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PRESENTS

THE FUTURE OF POLITICAL REFORM IN CHINA

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EMERGING PLURALISM IN CHINA?

SESSION CHAIR: RICHARD BUSH,
BROOKINGS INSTITUTION

PROF. TIANJIAN SHI,
DUKE UNIVERSITY
“ELECTORAL REFORMS IN CHINA”

PROF. ELIZABETH PERRY,
HARVARD UNIVERSITY
“POPULAR PROTEST: POLITICAL THREAT OR SAFETY VALVE?”

MS. SUSAN LAWRENCE,
FAR EASTERN ECONOMIC REVIEW
“CHINA’S CHANGING MEDIA”

*Transcript by:
Federal News Service
Washington, D.C.*

RICHARD BUSH: Ladies and gentlemen, if you would all take your seats. We're already behind schedule and this is an important panel. If I could ask you to take your seats please.

The title of this afternoon's panel is "Emerging Pluralism in China." Because we're behind schedule, I'm not going to provide a lengthy introduction but simply give a quick bridge back to the previous panels. The panels this morning were a view from the top down, how the several tens of millions of people in the Chinese Communist Party-state were looking at life. This is important to the subject because if political reform is ever going to come in a serious way in China it will be because of the decisions of the party-state that it should happen.

The view this afternoon is from the bottom up. It is, if you will, exploring the feelings of the 1.2 plus billion Chinese people who were not part of the party state. This is also important because it may be that political reform will only come because of pressures coming from below. That's certainly been the case in Taiwan and South Korea and other places.

To do this, we have three excellent speakers who are going to provide three different windows on the emerging pluralism in China today. We have Tianjian Shi to talk about elections, Liz Perry to talk about popular protest, and Susan Lawrence to talk about the media.

I won't take any time giving you their bios; you have them before you. Take my word for it, they're the best possible people to talk about their respective subjects. And without further ado we'll talk – start with Professor Shi.

TIANJIAN SHI: Okay, thank you. Thank you for organizing this wonderful conference. My topic is electoral reform in China. Despite the village election has occurred in rural China for more than 16 years, we still know little about it. In this presentation, I will discuss three issues. The first one is how many villages in China now carry on election for people to choose their leaders. The second issue is whether those elections are effective. And the third question is whether elections in rural china have any spillover effect? That is, does the rural election trigger any political reform in the other aspect of people's life in China?

In order to have objective assessment of the election in China, we need survey data. Fortunately, I had finished a nationwide survey in 2002. The survey not only asked the general populace whether they voted in village election, but also asked each of the sampling village what procedure did they use in the election. The data would allow us to give an scientific assessment of the quality of the election in rural China.

Let me start with an assessment on how many villages in rural China hold elections for people to choose their leaders. In the survey, I asked respondents to report whether there were any elections for them to choose chairman or members of the village committee within three years prior to the survey? This question has also been asked in my 1993 survey. There were 76 percent of respondents claimed that there were village committee elections in 1993. In year 2002, the number of respondents claiming there were elections for them to choose their leaders reached to 82.7 percent. Note that whether a village held election does not tell us too much because many researchers found that many local elites under the pressure from above tried to turn the required multicandidate election into a single candidate election through various manipulations of the electoral procedure to deprive the democratic rights of people in rural China.

To find out the nature of those elections, I asked a follow-up question: Are the elections in your village multicandidate elections, or single-candidate elections? In 1993, there were 53.4 percent of respondents told our interviewers that the election was multicandidate elections, and in 2002, 70 percent of respondents claimed that same. Again, there is another potential problem; that is a time honored technique used by local elites in rural China is that they nominate one clear winner and a clear loser. Everybody in the village knows who would be the loser and who would be the winner on the ballot. Therefore, knowing whether the election in the village were single-candidate or multicandidate election tells us some change, but not too much – it doesn't bring us too far.

In order for us to really understand the quality of election and to see whether or not those elections provide people with an opportunity to choose their leaders, we need to examine the whole electoral process. There are four issues involved. The first issue is who chooses the village election leadership group which controls the whole electoral process in the village? The second issue is who has the power to nominate candidates? The third issue is who determines formal candidates whose names will appear on the ballot. Finally, whether the election is a competitive or noncompetitive one.

