2000, and where in the same period those under the age of 14 declined from 23 to 17%,"[27] the overall picture of Asia as disposing of younger populations and work force remains true if compared with the aging of Western societies.

The interesting issue for the future certainly is how China will manage its age pyramid in one or two decades time, when due to its demography politics, including the one-child policy, it will most likely get to a similar distribution of age groups as the West, but with no similar security system in place yet, in any case not with a sufficient one, and with an overall pension plan still in the building.[28] As Leith van Onselen put it,

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[24] Cf. for example Soo Young Auh: Value Change and Democratization in South Korea. In: T. Pettersson and Y. Esmer: Changing Values, Persisting Cultures. Case Studies in Value Change. European Values Studies 12, Brill Publishers 2008, pp. 305–334.

[25] R. Benedikter: On the Korean Spirit. Two Fundamental Gestures in Seoul: Buddha and Cross (Über den Koreanischen Geist. Zwei Ur-Gesten in Seoul: Buddha und Kreuz, German). In: Stimmen der Zeit, Die Zeitschrift für christliche Kultur, Heft 8/2013 (August), Herder Verlag Freiburg 2013, pp. 544–554.

[26] Cf. for example P. R. Abramson: Critiques and Counter-Critiques of the Postmaterialism Thesis: Thirty-four Years of Debate. Paper Prepared for the Global Cultural Changes Conferences, Leuphana University, Lüneburg, Germany, March 11, 2011, www.democracy.uci.edu/files/…/Abramson.doc.

[27] S. Whiz: Will China Grow Old Before It Becomes Rich? A Demographic Time Bomb. In: Seeking Alpha. Read. Decide. Invest, June 7, 2012, http://seekingalpha.com/article/644161-will-china-grow-old-before-it-becomes-rich-a-demographic-time-bomb-part-1.

[28] J. H. Flaherty et al.: China: The Aging Giant. In: Journal of the American Geriatrics Society, Volume 55, Issue 8, pages 1295–1300, August 2007.

> The 21st century will be the century of old age, where declining birth rates meet longer life expectancies. Nowhere are these demographic shifts occurring as quickly as in China, which is facing demographic challenges that threaten to slow its long-term expansion. China's demographic headwinds stem from its 'one child policy', which was brought into effect in 1979 and is credited with preventing around 400 million births from 1979 to 2010. This policy initially produced a population pyramid optimal to economic growth—that is, where the largest segments of the population were neither young nor old, but in the middle (i.e. working age). The precipitous fall in China's birth rates from the mid-1970s caused a sharp fall in the dependency ratio which, other things equal, increased China's growth potential. However, the demographic blessing provided by the one child policy is beginning to turn into a curse. As China's population ages, an inverted pyramid is beginning to develop, whereby too few workers might be left supporting an army of retirees.
>
> In many ways, China's demographic trends are closer to its developed nation counterparts. Of its 1.33 billion citizens, 12% are currently aged 60 plus. However, over the next two decades the retired segment will grow rapidly, with those aged over 60 years doubling to around 24% of the population. Whilst demographic shifts are inherently slow moving and less of an immediate concern than other issues afflicting the Chinese economy, these longer-term challenges are nevertheless significant and are likely to alter the path of China's economic development.[29]

Growing Inequality and the Decline of Socioeconomic Idealism in East Asia's Democracies

Among the East Asian countries, South Korea in particular has played a key role in the diffusion and practice of post-materialistic idealism in the Eastern hemisphere since the 1990s. As an effect of its unprecedented (and widely unparalleled) economic growth, particularly in the 1980s and 1990s, South Korea had become a highly socioidealistic modern society by the start of the millennium, with a comparatively high level of collective commitment and a participatory social structure.[30] That in turn has strengthened democracy against its domestic foes, that is, mainly against leftist and radical pro-reunification trends, and thus has proven to be an important element of social coherence and systemic stability in an overall South Korean constellation characterized by continuous and lasting unpredictability.[31]

But today, despite its economic performance remaining positive, Korean societal idealism seems to be on the retreat. As surveys carried out between 2005 and 2012 show, the numbers of post-materialists in Korean society have meanwhile halved or even been reduced to a third, with negative prospects. At the same time, materialists have increased to form the majority, at least in statistical terms, while the "mixed" part of the population has also expanded, mainly at the cost of the active idealists. Simultaneously, post-materialist populations are paradoxically rising rapidly in nondemocratic China, as Taiwan's Lu Huei-Chen reported at the conference "Social

[29] L. van Onselen: China's Demographic Time Bomb. In: Seekingalpha, February 3, 2011, http://seekingalpha.com/instablog/595019-leith-van-onselen/135701-chinas-demographic-time-bomb.

[30] Soo Young Auh: Value Change and Democratization in South Korea, loc cit.

[31] S. Kang (ed.): Social Change and Postmaterialism in Korea, loc cit.

Change and Postmaterialism in Korea" on May 24, 2012.[32] How is the decline of post-materialism in democratic South Korea possible, while there seems to be a rise in nondemocratic China? What caused these seemingly inverted roles, in contradiction to how the relation of post-materialism to democracies and authoritarian states was thought? What happened?

The recent decline of social idealism in South Korea (and similarly, as can be assumed, in other countries neighboring China) has complex causes.

First, the inequalities and rifts in Korean society are evolving rapidly. As illustrated by recent national and international statistics, Korea in 2012 had the second largest income and wealth gap between the rich and the poor of all OECD countries, worse than even the United States.[33] Fewer and fewer people own larger and larger proportions of the national wealth; Korea's relative poverty rate has also risen to 18.3%. In addition, the government's ability to balance income disparity through taxation and fiscal spending in 2011 was, statistically seen, one of the lowest in the developed world, to the surprise of many international observers.[34]

Second, as a consequence there is a growing ideological polarization of Korean society which mirrors its deepening social split among conservatives, liberals, and the left. This polarization leads to a less cooperative overall mindset in general, but it also leads to a polarization within post-materialists themselves who are separating into a leftist, radical anti-government and "revolutionary" faction on the one hand and into a conservative, neo-religious faction, inclined rather towards stability than towards cooperation. The resulting trend towards the return of hierarchy and old-style "communitarianism," interpreted as conformism, shows itself, for example, in the authoritarian nostalgia that has affected parts of the Korean electorate since the start of the international economic and financial crises in 2007.[35]

Third, the growing generation gap and the pressure to enter the workforce as soon as possible, due to increasing youth unemployment (currently at more than 20%), has produced a young Korean generation with less idealistic dedication and more (naturally) pragmatic egoism than its predecessors.

Fourth, the threats from the Eurozone (now in their seventh year in a row) and the global economic crises are unconsciously perceived by Koreans, despite the fact that the country has few options for influencing the outcome. Although the Korean economy is still doing comparatively well, the growing threats posed by the Western crises exerts psychological pressure that becomes a negative factor for societal idealism. In particular, it is becoming a counter-indication against Western

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[32] Lu-Huei Chen et al.: Post-materialism and Political Support in Taiwan and China. Contribution to Sootaek Kang (ed.): Social Change and Postmaterialism in Korea. Acta of the International Conference at the Institute for Human Rights and Social Development, Gyeongsang National University Jinju, Seoul 2013.

[33] Editorial: Alarming income gap. Seoul should do more to prevent social collapse. In: *The Korea Times*, May 21, 2012, p. 6.

[34] Ibid.

[35] Yu-tzung Chang, Yunhan Zhu, Chong-min Pak: Authoritarian Nostalgia in Asia. In: Journal of Democracy, Volume 18, Number 3, July 2007, pp. 66–80.

style democracies which are perceived to be in permanent crisis due to systemic, not only to occasional, failures.

Fifth but not least, the changing regional and geopolitical balances between democracies and rising authoritarian nations like China influence Korean economic idealism. The battle between democracies and nondemocracies will be the key global battle of the 21st century. This is no longer a vision of the future, but has already begun with a global focus in Asia, as the US "Pacific first" strategy has indirectly underscored.

In fact, China is undertaking efforts to convince the rest of Asia, including Korea, that democracy may be a less effective form of government than "progressive" communism.[36] When it comes to post-materialism, China still seems to widely believe in elitist government regulation from above, not in grass-root idealism from below, in particular not in the social creativity of a sovereign citizen. But the concept and successful practice of post-materialism is in reality all about the belief and activity of the empowered individual, and it requires as its basic prerequisite a functioning civil society.

In this sense, the rise of China is not in the interest of post-materialistic values and social idealism; on the contrary, it is in essence opposed to them, at least as long as China is no democracy. Paradoxically though, China's success trap consists precisely of the fact that through its rising wealth, particularly in the coastal regions, a new class of domestic post-materialists seems to presently be born that may increasingly question the ruling party and the existing one-party system. Add to that the growing influence of China's huge diaspora of more than 50 million people familiar with foreign, post-authoritarian, or even libertarian lifestyles in their native countries, and you have the constellation of post-materialist numbers rising in authoritarian China, while simultaneously decreasing in those democratic countries attacked by its anti-democratic propaganda.

Teachings of the Asian Economic Crisis of 1997–1998

To some extent, what is happening today in South Korea is the potential induction of a structural shift not dissimilar to what happened to most East Asian countries in the years after the Asian economic crisis of 1997–1998. On that occasion, austerity politics, combined with economic restructuring, created in the medium and long term a deeply penetrating and exponentially broadening social inequality. The mechanisms in play teach us a lesson about the over-proportionate dependence of post-materialist values on economic changes. As the Korea Times reports,

> Experts widely agree on tracing the glaring inequality in today's Korea to the 1997–1998 Asian financial crisis, and subsequent harsh austerity measures and economic restructuring here. Hundreds of thousands of workers lost their jobs, and millions of others saw their wages fall for the economic fiasco caused by incompetent policymakers and greedy

[36] Yu-tzung Chang et al. Authoritarian Nostalgia in Asia, loc cit.

> conglomerates. Some of them fell, but those remaining became even stronger amid another mistaken policy of neo-liberalism, which called for large export-oriented economic recovery amid an extremely softened job market. Let's expand the pie first and then divide it later, they said. The pie has grown larger, but slices for the 90% became ever thinner.[37]

Austerity politics in the 1990s was one of the causes of today's growing social division in Korean society which is accompanied by a growing ideological dispute between conservatives and liberals that is at the forefront of current public debate.

Perspectives: What to Do? The Potential Contribution of Western Democracies to Stabilizing China's Neighbors

So, if this is the case, and if the complexly of the overall constellation is not going to change anytime soon: does societal idealism, does post-materialism still have a future in post-boom Korea? And what does that mean for the future of democracy on China's borders?

Taking the given data and analyses together, the outlook is mixed. The situation is not as difficult as in the current West, but it is less hopeful than it was only a couple of years ago.

In this situation, exchange of experiences between Eastern and Western democracies could be an advantage for both Asia and the West. Although South Korea still has a variety of options to readjust its problems because its taxes are comparatively low, its sales tax is half that of most European countries, and its economy is still growing by just over 3%, it urgently needs to fix its increasing domestic disparity and to strengthen its social idealism in order not to endanger its further development because of social unrest. In order to do so, it would be wise to look around for models of proper social equality management and successful multidimensional solution clusters. Given that the Korean government (with 10% of Korean exports that go to Europe now being threatened by dwindling consumption) plans to install a think tank to closely monitor the developments in Europe and to react accordingly, one thing is for sure: the European zig-zag politics between fiscal austerity, tax increases, and socialist-style government spending may be to some extent a logical development for Europe, but is no model for rising Asia to follow.[38]

But there are other European experiences that may be useful in precisely the current situation. Europe's experience in balancing social differences and in preserving social equality through the two basic governmental instruments of taxation and pub-

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[37] Editorial: Alarming income gap. Seoul should do more to prevent social collapse. In: *The Korea Times*, May 21, 2012, p. 6.