According to the Chinese election law or the Organic Law of Village Committee, the village election leadership group must be either elected by general populace or by small village group. Two methods of candidate nomination are allowed. 1) Ordinary voters in the village may jointly (3 – 10) nominate someone as candidate and 2) self-nomination is also allowed. You can propose yourself as the candidate. There are about 20 percent of the provincial election procedure strictly prohibited any political organization to nominate the candidate in the village election--which means that the Communist Party are not supposed to nominate.

Starting from 1995, a new procedure – *Haixuan* was introduced into China. In villages that adopt *haixuan*, village election leadership group organizes nomination meeting. In the meeting, each voter gets a piece of paper and is instructed to write the name of their nominees in the paper. The village election leadership group then collects the paper – they call it as the nomination vote and counts them on the spot. The person who got the first and the second highest vote would be automatically become the formal candidates.

If village adopt joint or self nomination methods, it is not unusual for a village of 300 people to nominate 30 to 70 candidates. Then there is a problem, that is, among those nominees, whose name will appear in the ballot? According to Organic Law, the formal candidates should be chosen by popular vote of the entire village, or of small village groups.

My evaluation of electoral procedures used in different villages in rural china is based on four criteria. To qualify for this standard, 1) election leadership group in the village must be selected by popular votes; 2) candidates must be nominated by popular votes. 3) Formal candidates must be determined by popular vote and 4) the election must be multi-candidate one. This standard is more stringent than the current law requires and we find only elections in 11.2 percent of villages in China met this standard.

Next, I use the requirement of the current Chinese law to evaluate village elections. This means that not only ordinary people in China can select village election leadership group, the village election leadership group may also be determined by small villager group. The requirement for nomination is the same as the first standard. The formal candidate, however, can either be determined by popular vote or by the small villagers group. Of course, there must be more candidates than seats available. Elections in 31.5 percent of the village in rural China met this standard.

Finally, I further relaxed the constraints: The village can use whatever method to choose members of the village election leadership group. Although it is illegal for the party to nominate the candidate, we allow the party or even township government to nominate candidates. However, the formal candidates must be determined by popular vote. There are 24.1 percent village in China met this standard. Since there could be overlap among those standards, I analyzed how many village in rural China whose elections met each or any of these standards -- 28.6 percent of the villages in 2002 met this standard.

If we only talk about electoral procedure used in rural china, people may ask, so what? Despite those procedures are beautiful, people may be more interested in whether elections in rural china really produced any tangible effect. Now we want to study the effectiveness of those elections. To evaluate whether elections in rural China provide a real possibility for ordinary voter to select their leaders, I ask another question in the questionnaire -- the incumbent leader in the village were reelected or newly elected? This question provides us with important information on the turnover of the village election and we find that 46.5 percent of the incumbent village committee chairs are reelected. To my surprises, however, 48.5 percent of the incumbent chairmen of the village committee in 2002 were newly elected.

Having learned that the turnover in village elections was rather high, a natural question to ask would be, how many chairman of village committee are members of the CCP? Specifically, we want to know how many newly elected chairmen of the village committee are nonparty members. Our study shows that 77.6 percent of chairmen of the

village committee are party members and 15.4 percent of them are nonparty members. But if I break down the chairmen of the village committee into two groups, the reelected and newly elected chairmen of the village committee, we will find 12 percent of the reelected chairmen are not party members and 20 percent of the newly elected chairmen of the village committee are nonparty members.

Implication: substantial progress has occurred in rural China, but at the same time, there are a lot of problems with regard to the village election. Rural elections in China are still in the process of evolving.

I have three minutes?

MR. BUSH: Well, now you have two. (Laughter.)

TIANJIAN SHI: I have two. Okay.

Does election in rural china has any spillover effect? Do village elections trigger any political change in other area in China? We can see many.

First, the MCA, Ministry of Civil Affairs, began to push the direct election of CRC-- the community residents' committee in urban China. The second change triggered by the village election is the involvement of ordinary citizens in choosing village party chiefs. One of the major consequences of the village elections is that the elections triggers power between the popularly elected village committee and party branch which is usually appointed by the higher authority. The struggle reached to its peak in 2001 when 58 popularly elected village committee chairs in Shandong Province resigned together to protest the party branch in the village infringed their power. They argued that since they are elected by general populace in the village and the party secretaries are appointed by higher authority, village committees should have more power than party branch in the village. This event posed a serious challenge to the MCA and the reformers there tried to deal with this problem in two ways.

First, they endorsed the so called double-balance system invented by Hequ county in Shanxi Province. The system tries to make the party secretary accountable to ordinary villagers. When people in the village vote for village committee, they got two ballots. One is for the chairman of the village committee and the other is for the party secretary. Candidates of the party secretary of the village have to collect more than 50 percent of popular vote to be eligible to run for that position. The design gave ordinary people the power to veto the party secretary in their village. And the second way to deal with the issue was occurred in Shandong Province where the collective resign occurred. The provincial electoral officials encouraged the party chief to run for chairman of the village committee. If they win, the party secretary will hold two positions. If they lose in the village election, they will lose both positions. They are no longer the party secretary of the village. What is the implication of this reform? It is subject to different interpretation. Thank you.

(Applause.)

MR. BUSH: Okay.

Liz Perry.

ELIZABETH PERRY: Thanks very much. Since the Tiananmen uprising 15 years ago, popular protest in China has emerged as a major issue for analysts and policymakers alike in this country as well as in China. As we saw earlier today, regional and class inequalities have been spiraling in the last decade or so, and therefore it's hardly surprising that some areas of the country and some social elements have erupted in protest.

In the countryside, farmers, particularly in the hard-pressed agricultural regions in the middle of China, have launched numerous tax riots. In the industrial cities, laid-off workers and pensioners from bankrupt state-owned enterprises have marched through the streets demanding redress from their local governments. And increasingly, we are also witnessing collective violence by migrant workers as these uprooted peasants protest the abysmal conditions that greet them in the cities, particularly in the form of withheld wages.

Now, our statistical grasp of this protest situation is admittedly very sketchy. We don't know exactly how many people are involved. We don't know quite what percentage of the population they represent or to what degree their numbers are increasing over time, but judging from journalistic reports, from academic investigations, and particularly from the pronouncements of worried officials in China we do know that the problem of protest is very real -- and by most accounts it is growing in both scale and seriousness.

Let me begin with the countryside, where tax riots have been of particular concern. These tax riots are the subject of a new book by a couple of political scientists at Columbia and Barnard, Tom Bernstein and Xiaobo Lu; a book that they entitled "Taxation Without Representation." Bernstein and Lu note that these tax riots have been concentrated in the middle regions of China; provinces like Hunan, Jiangxi, Anhui. These are the areas not as rich, not as industrialized as the coastal regions, where local cadres can turn to revenues from industry to fund various projects. They're also the parts of the country that are not as poor as the far west, where there are hardly any resources to be captured by local cadres. (Phone ringing.) Can I wait till the musical accompaniment dies down? Thank you.

So these tend to be concentrated in the middle of the country, not the heavily industrialized coastal areas nor the extremely poor west, which has too few resources to tax. And it is in these middle agrarian areas where the local cadres are being very hard pressed by higher levels of government to undertake all kinds of developmental tasks and yet do not have industrial resources with which to do them. Therefore they turn to the

peasantry and tax them with all manner of fees, levies, and so forth in order to meet the demands of higher levels of government.

These heartland provinces are also the areas of China that for more than two millennia generated waves of peasant rebellion. These are also the same areas that served for the most part as the cradle of the Chinese communist peasant revolutionary movement. Recently, a scholar from the Chinese Academy of Social Sciences, Yu Jianrong, and here I would like to thank Pei Minxin, not only for organizing this conference, but also for introducing me to Yu Jianrong with whom I am embarking on a collaborative study. Dr. Yu is Hunanese. He comes from the same province as Chairman Mao, and for his doctoral dissertation Yu Jianrong returned to his native province to carry out -- in the same five counties where Mao back in the 1920s wrote his famous "Investigation of the Peasant Movement in Hunan" -- a new investigation of rural unrest in the 1990s.

And there Yu Jianrong discovered that, ironically enough, the peasants are making many of the same demands that they made 80 years ago. They are demanding a reduction of taxes, they are demanding reduction in grassroots corruption, they are demanding above all the freedom to establish autonomous peasant associations -- *nongmin xiehui*, which Mao wrote about very passionately in the 1920s, but which of course are illegal in the Chinese countryside today.