[38] Cf. in detail R. Benedikter: Austerity plus growth: Europe's winning combination? "Focal point" essay series: The EU: Broken or just broke? (Other contributors: Jürgen Habermas, Jacques Delors, José Ignacio Torreblanca, Ulrike Guèrot). In: Eurozine. Europe's leading cultural magazines at your fingertips: The most important articles on European culture and politics. Year 15, Issue 6/2012 (June), Bruxelles and Vienna 2012, pp. 1–12, http://www.eurozine.com/articles/2012-06-15-benedikter-en.html, June 15, 2012.

lic spending could be a partial model for stabilizing Korean society. Among them is, in particular, the "inclusive growth strategy" applied by the European Commission for about a decade. In fact,

> Europe is debating the new core concept of 'inclusive growth', i.e. economic growth that is broad-based and benefits the majority of the population. The last decade has seen the steady rise of developing countries across the world, led by the BRICs (Brazil, Russia, India and China). However, rapid economic growth has often been accompanied by rising inequality. The World Bank report,[39] for example, states that: 'Inequality is on the rise in several countries in East Asia, and is contributing to social tensions.'[40]

In response,

> The challenge is to harness economic growth to a more equitable distribution of opportunity and income. Meeting this challenge requires public policy action on two fronts. First, governments need to mobilize revenues from growth and invest those revenues in the basic services and economic infrastructure that offer poor people greater opportunities. Second, governments need to foster an environment that enables the creation of jobs and more resilient livelihoods, so that poor people can contribute to economic growth, 'produce' their way out of poverty and secure a greater share of the benefits from growth.[41]

Some recent application clusters of this concept with a variety of different solutions on the micro-, meso- and macrolevels have been debated at the EU Development Days on November 16 and 17, 2012 in Brussels, with detailed application packages available for various environments and constellations, and ready to be transferred to different cultures and phases of societal cohesion.[42] Among the respective proposals are public investments in grass-roots initiatives, the transnational and transcultural funding of youth employment projects, decentralization and empowerment reform projects on all levels, the further inter- and transdisciplinary development of the "resilience" concept[43] towards a new, overarching cluster concept of societal development balancing sustainability and green technology with equality, participation, wealth, and growth through the combination of knowledge distribution and acquisition, protection, and foresight, as well as the stronger engagement of the private business sector for communitarian development.[44]

As a result, Europe, despite more than six years of crisis, continues to display three main strengths:

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[39] M. Sharma et al.: Rising inequality with high growth and falling poverty. In: World Bank East Asia and Pacific Economic Management and Poverty Reduction: An Eye on East Asia and Pacific Reports series, Nr. 9, http://siteresources.worldbank.org/INTEASTASIAPACIFIC/Resources/226262-1291126731435/EOEA_Manohar_Sharma_May2011.pdf.

[40] In: Debating Europe, 25 September 2012, http://www.debatingeurope.eu/2012/09/25/inclusive-growth/.

[41] Ibid.

[42] EU development days: http://eudevdays.eu/, November 2012.

[43] N. Bakshi: The resilient society. In: The London School of Economics Business Strategy Review, 2012 issue, http://bsr.london.edu/lbs-article/620/index.html.

[44] Ibid.

1. Social equality, kept relatively stable over the past decades, as the EU reports on social protection and social inclusion show;[45]
2. A "mature" post-materialist value development that has concretized on a broad societal basis what the post-materialist trends since the 1970s promised, and is thus not likely to erode because it has reached at least in part the resilience level;[46]
3. Some best practice examples of creativity leadership, as the global creativity index of the Martin Prosperity Institute 2011 shows.[47]

Creativity usually comes combined with technological leadership, and this is without doubt the case with Europe despite all setbacks.[48] It is no accident that the most prosperous nations on earth, according to the 2012 Global Prosperity Index of the London-based Legatum Institute (LI), are those with the best social equality index, and that most of them continue to be located in Europe, despite all negative rhetoric.[49] The Legatum Institute Prosperity Index is the most multidimensional and complete, comprising eight dimensions and integrating them to an interdisciplinary overall judgment: economy, entrepreneurship, governance, education, health, security, personal freedom, and social capital.[50]

It is important here to note the difference between mere "wealth" measurement and the much more accurate, integrative, and encompassing concept of "prosperity" which includes wealth, but comprises it as just one (although decisive) factor among others. One fault of the past neo-liberal decades between the 1990s and the crisis years since 2007 was to define economic progress through the accumulation of wealth alone; in order to master the resulting growing social inequality, the international community will indeed have to return to the broader concept of "prosperity" to draw the more complex (and thus more accurate) picture.

Of course, the perception of social equality is not only based on objective numbers, but inevitably also has subjective implications. As the last "World Happiness Index" shows, European countries, despite all crises, perceive themselves as among the most happy, with Denmark heading the global "happy population" list—which says something about the general perception of social peace and cohesion as a subjective experience that unavoidably affects (and co-creates) the objective realities in

[45] European Commission Employment, Social Affairs and Inclusion Division: http://ec.europa.eu/social/main.jsp?langId=en&catId=750.

[46] R. Inglehart: Changing Values Among Western Publics from 1970 to 2006. In: West European Politics, Vol. 31, Nos. 12, January-March 2008, pp. 130–146, http://www.worldvaluessurvey.org/wvs/articles/folder_published/publication_559/files/values_1970-2006.pdf.

[47] The Martin Prosperity Institute: The Global Creativity Index Rankings 2011. In: http://martinprosperity.org/media/GCI%20Report%20Sep%202011.pdf.

[48] Cf. R. Florida: Rankings: The World's Leading Nations for Innovation and Technology. In: The Atlantic Cities, October 3, 2011, http://www.theatlanticcities.com/technology/2011/10/worlds-leading-nations-innovation-and-technology/224/#slide1.

[49] The 2012 Legatum Prosperity Index, 30 October 2012: http://www.li.com/media/press-releases/2012-legatum-prosperity-index-american-dream-at-risk-in-key-election-year.

[50] Ibid.

which post-materialism can unfold, or is hindered.[51] In other words: social equality is not only an objective reality, but is also a self-fulfilling prophecy, more than other factors of development. Once it is perceived as a high-priority governmental and administrative issue by the population, it fosters post-materialist trends which then (and in turn) strengthen the social agenda. A *circulus virtuosus* is created in the social psyche, which in the case of economic idealism is as decisive in its day-to-day realization as the sheer amounts of investment or the mere quality of performance.

Conclusion and Outlook

China's rise forces its neighbors and the West with which they are allied to strengthen the bases of democracy, that is, pluralistic cohesion and social stability. Social idealism in South Korea and other democracies in the neighborhood of China can be maintained if (not least with the help of the above-mentioned instruments which Europe has partially successfully implemented) six main measures are undertaken.

First, most generically and overall seen, save the middle class from decline. Make this a top priority both short- and long-term.

Second (and as part of it), overcome the income and wealth distribution gap by appropriate stimulation measures not limited to single fields, but broadly conceived as government priority across departments and resorts. Make it a multidimensional priority strategy for the coming legislative periods.

Third, fix youth unemployment. Governmental incentive programs are a viable path.

Fourth, re-integrate the working classes into the middle-class dominated post-materialist group. Measures needed for that purpose include backing them up economically, through guaranteeing minimal wages, but also by trying to empower them psychologically through helping them to find their own language and constructive public discourse.

Fifth, overcome ideological polarization between leftist and conservative post-materialists by trying to find common ground through inventing and enacting joint projects and activity fields, for example, through jointly addressing issues of sustainability and social stability measures.

Sixth, restore and intensify positive public debate about the benefits of democracy, as opposed to authoritarian regimes. As social research around the world shows, post-materialism or social idealism is directly related to—and dependent on—the organizational form of democracy; so China's democratic neighbors shouldn't let the Western crises damage domestic democracy by not keeping its benefits sufficiently publicly present.

As the European experience of the past decades shows, social equality can be kept at a relatively high level also in capitalistic societies built on vertical social

[51] Columbia' Earth Institute Happiness Report 2012: http://www.earth.columbia.edu/sitefiles/file/Sachs%20Writing/2012/World%20Happiness%20Report.pdf.

mobility; but it doesn't come without a price. The price is that the six-measures package, concretized with partial help of European model programs, costs money, effort, and endurance. It requires dedication and care over longer periods of time. It is clear that, as always when ideas are implemented in reality, this six-measures package will not trigger miracles, and it may not produce immediate results. But most certainly it will affect the overall development in the medium term for the benefit of stability, balance, and collective progress in Asian democratic societies if implemented with conviction.

South Korea should do everything to keep its long-exemplary social idealism alive:

1. For the sake of the reputation of democracy in Asia;
2. As an example of balanced development for the crisis-ridden democratic communities of the world;
3. Most important: in its own domestic interest: to remain competitive with China, as well as to remain a thriving partner for the rising neighbor, with potential teachings for its democratic development.

Europe should take notice of the problems of the democratic world's most important Pacific allies, much more than it has done in recent years. It is in its vital interest to help these countries maintain their social stability, and, vice-versa, learn from their economic and technological success. The fact that leading countries of the Eurozone such as Germany are in the process of establishing a "special relationship" with China should not decrease or even hinder Europe's further active engagement in their ties with Asian democracies and their productive but independent exchange with China.

The *United States* is well advised to take the growing East Asian social inequality seriously, and to do everything to help implement the measures listed above in order to mitigate disparity and to prevent social unrest, both in the perspective of a considered development in the Pacific, as in the interest of its own "Asia first" strategy. If one core future aim of the United States is to peacefully contain China and to include it productively in the world system, that is, to sustain China's inner reforms by providing best-practice examples and to balance China's growing military and economic power by the means of soft power, then a branch of a balanced Pacific strategy should be to pay more attention to sustaining social peace in the Asian democracies, as well as targeted, culture-appropriate debates against the Chinese elites' anti-democratic propaganda in the region.

Last but not least and most important, it will be increasingly in the long-term strategic core interest of *China* itself to exchange experiences of transition towards potentially more participatory approaches of societal organization in order to vary and multiply its options, and thus to study actively the available offers of best-practice examples by its neighbors in exchange for a more moderate foreign policy attitude. That would be in full accordance with the proposals and demands of the government's own "White Paper on China's Efforts and Achievements in Promoting the Rule of Law" of 2008 which seeks to "draw on valuable foreign experience

for reference while basing our efforts on China's actual conditions."[52] Depending on the outcome, it may use this experience as a positive or negative example of how to improve its own rule of law and to move towards more inclusive and less elitist order patterns of decision making and power distribution, as promised by the new leadership around Xi Jinping.

[52] China State Council Information Office: White Paper on China's Efforts and Achievements in Promoting the Rule of Law, loc cit.

Chapter 7
China: The Road Ahead

Roland Benedikter

If the basic assumptions of the Chinese, Asian, American, and European analysts collected in this book are right, China's future strategic outlook under Xi Jinping is double-fold:

- On the one hand it is changing the global game both purposefully and inadvertently. Or as Walter Russel Mead put it:

> Just look at the dynamics of the United Nations Security Council… (or) even in the General Assembly, the balance of power is shifting: 10 years ago, China won 43 % of the votes on human rights in the United Nations, far behind Europe's 78 %. But in 2010–2011, the EU won less than 50 % to China's nearly 60 percent… Rather than being transformed by global institutions, China's sophisticated multilateral diplomacy is changing the global order itself.[1]

- However, the "new China" under Xi Jinping seems to be neither prepared nor interested in taking over an explicit international leadership role anytime soon, let alone the role of a guaranteeing power for the rising new multipolar world order side by side with, or even replacing the United States and Europe.

This in essence contradictory image echoes Xi Jinping's words that China is sufficient in itself and doesn't seek to dominate others, as we heard in Chapter 1, and it goes hand in hand with the old saying that China doesn't need any friends because it is big enough to be a world in itself. But these projections are countered by China's recent steady outer expansion and more self-confident and energetic role on the international stage, including its rather aggressive trade, currency, and armament policies and its stance in the ongoing territorial disputes with more or less all its Southern and Eastern neighbors. Although China in February 2013 "eclipsed the U.S. as biggest trading nation,"[2] on the other hand it faces increasing inner problems that may hinder its further outer influence. In essence, the story of present China's rise is a story of contradictions that characterize a world power in the making. It's a story

[1] W. Russel Mead, quoted in: M. Leonard: The End of the Affair? European Council on Foreign Relations, 25 July 2012, http://ecfr.eu/content/entry/commentary_the_end_of_the_affair.

[2] Bloomberg News: China Eclipses U.S. as Biggest Trading Nation, February 10, 2013, http://www.bloomberg.com/news/2013-02-09/china-passes-u-s-to-become-the-world-s-biggest-trading-nation.html.

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of dialectics between inner and outer factors, whose respective developmental laws seem in many ways opposed to each other.

A Story of Ambiguities

The story of China's present rise is indeed at its core a story of (though in many cases productive) ambiguities. China's development is driven forward energetically by one of the currently best elites in the world in many fields and levels of action simultaneously, connecting it always more intensely with globalization. On the other hand it is carried out not without reluctance because China wants to stay as independent as possible, and remains thus hesitant to become too involved in the global system, still preferring to continue its successful "we need no friends" policy of the past years and focusing on domestic development. Another contradiction for a world champion in exports and for the "workbench of the world," ambiguity between forward-orientation and the return of a new, though more populist conservativism seems at the core of China's road ahead. In this sense, China's ambiguous rise between outer and inner factors, between expansion and self-affirmation, is in many ways part of the "paradoxes of the new world order."[3]

In fact, as did Russel Mead or European Council on Foreign Relation's Mark Leonard,[4] Stanford's Thomas Fingar has pointed out that China's vision of world order is contradictory as it is to the same extent context-dependent as it is independent-minded:

> China has benefited from the liberal international order led by the United States. However, China is uncomfortable with aspects of the current system and will seek to change them as part of a broader effort to reform global institutions to reflect its perception of 21st-century realities. One set of shaping factors—China's assessment of the current world order—identifies much that Chinese leaders would be reluctant to change because they want to continue to reap benefits without assuming greater burdens. A second set of factors includes traditional Chinese or Confucian concepts of world order. A third set of factors comprises the attitudes and actions of other countries. China's rise has been achieved by accepting greater interdependence, and its ability to exert influence depends on the responses of other nations.[5]

Fingar deduces the following policy implications:

- China appears to want to maintain most elements of the current global order, including U.S. leadership. But it also wants the United States to allow other nations, specifically China, to have a greater voice in decisions affecting the international system.

[3] Cf. U. Menzel: Paradoxien der neuen Weltordnung (Paradoxes of the New World Order), Frankfurt am Main 2004.

[4] M. Leonard: China 3.0: Understanding the New China. In: European Council on Foreign Affairs, http://ecfr.eu/content/entry/china_3.0.

[5] T. Fingar: China's Vision of World Order. In: A. J. Tellis and T. Tanner (ed.s): Strategic Asia 2012–13: China's Military Challenge. Published by the National Bureau of Asian Research, October 2012.

- China is more interested in improving and establishing rules and institutions needed to meet 21st-century challenges than in wholesale replacement of existing mechanisms. This makes China a willing as well as necessary partner in the remaking of institutions to meet shared international challenges.[6]

This hasn't only advantages though. As Jon Kyl, Douglas J. Feith, and John Fonte have worked out, the leveling of the international system through China's rising influence and more extended participation particularly when it comes to international law and global standards not only presents opportunities, but will also imply not to underestimate flaws and dangers in the coming years. A "war of law" could be triggered with an unclear outcome for Western democracies and the principle of an open society.[7] This is not only the case from an American "patriotic" perspective such as that of Kyl, Feith, and Fonte, where traditionalist forces notoriously fear international agreements could endanger or even replace American sovereignty in sometimes exaggerated ways. These forces don't realize that in the age of globalization and of the end of monolateral American world dominance, the United States' resistance against further commitment to international law is not any longer a point of strength, but is in reality undermining its position in the new multilateral constellation by isolating America among its allies. But it is also plausible that the further international law will become a compromise between the West and China, that is, between democracy and authoritarianism, the more endangered the principles of individuality, self-reliance, freedom, and self-realization may become as a consequence of China's rising global weight, along with the potential leveling of international environmental or human rights standards and with the softening of cooperation in international bodies such as the United Nations, the World Bank, or the International Monetary Funds, not to forget unsolved problems such as Tibet increasingly "sorted out" of the sphere of international agreements in order to become domestic Chinese issues. China's decades old neutral blockage politics in international affairs under the slogan of an alleged "primacy of noninterference" is still in the heads of the international community, as most recently the, tragic, examples of Syria or North Korea have shown.

Summarizing these views by pointing out the growing interdependency between inner and outer factors, Columbia's Ian Bremmer concludes:

> Today's China is in need of long-term economic and social reforms almost as ambitious, as its government will be undertaking these changes just at a time when the 'G-Zero' [i.e., the new world system without clear leaders, R.B.] is likely to supply the system with unexpected shocks. If Beijing can't manage the growing social unrest, if it can't cope with a rising tide of environmental disasters, if global rebalancing begins to cost China jobs and to benefit neighboring economies at China's expense, if a more serious market meltdown inside Europe and the United States—China's leading trade partners—puts tens of millions out of work, if public disgust with corruption takes on a life of its own on the Internet, if state attempts to quell another student uprising meet resistance coordinated with modern tools of communication, we might well see a fundamental change over time in how China is

[6] T. Fingar, loc cit.

[7] J. Kyl, D. J. Feith and J Fonte: The War of Law. How New International Law Undermines Democratic Sovereignty. In: Foreign Affairs, July/August 2013, http://www.foreignaffairs.com/articles/139459/jon-kyl-douglas-j-feith-and-john-fonte/the-war-of-law.

> actually governed. It doesn't take the collapse of the state or a revolution to bring about this change. But if lower-level state bureaucrats and local officials decide to run their own agendas, and if Beijing is unable to implement the plans it makes, China's central government could remain much too preoccupied managing domestic challenges to play any important role on the international stage.[8]

Three Main Characteristics of China's Future. First: Ambiguity and Context-Reliance Versus Transparency and Long-Term Predictability

Summing up, there is a broad agreement among international observers today that Xi Jinping's China does want to rise, but at the same time most probably doesn't want to take over a lead role in the world in the years ahead, or only hesitantly, both for cultural and historic reasons, leaving the work paradoxically to the second "G-2" power, the United States, in order to concentrate on domestic issues.

This insight may mitigate some exaggerated fears, but on the other hand trigger new ones. The "new" China is not so different from the old one insofar as its primary goal will remain to secure its own rise for itself. Accordingly, China may not seek to have any new friends, but rather to make partners from a polite distance related to circumstances, opportunities, and problems, and mainly for the timeframe needed to solve the problems which are in its interest and with which it is immediately concerned. Xi Jinping's "less elitist," "populist pragmatism" points by its very nature in the direction of a day-to-day politics rather then of a long-term sophisticated strategy; and it seems to prefer artful ambiguity and multioptional context reliance instead of transparency and long-term predictability. At least this is what lies in the very nature of populist pragmatism. Its center is ambiguity as an active tool and positive medium to secure advantages, as opposed to political idealism that broadly announces ambitious goals and thus gives the opponents sometimes unwanted advantages, and therefore in the end can fall short of what was announced, as in the case of Barack Obama's rethorics which when seen overall are in the meantime risking a decline to a sort of announcement politics in the view of history without much effect in practice, at least when it comes to his foreign policy record.[9]

In this sense, China's cautiously reluctant, distanced, and ambiguous politeness is in many ways the opposite of current US politics, making calculated independence the greatest advantage of the rising power. There are virtually no signs that this strategy, a traditional core feature of Chinese rulers, will change anytime soon under Xi Jinping. As a consequence, Ian Bremmer may be right in underscoring that China in the coming years will be "the major power least likely to develop

[8] I. Bremmer, loc cit., pp. 180.

[9] Cf. M. Crowley: Make Way for China. In the contest for the future of Asia, Obama's canceled trip opens the door for Beijing's increasing influence. In: Time, October 21, 2013, pp. 20–25.

along a predictable path,"[10] acting mainly on contexts as related to opportunities rather than on all too detailed long-term strategies. The "freedom" to act without binding programs related to public control and critique is one of the advantages of authoritarianism. Was this the moderate, but determined overarching message of Xi Jinping's G-2 California visit to Barack Obama in June 2013: that the United States and the Western world will have to deal with an in principle cooperative, but—consciously—not fully integrated China during the coming years?

A Second Dichotomy: Authority Versus Liberalization

A second core characteristics of China's development in the coming years will be the dialectics between authority and liberalization. Most present observers focus their analyses mainly on state actors and leaders, and there is certainly a good point in doing so with regard to an authoritarian nation such as China. Nevertheless, these observers sometimes still tend to neglect the civil society factor on the rise in China maybe as in no other country on earth these days, despite, or exactly because, the repressive measures undertaken by the government have proven concretely to effect the daily reality on the ground. As venture capitalist and political scientist Eric X. Li comments,

> In November 2012, the Chinese Communist Party (CCP) held its 18th National Congress, setting in motion a once-in-a-decade transfer of power to a new generation of leaders. As expected, Xi Jinping took over as general secretary and (later became) the president of the People's Republic. The turnover was a smooth and well-orchestrated demonstration by a confidently rising superpower. That didn't stop international media and even some Chinese intellectuals, however, from portraying it as a moment of crisis. In an issue that was published before the beginning of the congress, for example, *The Economist* quoted unnamed scholars at a recent conference as saying that China is, unstable at the grass roots, dejected at the middle strata and out of control at the top. To be sure, months before the handover, the scandal surrounding Bo Xilai, the former party boss of the Chongqing municipality, had shattered the CCP's long-held facade of unity, which had underwritten domestic political stability since the Tiananmen Square upheavals in 1989. To make matters worse, the Chinese economy, which had sustained double-digit GDP growth for two decades, slowed, decelerating for seven straight quarters. China's economic model of rapid industrialization, labor-intensive manufacturing, large-scale government investments in infrastructure, and export growth seemed to have nearly run its course. Some in China and the West have gone so far as to predict the demise of the one-party state, which they allege cannot survive if leading politicians stop delivering economic miracles.[11]

Although Li continues to believe these to be exaggerations and that the ruling party despite all problems will have the right recipes ready, MIT's Yasheng Huang rightly answers that some observers such as Li are "far too confident in the benefits of

[10] I. Bremmer, loc cit., p. 148.

[11] Eric X. Li: The Life of the Party. The Post-Democratic Future Begins in China. In Foreign Affairs, January/February 2013, http://www.foreignaffairs.com/articles/138476/eric-x-li/the-life-of-the-party.

Chinese authoritarianism. So far, what has held China back is not any lack of demand for democracy, but a lack of supply (of democracy, R. B.). That gap should start to close over the next ten years."[12]

Yasheng Huang, in a somewhat extreme statement, seems to be convinced that the choice is "between democratization or dead," because "China's Communists (will) face reform or revolution."[13] In contrast, the authors of this book rather think the contrary: there will most likely be no revolution under (almost) any circumstances, because the current rulers are far too intelligent and efficient. Reform will be dependent on opportunity and civil society pressure, and in no case instilled by foreign strategies.

Harvard's Martin King Whyte is more cautious about the future dialectics between authority and reform. Like the authors of this book, instead of pointing towards rapid democratization, as Yasheng Huang and others seem to do, he bets on the rule of law as a more realistic goal to be achieved next given the fundamental cultural pragmatism of the Chinese mindset:

> China's new leaders have interpreted recent unrest as being fueled by anger about inequality. But most Chinese find the gap between rich and poor relatively unproblematic. If the Xi Jinping administration hopes to settle the country, it needs to starts focusing on the real reasons citizens are taking to the streets: injustice and corruption… (Furthermore,) Chinese are growing ever more conscious of their rights as human beings. They know that there are regulations and laws on the books that appear to guarantee them fair treatment. However, the gaps between proclaimed principles and reality are huge. When they try to follow established procedures to challenge official unfairness, most likely they will fail or even get into serious trouble. And that is why they take to the streets.[14]

As a consequence, King Whyte is convinced that

> The CCP likely understands citizens' real complaints, and at least on the issue of official corruption, they regularly proclaim determination to combat the problem. But in general the CCP persists in focusing instead on reversing rising income gaps for one simple reason. Economic inequality can be addressed with new programs, institutions, and additional funding. And all that can generally be done without threatening the vested interests of the powerful. The CCP has made some progress in combatting poverty, although the gap between the poorest and richest citizens remains very wide. Addressing procedural injustices, on the other hand, is much more difficult. Most measures that could help, such as greater judicial independence, press freedom, and genuine guarantees of freedom of association and peaceable assembly—not to mention allowing electoral challenges to those in authority—would strike at the heart of the CCP's Leninist principles.[15]

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[12] Yasheng Huang: Democratize or Die. Why China's Communists Face Reform or Revolution. In: Foreign Affairs, January/February 2013, http://www.foreignaffairs.com/articles/138477/yasheng-huang/democratize-or-die.

[13] Yasheng Huang: Democratize or Die, loc cit.