These peasants today, however, do have one difference from those whom Mao studied in the 1920s: they are armed with the slogans of Chairman Mao in carrying out their protests, and so they sally forth saying that to rebel is justified and so forth, taking their lines from the Chairman.

Yu Jianrong has argued in a couple of sensational articles that earned him an audience with President Hu Jintao that rural protest is becoming increasingly organized, that it is becoming larger in scale, that it is now spanning multiple villages, multiple townships, and most importantly that it is becoming directed much more centrally at state officials. Whereas in the 1980s protest was often competitive protest among villagers, now it tends to be directed squarely against local cadres. Central policies and central regulations are used by the peasant leaders to challenge the legitimacy of the local officials.

Yu points out that central leaders themselves have not yet come under direct peasant fire, but he believes this may be a temporary situation. Taxation has become much more centralized in recent years in China as a result of recent fiscal reforms, and peasant leaders, therefore, are increasingly inclined to look to higher levels of the state for the source of their woes.

Moreover, these peasants are led by a group of local rural elites not all that different from Chairman Mao himself: people who are relatively educated, people who are relatively young, people who come from relatively well-off families in the countryside, and people who are increasingly politicized in their own views. Many of

these are demobilized soldiers who have returned to their native village and are organizing peasants there.

Yu also observes with alarm that organized crime has taken over large parts of the Chinese countryside, has stepped in where local officials are unable to rule, and it is because of this in particular that he advocates the establishment of autonomous peasant associations and representative congresses to recapture the allegiance of the alienated countryside to give the peasants taxation *with* representation.

Yu Jianrong's worries are reinforced by the writings of others as well, and here I particularly thank Susan Weld for an article that she recently shared with me – an article written by my good friend, Zhao Shukai of the State Council -- an extraordinary article in which he too publishes his concerns about this growing unrest in the countryside. Zhao observes that local cadres in rural China today are rather similar to the local bullies that we find in Republican China against whom Mao railed in his writings in the 1920s; that these cadres are single-mindedly intent upon extracting whatever revenues they can from the local peasantry. And he points out that it's not only in the middle regions of the countryside where this goes on, but that in the more industrialized coastal areas as well, village cadres are engaging in land deals in which they take lands from the villagers and pay them little or no compensation at all, reselling these lands for high prices to higher levels of government who lease them out to foreigners and so forth.

Zhao Shukai presents a very grim picture of rural governance in China. He notes that grassroots governments are deeply in debt; that some 80 percent of township governments cannot pay their own officials. Many local officials across the countryside are six months or more in arrears for payment of their wages, putting yet more pressure on these local governments to come up with the money from somewhere or other. Zhao Shukai argues, in fact, that organized crime is in some ways the salvation of these local officials because they have a kind of symbiotic relationship with criminal activities in their areas where there is drug smuggling, prostitution, gambling, or overplanned births. These all provide opportunities for local officials to tax – to levy fines on these illegal activities. So he says, in fact, that this need for revenue on the part of local governments in some ways inadvertently encourages illegal activities which then provide sources of revenue for local governments.

Unrest has not been confined to the countryside, of course. In the cities, protests by laid-off workers and by pensioners have been very well documented. Here too we see rhetoric drawn from the earlier revolutionary period. A sociologist at Michigan, Ching Kwan Lee has done an outstanding job of tracing this, showing us the ways in which workers very creatively apply the language of the Communist revolution and of the Cultural Revolution to their contemporary protests.

A few years ago, these urban worker protests tended to be confined to single enterprises, but more recently they have been spilling across boundaries. In the Liaoyang protests a couple of years ago, for example, some 30,000 workers from 20 or so different

factories engaged in massive demonstrations to raise complaints about unpaid pensions and the lack of support for their laid-off colleagues.

This particular protest elicited a very harsh response from the authorities, in large part because of the coordination that was taking place among these different factories and different sectors.