[14] M. King Whyte: China Needs Justice, Not Equality. How To Calm the Middle Kingdom. In: Foreign Affairs, May 5, 2013, http://www.foreignaffairs.com/articles/139365/martin-king-whyte/china-needs-justice-not-equality.

[15] M. King Whyte: China Needs Justice, Not Equality. How To Calm the Middle Kingdom. In: Foreign Affairs, May 5, 2013, http://www.foreignaffairs.com/articles/139365/martin-king-whyte/china-needs-justice-not-equality.

And that means, according to King Whyte, that both democratization and rule of law may have an insecure and stony path ahead also in Xi Jinping's "new" China. Who could disagree with this?

The Third Dichotomy: Stability or Reform?

A third dichotomy characteristic of China's future is the one between stability and reform. This dichotomy will be particularly influential on the evolving interplay between the two fields of economy and politics, which is perhaps the most important systemic interplay of emergent China. As the European Council on Foreign Relations' Hans Kundnani and Jonas Parello-Plesner have elucidated on the example of evolving Chinese–German relationships,

> Structural similarities and shared economic interests are key for this emerging special relationship which has further intensified since the economic crisis in 2008. But Chinese companies will provide greater competition in the future and trade conflicts (between China and Europe, maybe also with the U.S. and the Anglo-American world in general, R. B.) are likely to intensify.[16]

This would mean that although stronger economic ties will be contributing to strengthen political relationships among China, the West, and the world, they may at the same time not necessarily lead to greater stability. On the contrary, they could trigger new international conflicts through trade conflicts. As experience teaches, conflicts on an international scale, irrespective of their origin, don't tend to facilitate domestic reforms.

In stark contrast to this view, the University of Chicago's Evan A. Feigenbaum and Daniel Ma have summarized the hopes for rapid democratization through economic issues, sketching a potentially favorable overall constellation that may facilitate the breakthrough of democracy in China in paradoxical ways as follows:

> In the next decade, China will continue to rise, not fade. Its leaders will consolidate the one-party model and, in the process, challenge the West's smug certainty about political development and the inevitable march toward electoral democracy. With China's political transition now complete, the country—and the world economy—is left with a pressing question: Does the new team in Beijing have the vision and the political will to revive stalled yet crucial economic reforms? Few observers are optimistic about the answer.
>
> A growing chorus of pessimists, in China and elsewhere, has coalesced around three central arguments. The first group, call them the "economic cynics," argues that the bar for reform is just too high. The second group, call them the "social doomsayers," argues that bad policies and poor governance are fueling unprecedented social unrest. This group insists that since preserving political stability is Beijing's top priority, the government will avoid undertaking reforms that risk short-term economic dislocation and might further exacerbate social discontent. The final group, call them the "political doubters," questions the new leadership's resolve to overcome powerful vested interests that will resist reforms, especially among

[16] H. Kundnani and J. Parello-Plesner: China and Germany: Why the Emerging Special Relationship Matters for Europe, loc cit.

> China's state-owned enterprises. These powerful corporate players, this argument goes, will obstruct the leadership's well-intentioned goal of boosting household incomes, defeating efforts to force state firms to pay more dividends that can be redistributed into social welfare programs.[17]

The consequences of this rather negative outlook expected by Feigenbaum and Ma are, paradoxically, surprisingly positive:

> None of these three camps is entirely wrong. Each describes a certain facet of the considerable challenges China's new leaders now confront. But their pessimism ignores a central lesson of China's recent history—one that undoubtedly resonates with at least some members of the new policy team: reform is possible when the right mix of conditions comes together at the right time. Indeed, China has had significant bursts of economic reform in the past, most notably in the late 1990s during the premiership of Zhu Rongji. That era proved that bold reform is achievable when three conditions are present: a crisis of political credibility at home, vulnerability to an economic or financial crisis abroad, and a leadership savvy enough to recognize the need for change. Today, Beijing does face enormous obstacles, and the forces arrayed against reform are numerous and entrenched. But each of these three conditions is once again present in China, potentially boosting the prospects for real and enduring economic change.[18]

Outlook. An Undervalued Question for the Middle Kingdom's Future: Who Are—and Where Are—China's Friends?

Last but not least, there is one core question when it comes to China's outlook which is not too often mentioned on the international scene these days, but whose weight both on China's and international development seems to be destined to grow. As Bielefeld University's Ulrich Menzel, one of Germany's foremost China experts since the 1970s, insistently pointed out at the conference "World Orders in the 21st Century" in October 2012 in Potsdam,[19] the core question for a peaceful and cooperative future beyond mere words and diplomatic politeness in the coming years will be: "Who are, and where are China's friends?"

This may indeed be a decisive question for the future, the more China becomes entangled with globalization and transnational development. In contrast to its own assumption and its traditional, often all too inflexibly handled stance of noninterference, China will increasingly need friends proportionally to its growing involve-

[17] E. A. Feigenbaum and D. Ma: The Rise of China's Reformers. Why Economic Change Could Come Sooner Than You Think. In: Foreign Affairs, April 17, 2013, http://www.foreignaffairs.com/articles/139295/evan-a-feigenbaum-and-damien-ma/the-rise-of-chinas-reformers.

[18] E. A. Feigenbaum and D. Ma: The Rise of China's Reformers, loc cit.

[19] International Conference: Hegemony and Multipolarity. World Orders in the 21st Century. 5ft Foreign Policy Conference of the Rosa-Luxemburg-Foundation, University of Potsdam and Journal WeltTrends for International Relations, Potsdam University, Germany, October 11-12, 2012, http://transform-network.net/calendar/archive-2012/news/detail/Calendar/hegemony-and-multipolarity-world-orders-in-the-21st-century.html.

ment in an interconnected world. It will be forced by necessity to take over a role of leadership, and given that it seems not yet fully prepared for it either physically or psychologically, it will have to use the term in office of Xi Jinping to prepare itself in the best possible manner. The policy of shrieking its neighbors to death over territorial disputes and by the unprecedented militarization of the Chinese Sea, as London School of Economics Barry Buzan put it,[20] thus discrediting the credibility of its peaceful-rise concept, is probably not the best strategy for the years to come.

On another note, and in contrast to King Whyte's perspective, the future of the Western strategy can't be just about "to calm the Middle Kingdom"[21] down. It must rather be about actively and autonomously including it in a balanced and just overall development whose institutional, juridical, and formal cornerstones are yet to be found through trustful negotiations. To establish such an inclusive development as a win–win arrangement for all participants disregarding the profoundly different cultures, mindsets, behaviors, and political systems will be the biggest challenge ahead of the global partners, and the one on which Xi Jinping's China may be most inclined to cooperate.

[20] B. Buzan at the Potsdam University conference: Hegemony and Multipolarity, loc cit. Cf. B. Buzan: China in International Society: Is ‚Peaceful Rise' Possible? In: The Chinese Journal of International Politics (2010), Volume 3 (1), pp. 5–36, http://cjip.oxfordjournals.org/content/3/1/5.full.

[21] M. King Whyte: China Needs Justice, Not Equality, loc cit.

Chapter 8
Perspectives I: Basing China's Government on Legitimacy and Values: An Interview with Peng Bo

Verena Nowotny

Peng Bo, Associate Professor of Political Science at Jiao Tong University in Shanghai, uses his intimate knowledge of political processes in China to develop concrete policy recommendations for reforms. He engages in local experiments about citizen engagement in political decision making and regards local politics in China as the level in most urgent need of reform.

Verena Nowotny talked with Peng Bo about the political and social environment in China under the new leadership of Xi Jinping.

Verena Nowotny: The Chinese leadership model is unique. A small group—the Standing Committee, consisting of seven persons—is responsible for almost all political decisions. Their collective leadership has helped to achieve more balanced policies, if compared to a strong presidential system. But has it also prevented the implementation of bolder policies—bold sometimes also against its own people?

Peng Bo: When we talk about collective leadership we must see it in a historical context. The reason why Deng Xiaoping (the historical Communist leader between 1979 and 1997) thought it was necessary to think about collective leadership was that the people suffered a lot from the Cultural Revolution. Deng's conclusion was that the Cultural Revolution could take place because Mao got too much power. If we have only one emperor or governor, such a tragedy could happen again. Deng Xiaoping and Jiang Zemin understood the dilemma of the Communist Party in that way that it is not the lack of rule of law, but the over-centralized decision making in the party that causes problems. The only way to keep the party safe and to avoid a personal emperor in the party is therefore a collective leadership. Furthermore, it is impossible to find one single person that would be qualified to please everybody in such a huge country. A group of people are more accepted to lead that country than one single person. However, there are disadvantages of collective leadership as it is sometimes not very easy to come to a common conclusion. Now the number of members of the Standing Committee has been reduced from nine to seven, which makes it easier to make policy decisions more efficiently. That also means that Xi Jinping's position is consolidated. A smaller Standing Committee indicates that the position of the party leader is rather strong.

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As the new leaders are well traveled and familiar with the West, there is hope among foreign observers that Xi Jinping and Li Keqiang might be more open to Western concepts of governance.

For the leadership, whether it is inward or outward looking, it depends on the perception by the outside world. The Chinese leadership realizes that the only way to survive in the current world is to develop. So if you want to develop, if you want to do business with the whole world, if you want to advance in technology, you have to be open-minded. Xi Jinping went to Shenzhen for one of his first visits—the place where reforms started under Deng Xiaoping. That trip was a strong signal that we have to continue in principle on the reform path. Xi Jinping and Li Keqiang are members of a younger generation and have a lot of experience in international communication. Their education is broader in a sense. But that does not mean that their behavior towards the outside world is necessarily softer.

In your view, what are the priorities the new leaders should address?

The new leadership has just been elected, so any action still has a rather symbolic character. I think what causes quite a headache for the leadership is the economic development. Under Deng Xiaoping it was relatively easy: when economic growth was okay, everybody benefited, everybody had a small piece of that cake. But now it is different. People do not believe any more that growth is equally good for everybody. So I guess the most critical job of the leadership is to keep a balance between the economic development, social welfare, environmental problems, and also international diplomacy. This is a very difficult task. But I think the most important job of the highest leadership is to do politics, to make the decision what the most critical issues actually are for the Chinese—for poor people, for rich people, for people in the countryside, or those in the cities. What should be the common ground for Chinese people in terms of a social system, law and justice? I think this is important instead of only focusing on the economic development. The leadership is trying to do that.

Isn't it almost ironic that those who have benefited the most from China's economic progress express stronger discontent than those who are less well off?

The Chinese leadership has changed in terms of legitimacy. In the old days it was like that: legitimacy is okay if the living standards are improved. The new leadership's understanding is that legitimacy does not only come from economic growth but also from values and ideas. If you think about the times of Mao Zedong, the legitimacy level was very high, even in the chaotic times of the Cultural Revolution, even though people were very poor. Nowadays we need to think about a common value system or a common hope—something people can believe in; a common understanding what China should be like. That's the reason why the leaders talk so much about how close our government is to everybody; that in a harmonious society one should try to bridge the gap between the individual and the state. That is a way to bring a common value system to the Chinese people. We need to base our government not only on legitimacy but also on values.

Talking about values: the idea of a Harmonious Society epitomizes a lot of Confucian ideals. However, it seems that the idea of harmony increasingly shifted to become another expression for stability.

I think that the "Harmonious Society" was introduced from a top-down perspective. The new leadership talks more about "Beautiful China," about having a good life that can be felt by ordinary people. Everybody has the right to achieve future happiness. The good news is that now we emphasize more on individual rights; that we care more about everybody's happiness. That implies that if the economic development does not contribute to the contentment of the general public, why do we need this kind of development?

However, right now China seems to be rather far away from achieving everybody's contentment. On the contrary, we see an increasing number of mass incidents and protests on the streets and critical voices on the Web. What has the government done to deal with these signs of discontent?

I think the government understands that they have to deal with all issues. The economic development is still the number one issue for the leadership. In contrast to earlier years the leadership has started thinking about how ordinary people can benefit from the development. The government has changed the policy on social welfare. They are spending more and more money for the poor children in the rural areas; they try to provide more services for the elderly; they pay more attention to certain groups, for example, to AIDS patients. Although the economy is still paramount, the government increasingly dedicates money also to weaker parts of the population.

Many conflicts result from land grabs or bad working conditions for migrant workers or from real estate projects in the major cities. Do you expect the government to become more conciliatory on these issues?

This is very contradictory. Many problems appear in the course of economic development. When you foster growth, this entails a number of problems. On the other hand, if you halted the economic development you would experience other problems such as unemployment. The government tries to keep a balance and to find the right speed of growth. But the central government cannot change the mentality and the style of the local government. I think nowadays the leadership is thinking about how to deal with the problems genuinely instead of ad hoc solutions. There are reforms like in Wukan where local authorities try to involve more people in the decision making.

Right. In fact, on March 3rd, 2012 municipal elections were held in Wukan, Guandong province, following an uprising against the ruling Communist government over alleged land grabs in which protesters forced out the incumbent government. The provincial government then acceded to an election for a committee to govern Wukan. The election would choose a seven-member village committee, including a village chief and his two deputies, who would control local finances, as well as the sale and apportioning of collectively owned village land.

The government realizes that they need more people to join them; that they need to coordinate with social organizations if you want to change the way of local policy making. What they are doing now is to promote the legitimacy of the local policymakers. If you really want to make more people to participate you have to change the inside process of policy-making. The local governments do not have a lot of knowledge about policy-making; that is a challenge for the central leadership.

In the future I think they need to think about a systematic way, a fundamental way, for example, how decision making can be based on more open procedures. Why do people go to Beijing to petition for their cause? Because they are not involved in political decision making. In that concern we can also take a lesson from the West: there is no project even in the democratic West that is good for everybody.

It seems that the capacity for conflict resolution especially on the local level is by far not sufficient. What can be done to improve that?

Some local governments involve NGOs because they are more professional and independent; they are more accepted than the governments to solve problems. In Shanghai we think about a way to design a process of local democracy in the neighborhood area, to ask people to participate. We try to establish some kind of real democracy instead of big democracy. Our idea or our philosophy in Shanghai is to ask people to participate in order to change the culture of the people. We did some experiments with some kind of election, but nowadays we are trying to involve people in everyday procedures.

Do citizens become engaged in such local participation experiments?

Not really. The reason is that the neighborhood area is not an actual decision-making body. Many important issues are not decided within the immediate local community. Another reason is that many Chinese simply do not have the capacity; they are busy making a living. But what we like to achieve is to change the culture and style of community life, even for those who cannot participate fully because they work eight and more hours, towards a more social attitude.

There is a vivid debate going on about what China should look like in the future. Who is shaping that debate? Can academics like you lead the way by offering concrete policy recommendations?

Academics have a very important role to explain politics and ways of governance. Our policies are usually very flexible; details are often not decided but it is a kind of package. What's in the package? It depends. In terms of explanation and instructions, the leadership needs to see what occurs.

Wasn't that to a certain extent what happened to the concept of the Harmonious Society that changed very much into preserving stability at all costs?

There is a lot of worry and sometimes this leadership's anxiety makes things even worse. Recently they stressed that the Chinese should be self-confident about the path that we have been taking during recent years. There are also discussions going on about so-called "theory confidence" in an ideological sense. The leadership realizes that it is very important to believe in what has been done. But the question remains: why are we not more self-confident? Maybe it is because if in the whole world you are always treated like something special you ask yourself: Am I all right? Am I normal? As Chinese, we want to get along with the mainstream of the world. There are the developed and emerging countries and we want to cope with them. It is a psychological issue. Secondly, we do have a lot of problems in our country. Even in a city like Shanghai where we have reached a high standard of living, people tend to be less contented. The government is facing big obstacles, as we have to pay a price for the economic development. Another—third—area of concern is the fate of the Communist Party. We have seen large parties collapse all

over the world, for example, in India or in Mexico. This happened actually in good times, not necessarily in bad times. So the members of the Communist Party in China concluded: don't feel too sure, always stay alert. A good economy does not mean that the party can feel safe.

Chapter 9
Perspectives II: Coexistence Between Communitarian China and the Individualistic United States: An Interview with Robert Martin Lees

Roland Benedikter

Robert Martin Lees, former rector of the University for Peace of the United Nations and former United Nations Assistant Secretary General for Science and Technology for Development, has been active in China since the 1970s as governmental advisor and through international cooperation and exchange programs in leading positions. These include the coordination of the program to brief the leaders of China on international issues: "China and the World in the Nineties" (1988–1995), the establishment of "The China Council for International Cooperation on Environment and Development" in 1992 of which he was a Member for 15 years, and the co-chairing of the program on "Integration of Economic Planning and Environmental Protection" (1997–2001) with the Vice Chairman of China's State Development and Planning Commission, now National Development and Reform Commission (NDRC).

Roland Benedikter talked with Lees about the core issues of China's present, as compared with the past decades, the implications of the power transfer of 2012–2013 and the perspectives.

Roland Benedikter: What were China's core issues in the framework of the complex mechanisms of the power transfer of 2012-13? And what will be its perspectives after it?

Former German chancellor and global statesman Helmut Schmidt recently stated in an interview that China may be on the brink of collapse due to its increasing social, class and stratification problems, and also because of failed reforms. Indeed, among the structural and systemic problems seem to be the end of the low-level-wages phase of development, the rising middle class and its "natural" demand for participation, the globalization of China's youth through foreign education, the input of the global Chinese diaspora and the internet, the increasingly publicly-visible corruption and misbehavior scandals within the communist elite, as well as the confrontation with America and its democratic allies in the South China Sea. What is worse, the banking system has not been reformed, and the influence of the military-industrial complex is rising, triggering more aggressive behavior towards China's neighbors, thus undermining the concept of "peaceful rising" and inducing a new arms race.

Robert Martin Lees: I agree that all this is the case. These are without doubt cornerstones of China's present situation.

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The new leadership under Xi Jinping installed in November 2012 has in the meantime been perceived even as being a step backwards, given that many believe it is composed of conservatives rather than reformers and will thus continue to be reluctant to implement institutional and systemic reforms. Nevertheless, many believe an opening up is unavoidable given China's increased interaction with international issues. The irony seems to be that it is exactly China's external success and rise that is now changing it internally, threatening the existing political and institutional system and thus turning in some ways against the fathers of this unprecedented success.

Yes, I have observed some of this on the ground. Those who have followed China's development over the past decades expect further internal change and continued opening up towards the outside, now that a certain level of wealth and interdependence have been reached. This process can't be reversed, because China's rapidly growing interaction with and involvement in global affairs is irreversible. The country is too significant to stay on the sidelines, given the level of development it has now achieved.

The West apparently has understood that a systemic shift is in the air. After a phase of relative passivity it is now trying again to influence change in China actively from the outside through "benevolent propaganda," such as by giving awards and thus global visibility to Chinese dissidents, among them the recent Nobel Prizes for Literature or the German book industry Peace Award. Taken together, rather than being on an inevitable rise, as often perceived from the outside, China seems to face lots of challenges, both domestically and with regard to its foreign policies. Schmidt predicts that under the pressure of these challenges there will be a relatively fast development towards democratization or at least towards reform, or alternatively that the order that had been established since the 1960s, basically since the big dialectics within the Communist party between Liuism (after the former president Liu Shao-chi) and Maoism (after Mao Zedong) will take the ruling nomenclatura to its decline. Like Schmidt, many in Europe, especially in Germany which is establishing a very special relationship with China—viewed with skepticism by the United States—expect that there will be profound transformation within this decade. There are counter-indications, though. Is the Western hope for change exaggerated or does it correspond to the realities on the ground?

As always we will discover that nothing is impossible and all sorts of unexpected things will suddenly happen. Having said that, I think this perspective of Helmut Schmidt and others is overstated. Most of the issues which you mentioned critically about China could be applied more or less similarly, for example, to the United States. If you would check off your list against the current political situation in the United States, you would come to a similar conclusion of an inevitable "profound transition."

These conclusions about China, in my view, are based on the failure to understand that China is a very different country from the United States and Europe. Europeans and Americans have been used for decades to running the world, and so they think they understand more than they do. China is an ancient culture and civilization that follows its own aspirations and traditions. It thinks differently, it operates differently, and it always will.

It's very easy for example to throw around the word "democratization" without being specific about what we mean when we say that. The question is: what does the word "democracy" mean in the context of China? Compared with the West, it is a very different context where such a notion never developed. So we have to be more careful with all the words we use with regard to China's trajectory. For example, one country which has had a single-party system roughly for 50 years with two short interludes is Japan, yet we acknowledge that Japan is clearly a democracy. The fact is that within the Liberal Democratic Party (LDP) there are different factions which contend with each other. This means that policies do change even where one party remains in power over a long period. Other countries also have their own brands of democracy: the US electoral process and political structures are very different from those of France, Germany, or the United Kingdom. There are in fact many ways of conceiving representation, participation, and democracy. In my view, the Chinese with 1.35 billion people and a different history and culture are never going to have a system like that which we have just observed in the recent electoral process of the United States. Within the United States itself there is wide criticism and deep concern about the political process which finally results in very unsatisfactory arrangements in relation to effective governance. I would say that there is a great deal of ignorance and misrepresentation about China. We have to be a lot more cautious, a lot more thoughtful.

How?

We have to take the trouble to understand actually what is going on in China without using specifically Western notions, at least not in the first place. In order to do this we have to recall history. The Chinese people until very recently, the 1980s, broadly had an overall "cyclical" concept of history, of how nations evolve. This implies the assumption that, over time, life may get better but then it will deteriorate again. This concept was also dominant in Europe until about the fifteenth century when the notion of progress emerged with the related idea that Europe might progress beyond the pinnacle of Augustinian Rome. For centuries there was no such notion in China of sustained progress similar to that which, in Europe, led to the concept of modernization and sustained improvement in the living conditions of ordinary people. Until perhaps the late1970s, which is in human terms very recently, the Chinese accepted that their lives would more or less always remain the same and that their children would not be better off than they were. This was a relatively stable situation based in principle on a nonchanging concept of life. This is the sense of the ancient Chinese saying, "May you live in interesting times," which is a curse because, as perceived in the old days, anything interesting which would happen in a poor, isolated Chinese village would probably be a problem.

But China has had its own, repeated, pushes towards "modernization"?

Certainly. When Deng Xiaoping took over and launched the policies of reform and opening up to the outside world in the late seventies, millions of Chinese people suddenly began to think: well, maybe things can get better, and they can continue to get better in the future. As a consequence, the biggest shift in China has been in the thinking of the people, of their hopes, their expectations, and their motivations. It has not been properly recognized that there are now more than a billion people in China actually thinking and expecting that their lives are going to get better, and that their children's lives will be even better than theirs. In reality, this has been the

most massive transformation in thinking in the world and it has taken place very fast, in recent Chinese history.

The central concern for millions of Chinese whose living standards have improved dramatically in recent years is that the government in far-away Beijing, whatever it is called and however it functions, should continue to manage development so as to improve their lives. It is a historic fact that the Communist Party has been doing this quite successfully over the past decades lifting hundreds of millions of Chinese out of abject poverty over some 35 years. We may not like their methods, but, in their view, if you are running a country of 1.35 billion people it's a different scale of challenge from if you are running a smaller country, of even of 10 or 60 million. Taken together, the Chinese leaders come from a different culture and a different tradition, and the interests of the population are different from ours. For us to try to transmit to them our Western traditions and cultural ideas and expect them to think like us is a very obvious mistake.

On the other hand, the official statistics released by the Chinese government report (and these are only the official numbers) that China had at least 90,000 riots involving more than 500 people each in public space in 2011 alone; similar numbers are expected for the subsequent years. Not really a peaceful and stable situation as it seems. So I agree that neither Europe, nor the United States, nor China alone are "in crisis," but the whole world is in the midst of a change, in part due to the start of a certain "mature" phase of globalization, and the respective "natural" counter-reactions. That said, is it not the case that there are some indications that China is not only undergoing a change in thinking as you rightly observed, but maybe also a real social, political, and maybe institutional change that is transforming the social stratification and most probably in the medium term also, the political landscape? And what about the power transfer of 2012–2013? Would you say that this generational power transfer was a kind of rupture, a change for innovation? Or was it rather an expression of continuity?

I think the answer is inevitably a little bit of both. If you study major transitions in human thought over history, you rarely find great ruptures. Those people who have studied major changes in the past conclude that you always have a mixture between change and continuity. You always finish up with what Marx called the synthesis of a thesis and its antithesis in which a new approach emerges which retains the valid elements of the old while adding vital new elements. John Kenneth Galbraith explained the process such that, as the entrenched conventional wisdom weakens, this allows the emergence of new solutions better adapted to new conditions. That is what is happening today in China, and across the world.

I'm not of course saying that there are no problems in China. I've been there often enough and I know people well enough to understand that the current economic, financial, social, and political challenges you mention are huge, as they have been since the start of the reform process. But to understand the present situation and the changes in progress, it is helpful to start with a different perspective which, in my opinion, means reviewing the period from around early 1980 when I went to Beijing for the first time.

I was struck by the simple fact that horses and carts were going through Tiananmen Square, in large numbers. Bicycles were the main mode of transport apart from a few black limousines and a number of old dirty trucks. Everyone was wearing brown, black, or grey Mao suits, including all the young women. Beijing airport had two luggage carousels in total and there were almost no high-rise buildings. That was China 30 years ago which is a short time in the greater historical perspective. If you walk around in Beijing today and look now fairly at this great transformation which has taken place in these 30 years in bringing hundreds of millions of people out of poverty and generating hope and opportunity for millions, you must conclude that this is a great achievement.

Western critics often discount this remarkable improvement in the lives of the Chinese people and fail to appreciate that, in such a profound and rapid transformation of a vast country, there will be inevitable tensions, there will be winners and losers and fights and struggles. In our own transitions over far longer periods of time in Europe and in the United States it has been no different. If you consider the Industrial Revolution in the United Kingdom, for example, all manner of struggles and inequities took place. Deep social transformations cause tensions and violence, which you have also experienced not so long ago in the United States.

In this perspective, the fact that there are big tensions in contemporary China does not imply that the country is going to fall apart. It underlines the obvious: that there are big forces at work in the rapid modernization of the largest country in the world. The key question is, is the leadership capable of understanding the challenges and acting to resolve them? It is an encouraging fact that the Chinese have been confronted in the past 30 years with many massive problems of reform, where Western experts have often concluded they would fail to find solutions, but they have, on balance, managed to find solutions so far.

Does "manage to find solutions" include a system change at large? Or is this notion restricted to "operative" and functional reforms, for example, fighting corruption, improving the economy, or building a better infrastructure? In other words: Does "manage to find solutions" mainly mean to improve the performance of the given system, or does it also include a basic change towards a more participatory system, that is, a change in the basic organization of the government and the state? The question in my view is whether the one—operative reform—is at all possible without the other—systemic reform—at the given stage of development.

Well, I think it means both. Nothing is black or white in the real world. The Chinese are not going to abandon the Communist system to please the West. The fact is that they have had a centralized system in China for 4,000 years, and they are accustomed to it. However, as you suggest, important changes are in progress. In this respect, they have shown, for example, in regard to the economy of modern China, that they can achieve, in your words, important systemic reform through a series of careful operative reforms. As in the long-term strategy for European integration since the Treaty of Rome in 1957, profound changes come about gradually in China as a result of incremental steps.

If you look at Putin in Russia you see a similar phenomenon. Most Russians have been comfortable with the power of a central leader who looks strong. The fact is

that China is not a country which has a culture and history and tradition of federal government and decentralization like many countries in the West. However, in recent years, the power of the central government in practice has weakened in relation to the decentralization of decision making, the emergence of a style of mixed economy with market forces, and of powerful provincial and corporate interests. But the simple fact is that we cannot expect the Chinese to adopt our models of organization and governance of the state.

Everything will remain the same, then?

No, the system is undoubtedly changing. If you look at everything objectively, you'll see that it has changed spectacularly in the last three decades, particularly in the last 15 years, both in terms of the internal political and institutional systems and even more in the question of how it functions. You have had, for example, a perfectly smooth transfer of power at the top of the government and party in the last months, not yet complete, but safely on its way. This is a sign that the political process is comparatively mature. You don't now have the same kind of transition struggles that you had in the old days. In China, the process of political change is now a regular and comparatively predictable process, transparent in the sense that the timing and procedure are known even though the critical decisions are processed in secret. So compared to its history earlier in the twentieth century, China has made enormous progress.

Can you provide a practical example for the kind of change that has occurred?

When I first went to China in early 1980, I was the first overseas guest of the newly reconstituted State Science and Technology Commission (SSTC), because I was then responsible for the Financing System for Science and Technology of the United Nations. I was met at the airport by a certain Madame Wong. She was very intelligent, competent, and friendly, but she had little knowledge of science and technology. She was the person responsible at the SSTC for international relations and contacts with international experts. But she was not in any sense a scientist. Why was she there? The answer was that she had been on the Long March. She was therefore considered to be politically safe to be in contact with foreigners.

This has all changed. If you now look across the Chinese government, most of the key people, governors or vice governors, ministers and vice ministers, and experts are experienced and qualified and are less interested in ideology and more committed to managing their provinces, ministries, departments, and policies in intelligent and effective ways. This transition has not been appreciated sufficiently in the West and is a hopeful sign for the future of China. Throughout the apparatus of government there has been this huge change to increase the focus on competence, professionalism, experience, and qualification. And this trend is also advancing within the Communist Party itself.

So in my view China is on a positive track; and the quality of its policy making, the quality of its decisions and policy analysis is now much better than ever before. Of course, huge problems do remain, notably the issues of corruption and the expropriation of land at the local level but this by no means implies that the system is nearly falling apart. I think, in fact, that they will gradually enact policies to open

up more participation. I believe that they know that this is needed better than we do. But they are rightly cautious. I have actually been discussing these issues since 1983 so none of this is particularly new or surprising: it's a continuous debate and struggle. And the underlying question is always the same: how do you manage the development of 1.35 billion people? I don't think anyone in the West has a better answer than the Chinese.

But nevertheless let me come back to the critics. We had the famous dissident Fang Lizhi who continued to repeat from the 1980s until his death in 2012 that the democratization of China was close to happening, and that it was as sure as a natural law that China would become a democracy or would go to ruin. This opinion was echoed by this year's award winner of the German book industry Peace Prize for 2012, Liao Yiwu, who said the Chinese government is a murderous regime which doesn't allow a civil society to establish itself even if the middle class demands it increasingly not only in the coastal regions anymore but also in the classical agricultural areas. There are many similar dissident voices around these days, so many as probably never before, and I am not speaking only of rather colorful people like Ai Weiwei, who among others got the German Award of the city of Kassel "The Glass of Reason" in 2010 and is considered a "provocative person" by the Chinese foreign ministry spokesperson Hong Wei. So is all this simply a misunderstanding or a misinterpretation?

No. There is clearly growing pressure for change. If you have 1.35 billion people you have a very wide range of opinions, and there is nothing surprising about that. And in the process of deep social transformation with winners and losers and frustrations and opportunities, many people have different opinions. The fact that you can find people there who predict the collapse of the system is not surprising: you can find many in America nowadays, or in the European Union, predicting the breakdown of the United States or the European Union.

I would, however, underline that we are observing a particular stage of a continuing process of change. In any such process of deep social change throughout history, there have always been a wide range of tendencies and expectations, including those who demand maximum change at a pace which the system cannot deliver. Political leaders must balance all such diverse pressures. As I have said, if you compare the living conditions and opportunities for hundreds of millions of Chinese today with those of even 20 years ago you can see that civil society and a middle class in China are developing significantly.

But you don't believe that these predictions have any direct relationship to reality?

Well, as we have said, it is a complex social and political situation. Anyone who says that this or that can never happen is in most cases proved wrong. What I am considering is probabilities and relating them to what has been achieved and what is actually now happening in the country. There is nothing surprising about the fact that there are people who are predicting the collapse of China. There are plenty of people who are predicting the collapse of Europe and many people predicting the decline of the United States. This is just part of the spectrum of opinions. Also, in

the modern media-driven world, besides the objective grounds for their opinions, there are also the questions, of course, of why they say what they do, and thus of who encourages them.

In another area, I am engaged on issues of climate change. In this field, the notion that people say things only because they have formed objective judgments does not reflect reality. People say things for many motives, perhaps simply because they believe them to be true or because they are paid to say them, or because it's to their advantage. It can be more fashionable and interesting to predict the collapse of China than to explain why they think that China will succeed. In many countries, for example in Austria, there are very strong feelings about human rights and radio and TV are full of criticism of China. The fact that the Chinese government is moving millions out of poverty and that most Chinese are better off than ever before in their history is ignored. We should keep a sense of perspective. China has competent politicians and decision makers who are able to recognize problems, acknowledge facts, and draw logical conclusions. The new leadership will, in my view for many identifiable reasons, gradually and carefully move in a direction to reduce tensions and foster a more coherent, just, participatory, and less unequal society.

... not least through instilling a new populism propagated by Xi Jinping to calm down protests. Many today say that, as in any big political party around the world and in any regime, there are different factions within the current Chinese Communist Party that are in contradiction, in a kind of inner dialectics with each other. One faction is called the new leftists, the hardcore conservative communists, and the other is the new center, or those who are more centrists and less radical. Xi Jinping and most of his team are part of this second faction, while there are apparently no representatives of the liberal and reformist factions in the new government, with the exception of Li Keqiang. Many say there is a fierce battle behind the scenes between the two factions that, in a certain sense, repeats aspects of the old dialectics between Liuism and Maoism in the 1960s, highlighted by the exclusion of the politburo Standing Committee candidate Wang Yang, whom many Western observers saw as the potential beacon of serious political reform. Mao initially was concentrating on developing the agricultural basis, the farmers, and neglected the proletariat and the big city populations, which was the main difference to the Soviet Union, whereas Liu had another opinion that was based on balancing the development of the countryside with urban development. He promoted the classic industrialization strategy Soviet style.

Some say the new leadership now faces a similar difficulty in deciding where to focus. Should they concentrate on the countryside, the rural areas, thus focusing on the classic electorate, the classic clientele of the Communist Party, given that the urban populations are increasingly becoming demanding in terms of participation and a rule of law that stands above the Communist Party and maybe even democratization—or should they concentrate on preventing the rising middle classes in the urban areas from becoming too demanding by applying the carrot and stick method? I would perfectly agree that the current Chinese elites are the best the nation ever had; they are addressing so many tasks simultaneously with success. But is that really the whole story?

It may appear to some in the West that the Communist Party is monolithic, only interested in its own survival. But as you suggest there are indeed factions struggling within it to advance different perceptions of the realities, interests, and needs of China. Obviously when you have intelligent, powerful, competing politicians, you have different factions of opinion and that is a good thing. This was always the case in the history of China and of course of other countries. For example, as I mentioned, Japan is a functioning democracy which was run by a single party for roughly 50 years where policy was made and evolved through struggles between identified factions of the LDP. So what you are saying and where I would agree is that there are factions struggling within the current Chinese Communist Party. I think that this is first of all inevitable and secondly healthy because that's how policy evolves. And if there were not such struggles—if there was one person, such as Mao, sufficiently strong to block all discussion and to dictate the policies which he thought were right—we would rightly be even be more worried than we are today.

In China as elsewhere, there can be big differences of opinion on many important issues. I think the diagnosis about the competition between countryside and the cities is out of date. I don't think that this is a key aspect in modern urbanizing China. What I would say is that probably one of the most fundamental struggles is between the people who believe that the ultimate purpose is to maintain the purity and strength of the Communist Party as the key to stability and sustained development, and those who are first of all interested in developing the country in a pragmatic and nonideological way.

What about these two competing factions?

The first faction is inclined to preserving the central role of the Communist Party and its sometimes old-fashioned politics and economics. The other faction sees this period as past, and wishes to broaden the whole political structure and process and to think differently. They accept the need to maintain the Communist Party but wish it to modernize, to become a very different party from the one they were used to. That basically is a divide between the old school, the hardliners, and the modernists and reformers. During the 30-year period of my contacts with China, there was a period roughly in the 1970s and 1980s where the actual government was ideologically split between those ministries which were identified with economic reform and others which were included in the more reactionary part of government linked to central planning and control. The Chinese government as an operating institution was divided. That is, of course, no longer the case. But there still are big differences and dialectics between factions and, on issue after issue, there are different schools of thought in China as there are in our countries.

For example, one such area of dispute has been the role of the automobile industry in national development, which is a very practical question. Major industrialized countries in the course of their industrialization developed automobile industries as pillars of the economy, and so now has China. A very powerful school of thought insisted that, in order to develop a functional industrial base in China, a strong automobile industry would be a key component and that Chinese citizens should be able to participate widely in purchasing automobiles in order to get the industry going. Another group resisted this strategy strongly, based on deep concern for the environmental and health

consequences of a vast motorization of China. This struggle has been going on for the last 20 years. At first, the industrial-pillar faction dominated: now the environmental faction is becoming stronger, based on the real impacts of traffic in urban centers.

We see a similar debate within the government, the party and society about energy policy and the future of coal.

There is a very powerful lobby which emphasizes the interests of millions of Chinese miners living off the coal industry. They do not wish to be, in their view, maneuvered by the West into climate talks to put a price on carbon and sabotage the coal industry which is their fundamental source of vast proven energy reserves. On the other side you have another major group of reformers and concerned citizens who say that China is destroying itself by expanding the use of coal: the health effects are tragic at the human level and costly to the economy, the environment effects are disastrous within China, and China, as the world's biggest emitter of greenhouse gases, is contributing massively to the destabilization of the global climate. It is now understood that China itself is very vulnerable to the impacts of climate change. This crucial debate within China continues today and will intensify in coming years.

So, as in every government across the world in most fields of policy, there are different contending opinions. I find this frankly to be healthy and normal and you might even say, democratic. It is thus an error to continue to view the Chinese government as monolithic and capable of making strong centralized decisions without consultation. If we are to understand China's policies, we must recognize, as in other countries, a situation of turbulence and contending views and shifting interests and alliances.

Another issue I would be interested in hearing your opinion on is that many in the West today are saying that we should be afraid of a thriving China because China, due to the population numbers you mentioned, is becoming too powerful. It's already one of the two G-2 powers Brzezinski envisioned and by continuing to grow at the present pace it may become the only leading superpower within a couple of decades. I would agree with you that we should be more afraid of a China that is not thriving, that is in crisis or that is economically hurt. So there may be another paradox here: China's rise is in our interest, because we want to avoid instability, and it is not.

Right. But in the end it is more in our interest that is does well, and that it remains stable, than that it doesn't.

I agree. To summarize, let us come back to the main question in times of transition: what is the perspective of China under the new leadership of Xi Jinping? There are two basic opinions around in the Western discussion today. One says that China will become a democracy and we should do everything to sustain, to help the dissidents and those sections of the population that are in principle ready to accept such a move by also paying a certain price for it, for example, in terms of economic or diplomatic disadvantages. And there is another school of thought, maybe more realistic, that says we should go step by step, and that the next step we should pursue as the West is helping China to develop the rule of law, which is still not at international standards. The main problem is that the Communist Party continues to stand above the rule of law, not vice versa.

So the basic two options that are discussed are: will China become a democracy, or is it more realistic to have China concretize a consistent and systematic rule of law, which has not always been the case, especially not if you look at the recent scandals which were in the dozens and where people were treated very differently according to social status and their proximity to the ruling party. So in your opinion what is the next step ahead?

I believe it is a most arrogant concept of some Western countries that they should seek to intrude in China's internal affairs so as to "help" China, in whatever way to tackle such challenges. And it runs the risk of provoking outcomes which we would wish to avoid. This idea is founded on the presumption that the West has run the world successfully for 300 years, which it hasn't. It is based on the concept that the West understands how you run societies and economies properly, which it demonstrably doesn't. And it presumes that Western experience should be imitated in the very different circumstances and cultural and historic conditions and aspirations of China.

So are both strategic options—democratization versus the rule of law—just rubbish?

No, not at all. These are real issues and they are well recognized as such in China itself. I wanted you to come to this, because the only way we can interpret China is by making the heroic effort to understand it in its own terms. You don't have to agree with Chinese views but at least you have to have the courtesy to try to understand how *they* see these problems. Let me again consider the concept of democracy and its relevance to China. You will remember that Churchill said that democracy is the worst system of government, except for all the others! You have seen that the transition towards something called democracy can be extremely unstable, even in small countries, as the co-called "Arab Spring" and the transformations in the Middle East have proven. This teaches us that you cannot simply press for democracy independently of the real-world context. You cannot ignore the cultural realities, for example, in Libya, based on radically different premises of tribal interests, history, and religion. But although we know this, we nevertheless keep on telling people across the world that they should move rapidly to install democracy.

In the case of China the concept of democracy, whatever this may be in Chinese terms, is a legitimate focus of policy discussion, as is also, and most intensely, the issue of strengthening the rule of law. The Chinese are aware that there are many different models of democracy. There is no such thing as *the* system of democracy: every democracy functions differently in procedural terms, in cultural terms, in institutional terms, and in political terms. So when we talk about China becoming a democracy, do we know what we mean and are we sure that we actually would want what we wish for? I think we don't. Let me give you a practical example. Empirical reports and statistics show unambiguously that the mood of the Chinese people on world issues is a lot more aggressive and nationalist than the mood of the government. If we should therefore have a democracy in China with hundreds of millions of people voting for something, whatever that may be, who is then to be sure that the situation will not rapidly become far more dangerous and unpredictable and unbalanced than it is now? That is, are the Chinese leaders not right in thinking that, in a country of 1.35 billion people, they have to keep a measure of control and build

more participation up gradually and carefully and not let the forces which can so easily be aroused by the media prevail?

But you can keep control in two different ways, either by an authoritarian rule or by the rule of law. There is a choice. Is that right?

That's right in principle, but consider this: are these two options really completely different? Who is going to establish and impose the law? These are subtle questions of governance and of institutional form and procedure in any country. You can see the delicacy of the arrangement of checks and balances between the three branches of government under the US Constitution, the legislature, the judiciary, and the executive. I should emphasize that we have to be very careful not just about the process, but about the end state we claim to want. Anybody interested in Chinese democracy should study the evolution of Russian "democracy" in which I was involved from 1990 to 1996 during the transition from the Soviet Union to the newly independent states. Many people in the West were delighted, believing that Russia would move rapidly and irreversibly to a participatory electoral democracy on Western lines. But what we see today is far from these hopes.

We must make the intellectual effort of thinking carefully, before we choose to recommend some form of democracy to China; how could this simple and powerful idea operate in practice in the cultural, historic, social, and political conditions of China. That's the first question. Then the second essential question is how do you in practice get from here to there? Here you have to be extraordinarily cautious because the consequences of a destabilized China domestically and internationally would be frightening. So I think this notion of China's democratization has got to be thought out very, very much more thoroughly. And, as I have said, this is now the focus of debate within China itself.

As regards strengthening the rule of law there is no doubt that there needs to be a much more effective and independent rule of law in China, but here you hit fundamental issues which people don't think about all too much. There is in existence an established legal system in China, an extensive framework of regulations and laws which are often sound and applicable. Any Chinese minister will tell you that the problem is not, in most cases, the absence of laws but the enforcement of the existing laws in such a vast and complex country. Westerners often don't understand how frustrating it can be to Chinese ministers and officials based in Beijing to see how local officials in municipalities and provinces thousands of kilometers away can ignore or pervert the laws and regulations in force. Hence the Chinese saying for several thousand years: "The heavens are high and the emperor is far away." It is simply very difficult to impose the law in a country so vast. And it is even more difficult as the processes of reform and modernization are constantly creating new legal challenges and conditions.

So it is not simply a question of the absence or inadequacy of a framework of law in many cases. Enforcing the law is a different problem from trying to create a framework of law. On the other hand, Chinese authorities have been substantially improving the quality of their law over the last years. And it seems likely to me that this issue will be the focus of sustained attention by the new leadership which has

already emphasized its intention to fight corruption and illegal behavior within the Communist Party itself.

Let us conclude with an outlook. What do you think of the new leadership under Xi Jinping after the power transfer? Even if you don't consider the fight between two factions we mentioned and which is likely to go on, what is your assessment of the new leaders as persons, as specialists, or as exponents of the Communist Party?

One has to say these people are first of all clever and experienced, but that they are all naturally very careful after the delicate phase of the leadership transition. Their statements are therefore often cautious and shallow. Once more time has passed, I expect it will be different. They will be able to be clear about what they intend to do. But for now, it's particularly difficult at this point to know what their purposes and priorities will be. The new leaders do not intend to come out early and announce big plans: they will build consensus first among the different interests as I have explained. So nobody knows frankly at this stage what the new leadership will do.

Having said that, you can make some judgments by considering the type of person that Xi Jinping is, a very different person from Hu Jintao, and by his background and history, and by his statements so far. I think we could say he is more a man of the people. One quite senior Chinese friend told me when he heard Xi Jinping's speech at the Party Congress in November 2012 where he was nominated as General Secretary, he was really quite moved by it, because Xi was talking to the people as if he was one of them, not as if he was a great leader.

I was reminded very much of president Lula da Silva of Brazil. His predecessor Fernando Enrique Cardoso was an excellent president, a strong economist who laid the foundations of the rapid improvement of Brazil's economy, but the inequalities and inequities built up through the reform period were in danger of destabilizing Brazil. Lula came in with a different attitude and put more emphasis on equity, inclusion, poverty reduction, and social cohesion, which assured stability and further economic progress. I would expect the new leadership of China to follow a similar path to reduce rising inequalities and imbalances and social tensions.

Will the new team understand the risks of not addressing the huge problems of regional imbalances, inequality, and corruption and environmental degradation? Or will they ignore these problems?

My answer is that they fully understand. They will act, perhaps strongly. I would expect that the new regime will start to show much greater sensitivity to the concerns of the people, and much greater willingness to listen and build consensus in the country. I think that this will be their priority and that it will go far to defuse some of the issues you raised earlier in this conversation. And maybe they will spend less time worrying about growth as measured by GDP per capita and invest more time thinking about how they can improve the general conditions of the Chinese population, including health and the environment and the reduction of inequality and poverty. I may be overoptimistic, but my impression is that once they get going, they will gradually reorient the policies and the attitudes much more towards building cohesion in society. Because we should remember that, throughout China's long history, going back several thousand years, the deepest fear of China's leaders

traditionally was internal conflict, or unmanageable imbalances between different regions of China. The idea of a stable and unified country is to them extraordinarily important, and they are therefore very worried about any risks of internal conflict.

One could, of course, criticize here that serious systemic reforms towards participation are substituted by populism.

Perhaps, but I don't believe so. Chinese leaders are clever, well informed, and pragmatic. Obviously, they are far more aware of China's problems than we are! They understand that the current path of the Chinese economy is leading into massive problems, not just in relation to the environment and resource availability, but also rising levels of inequality and exclusion, as well as regional imbalances. If you take those three issues: environment, inequality, and regional imbalances together, these have been three core questions of policy for the last 10 years. In response, China has launched a series of specific programs, now reinforced in the investment strategies of the twelfth five-year plan. These aim to reorient the Chinese economy towards a more regionally balanced and inclusive and less environmentally devastating path.

In all of this, the notion that they will have to increase public participation in support of their policy objectives is widely recognized because it is an integrated, necessary part of improving society. In my experience, Chinese officials today are prepared to exchange ideas on sensitive questions such as human rights and democracy. There's nothing you can't talk about. The fact is, however, that they will come back at the end to say: we will eventually do all this, including addressing participatory rights, in a way which is consistent with preserving the stability and sustaining the progress of 1.35 billion people. They will say: we can't take risks. And in this respect, frankly I agree with them. But at the same time the fact is that they *are* gradually opening up the political process very cautiously. I cannot imagine some sudden grand system transition where they say that they are now going to change the basis of the system. That would be dangerous and stupid. They're not going to do that.

The primacy of continuity and stability is also the reason why China has a five-year plan implemented in one year and a power transfer always a year after that in order to guarantee continuity and to avoid ruptures. To conclude, let us come to one final question cluster: about the interface between politics and culture in present China, which in the view of many observers is the most important issue for China's future. Although we have a vast variety of different ethnonationalisms not only of the Uyghurs and Tibet, their difference is hardly recognized, and Confucianism is still used by the government as a social regulator for the sake of Han assimilation. Confucianism is certainly not a religion in the sense of the abrahamic religions. It's much more a kind of "medium" of common sense that helps people to be reasonable and to behave in a certain way. It helps to keep things together, and in fact, Confucianism, with all the good things and, of course, the unavoidable things that it has produced, was also used for decades by the Chinese government, specifically by the Communist Party, as a tool of homogenization, because Confucianism favors obedience. What will the influence of Confucianism be on the future of China and the basic attitudes of its government? Will it continue to be influential, or will it

be like in most developed countries: once a certain level of wealth is achieved, the country becomes more secular and loses its traditions?

This is a very significant question. What has happened culturally in New China since 1949, I think, is that it was locked into a communist ideology under the personal leadership of Mao for decades. This powerful ideology has now weakened and, for many, collapsed, which leaves a cultural and spiritual vacuum, notably for the younger generation. This cultural vacuum is evident in today's China. When I first went there, you could talk to a minister for hours and hours about the future of the Chinese people and about what kinds of strategies and policies could lead to a Chinese way of development different from the Western way. There were real philosophers in the administration, people with deep thoughts. Now when you talk to an official, it's much shorter, because they are busy and you are talking projects and programs.

Cultural attitudes have changed. There is a generation of young people, but also large numbers of people across the economy, who have now determined that their goal in life is to acquire material possessions and to get as rich as possible. Ideology and philosophy have largely been displaced by materialism. In Beijing and other Chinese cities today you will find whole blocks of shops selling the luxury articles that most Europeans at least are not in a position to buy because they are too expensive. All the most famous brands are there, widely advertised to generate demand in new markets, and the Chinese are buying like crazy. So there has been in cultural terms a massive transition and there is no guiding philosophy or principle other than consumerism to define the kind of future they want. There is a danger that this vacuum will be filled by nationalism. I think that the new leadership will have to consider such questions: there are many old Mandarins who are hoping that there will be an attempt to recover some more traditional values to inform the process of China's development.

How exactly is cultural change interfering with economic success?

I would say one of the biggest risks for the coming years is that there is a real danger that the political process in China will be overexposed to the influence of the corporate and financial sectors. To some degree this is already happening. You have massive state enterprises run by very powerful people and interests. The government, even the new president, will have to be very cautious before they take on these powerful economic interests. Also, financial and political interests are intertwined in the families of the new generation of leaders. When we talk about questions of democracy, we also have to take account of the rapidly expanding economic power and influence of these major state enterprises. The danger is that these power centers, based on economic interest, trade, and finance, will effectively influence the direction of policy in which case equity and inclusion, participation, and even the rule of the law may be seriously endangered. The United States provides a warning of what can happen if financial and corporate interests begin to dominate the political process.

At the same time, the Chinese seem to be eager to buy…

Chinese often say—as Russians used to say—that the new materialism in China has been established as a result of Western pressure, influence, and economic interest.

There are many psychological and cultural issues surrounding the debate between China and the rest of the world on materialism and consumption, as to whether they are being pushed in China to stimulate demand through advertising and intensive marketing of Western products. There is strong pressure from the international financial and economic systems that China should increase domestic consumption and internal demand not for Chinese reasons, but for the sake of stimulating the global economy. All these aspects will come together in the deliberations of the new leadership, and they will try to find a pattern of Chinese development domestically which can respond to this very complex set of problems within a difficult set of international conditions.

... but not much left of Confucianism nor of most traditional issues, you say.

Well, I don't know. I think these are all cultural memes built into society. If you consider Confucianism, I believe that there are two fundamental teachings. One is that intelligence, reason, and experience should be given proper weight; and the other is that authority should be respected. There are many other rich ideas and traditions, but I think those are two key tenets. And if that's the case, a basic continuity in China remains. The people fundamentally believe that they must respect authority, and this is not going to change soon. Secondly they believe that competence and intelligence should be treasured and respected.

In this respect, the explicit process for developing and testing new leaders is of particular interest. Potential leaders are identified early and then exposed over years to increasing levels of responsibility as municipal leaders, vice governors, or vice ministers. Those who finally reach the top understand the issues thoroughly from practical experience, they understand the system, they have valuable connections, and they know how to make things happen. So this notion of knowledge and competence as a condition for leadership stemming from Confucianism is still alive. Even the emperor was only respected if he behaved intelligently and if he achieved results. If he failed, he was considered to have lost the Mandate of Heaven and could be replaced. In this sense, I don't think the basic roots of Chinese attitudes have changed that much. But the Chinese do now face the central issue of containing the excessive lust for material wealth of the younger generation at a time of tightening environmental and resource constraints. They also confront the absence of established values to guide the country, apart from nationalism, which can be very dangerous.

Speaking of danger, another much undervalued issue is the growing influence of the military–industrial complex in China right now. It seems to be growing to an influence comparable to that in the United States. It is often not apprehended that huge amounts of money go into this complex and that the military is gaining power within the political system. Or do you think the military–industrial complex is completely integrated and in solidarity with power?

Well, Xi Jinping has more relations with the military than Hu Jintao had. Nevertheless, I would say that the role of the People's Liberation Army (PLA) is a lot more complex than a purely military role for many reasons. One perhaps encouraging aspect is that the PLA is deeply immersed in the economy. They own all sorts of enterprises, including hotels and factories. So their interests are not merely focused on questions related to the military–industrial complex but they also have strong interests across the whole economy and thus a major commitment to its stability and success. Westerners usually are astonished at the range of activities in which they are involved.

One could argue that it makes them even more dangerous.

No, it increases their responsibility. They have a strong interest in keeping the economy running smoothly; and because of these interests they are not solely focused on military issues. What I would say about the PLA in this context is that the new leadership has indeed to worry about one aspect in particular. All Chinese know and welcome the fact that China is rising: China's rise, that's the expression. But here you have two schools of thought. One is that the rise should be a "peaceful rise" to preserve the good commercial and economic relations on which China's development depends in an interdependent world. A competing school of thought, with which PLA interests are associated, strongly considers that China has been exploited and mistreated in the past and that as China regains a strong international position, confrontation with the established powers is inevitable. This view considers that a peaceful rise would get China locked into dependent economic relationships, notably with the Western powers. A peaceful rise is, of course, sensible in an interdependent world economy, but it is not undisputed. History shows that it is not Chinese tradition to dominate and colonize other countries so as to exploit their resources. The Europeans and the Americans have done this in the past: the Chinese never have.

With the exception of Tibet, of course.

Yes, but Tibet is a special and complicated case in many ways, and a historic case of a certain period. It is not in China's culture to take over other countries at all. So the role of the military is predominantly defensive in their concept. They don't have a thousand military bases across the world like the United States and they do not see themselves as guardians of world order. But today you have this internal struggle within China as I have explained between the proponents of the peaceful rise and other more nationalist groups which are people who still resent how China has been treated in the past centuries by the Europeans and more recently by the Americans. They reject the notion of peaceful rise and anticipate that they will have to confront the West to defend Chinese interests. They wish to become a strong military power again and to regain China's rightful place by affirming a very different philosophy. These two schools of thought have been contending for decades.

The future of relations between China, the United States, Europe, Japan, and other Asian countries depends on the outcome of this internal debate, where the West has little access. One thing is sure, however: the outcome will also depend very much on how China is treated by other countries, especially by Japan, the United States, and Europe, where there are particular sensibilities in play. Today, you

have a new level of anti-Chinese propaganda in the West, particularly in the United States, which may well weaken the forces committed to a peaceful rise and provoke outcomes in China's policies which may prove counterproductive to international cooperation.

Right. But what I would say on the other hand is that most of China's neighbors are scared indeed by its increasingly aggressive behavior over the past two years. While I agree with you on the nonexpansive nature of China throughout its history, China is intentionally building a blue-water fleet to expand its boundaries. As you know, one of the standard measurements of what a big global power was in history has always been who had the biggest and most powerful battleship and how far it could sail. Is it green or blue water capable? That has always been one standard measure to determine which power was the most powerful in a given age China is building a blue-sea fleet not by chance, and it is starting to run an aircraft carrier fleet in order to compete with the United States for the control of the routes for key resources like oil, with important consequences. The power which controlled the oil and key resource routes through the international oceans in the past had the right to have them traded exclusively in its domestic currency, which is the reason why the US dollar became the world's de facto reserve currency. By building its own blue-water fleet, China is not only on its way to secure its own resources, but is attacking the dominance of the US dollar. The United States has understood this very well, and thus the signs of naval confrontation multiply, for example, in the dispute about the Spratly and Paracel Islands in the South China Sea throughout 2012 and 2013.

I agree, but only partially. Power nowadays has not much to do with a second-hand Ukrainian aircraft carrier. And the fact that China as a great power is expanding its military is not really surprising. The United States is spending at least 10 times as much and is surrounding China with bases through its announced "pivot" to Asia, clearly seen by China as a strategy to "contain" its rise. It is tragic that this militarization is emerging as a spiral in a new arms race in Asia, a waste of resources where scarce resources are needed for critical social, environmental, and development purposes. Perhaps with leadership issues resolved in the United States and China it may be possible for the leaders on both sides to try to contain this escalation.

One element is indeed that the People's Liberation Army (PLA) is a very powerful factor in China, and they are pushing their cause like every military group to get more funds to build up their capabilities. I must say, however, that the Chinese leadership at least in my experience so far has always been very far-sighted and cautious about allowing nationalist impulses and building up the military in any threatening way. Although China's military build-up may be making some neighboring countries nervous, frankly it has not reached such a level as to present a serious threat to the United States. The power of the US military and the sophistication of US weapons remain dominant. However, as the issue of Taiwan shows, there are huge pressures in the region under the surface of all of this. The real risks that I can see in the short-term are in the South and East China Seas where there are small scale, but very intense confrontations possible between China and Japan and other neighbors that could suddenly become very nasty, very quickly. The United States

might feel obliged to get involved and then we have a whole new "great game." But confrontation at this sensitive time in world affairs is not in the interest of either side. The Chinese hold around $3.4 trillion in foreign exchange reserves and the US and Chinese economies are deeply interdependent. We can hope reasonably that solutions will be found, but international events are not always dictated by reason.

So in conclusion do you think that the development of China may indirectly depend on that of the United States, and vice versa?

Yes. The two great nations are intensely interconnected in many ways. And each reacts to the positions taken by the other. Positive cooperation and restraint in many areas of important mutual interest offer the opportunity to strengthen collaboration and mutual understanding. But polarization can create dangerous confrontation. There are intrinsic difficulties of mutual understanding, between a society founded on the rights of the individual and another in which the interests of the collective are predominant. Given that these two concepts of rights and responsibilities are so profoundly different, China and the United States will never fully understand each other. The coming decades will rather see coexistence than cooperation. I think that the crucial question in the longer term will prove to be not what happens in China but what happens in the United States. If the United States for domestic political reasons escalates its criticism and confrontation with China, China will respond with similar attitudes against the United States. The results could be catastrophic. We have to put much more work, on all sides involved, to build mutual understanding of the need for cooperation to meet the intensifying global challenges ahead and to overcome the risks inherent in this crucial relationship at this time of transformation and turbulence in world affairs.

Is it really the case that they'll never understand each other? If so many Chinese come to visit the United States, and many Chinese of the middle classes nowadays are attending an American university at least for a couple of months? Are you not a little bit too pessimistic?

I don't think so. Of course there are lots of young Chinese who study in the United States and then go back to make money in China. This is fine but it may not fundamentally affect their feelings and inclinations as Chinese. I would say that the fundamental views and aspirations of the Chinese as a nation have not been irreversibly affected even although a large part of the young generation has adopted Western values of materialism and social behavior. There will be a continuing tension within China between those Chinese influenced by the West and those who retain Chinese attitudes, but in my view, as experience across Asia shows, they will all remain essentially Chinese.

What is the outlook?

Forgive me for closing on a philosophical note. The future of China and its relations with the Western world as it gains in international power and influence is ultimately a question of balance and mutual understanding. There are major opportunities for cooperation but also serious risks of confrontation. Thoughtful leadership and restraint will be needed on both sides. The fundamental philosophies are different. In our own Western philosophies going back to the Greeks, there has always been a focus on the question of what is the proper relation between the indi-

vidual and society. In the dominant belief structures in the United States, the United Kingdom, the British Commonwealth, and Europe, that is, the Judeo-Christian religions, the individual is the centerpiece. The role of society is seen in relation to the freedoms and liberty of the individual as epitomized by the dominant philosophy in the United States, and in more mitigated forms in Europe. However, in Asia, notably in China, but also in India and the great Asian religions, these notions are in many ways perceived exactly in the opposite way: the common interests of society are placed first, and then, within this framework the role of the individual is shaped. The emphasis is placed on the needs of society as a whole, and the individual is expected to contribute to the social good. To reconcile these two visions of the rights and responsibilities of individuals in society, and to build bridges between them will be crucial to build cooperation in the face of the intensifying world issues which we must face together. Mutual understanding, respect, and cooperation between China and the West are what we have to strive for in the coming years.