Very significantly, in the last couple of years we have also seen a dramatic increase in reports about protests by migrant workers. A few years ago, most analysts assumed that migrant workers were going to be fairly quiescent. They were too scattered, too ill-informed, too disorganized to engage in coordinated protest; and yet recently we have seen numerous cases of construction workers who are often owed months of back wages erupting in collective rage and being blamed for the murders of dozens of labor contractors across China. As these panicked labor contractors point out that the real responsibility lies with the governments who have not lived up to their contractual responsibilities, the possibility of these confrontations becoming politicized is very real. And because many of these labor contractors have links with organized crime, the possibility of these protests being led by criminal networks is also very real. These protests link rural and urban areas, since the migrants come from the countryside to the cities, and they link people from different occupational backgrounds to the extent that contractors and criminal networks become involved in their leadership.

What are the implications of these developments for political reform, or for that matter for something more serious, in contemporary China? Sometimes, these kinds of protests themselves have prompted reforms, at least at the grassroots level. The implementation of the village elections that Shi Tianjian was just talking about, which as he notes began in the late 1980s, were in good part a central response to peasant grumblings about cadre corruption. Recent fiscal reforms in the countryside, the *feigaishui*, or commuting of all of the levies and fees into one standard tax, is clearly a reaction to the peasant protests that have been going on – the tax riots against unfair burdens.

In the cities as well, recently the Ministry of Civil Affairs has launched a community construction initiative – a *shequ jianshe* project, which has involved experimental elections in a number of residential committees and in some places the dismantling of street offices in favor of encouraging local autonomy by grassroots residential committees. When I recently interviewed some officials in the Ministry of Civil Affairs about these urban developments, they explained that much of the impetus for these recent reforms came from the Falun Gong protests a few years ago, which had served as a wakeup call for central officials that changes needed to be made in grassroots administration to cope with a population that was being set adrift from its previous work unit securities.

So we can certainly draw some connections between popular protests and low-level political reform, but as my colleague Samuel Huntington pointed out many, many years ago in his path-breaking studies about political change, political reform is not easy.

It is inherently tricky. It is difficult. It frequently backfires. Political elites launch reforms because they hope to avoid revolutionary outcomes, and yet by raising popular expectations political reforms often mobilize the masses in ways that lead to revolution rather than to greater political stability.

A hundred and fifty years ago, an astute foreign observer of China by the name of Thomas Taylor Meadows wrote a wonderful book entitled “The Chinese and Their Rebellions.” And in that book, Meadows famously proclaimed that the Chinese are the most rebellious and the least revolutionary people on Earth. Meadows pointed out that China had a long tradition of peasant rebellion, peasants rising up to protest onerous taxes and corrupt officials; one that had gone on for thousands of years and yet in stark contrast to the modern West with its Christian and Western Enlightenment political tradition, the Chinese, he said, were unrevolutionary. Their protests were not directed at fundamental change of the system; they were directed at much more modest goals.

Superficially, China’s contemporary protestors, like those about whom Meadows was writing 150 years ago, seem more concerned with tax burdens and with corrupt officials than with fundamental political change. Yet, perceptive as Meadows was, there were obviously some problems with his prognosis. For one thing, just as his book was being published in 1856, an enormous uprising was sweeping the Chinese countryside – the Taipings – that did in fact call for a fundamental overhaul of the political system. The leader of the Taipings, who claimed to be none other than the younger brother of Jesus Christ, challenged the very bases of Confucian legitimacy and rule. The Taipings went on to control much of the Chinese countryside for the better part of a decade, and their suppression resulted in a loss of some 25 million lives, rendering this the costliest civil war in human history.

Meadows can perhaps be excused for not having foreseen this at the time, but in fact the Taipings were ushering in a century – a century and a half of unremitting revolutionary struggles in China. The 1911 revolution that overthrew 2,000 years of dynastic rule, which had been preceded, of course, by a reform effort on the part of the last Qing rulers; the 1927 revolution that ushered in a nationalist government; the 1949 revolution that brought the communists to power; and Mao’s Cultural Revolution, which Rod MacFarquhar talked about earlier today; Deng Xiaoping’s so-called “second revolution” of reform and opening, which shattered the communist economy.

So in light of this eventful history (not to mention the revolutions of 1989, preceded by glasnost and perestroika and other reform efforts in the Soviet Union – revolutions that toppled communism across Eastern Europe), I think we would be foolhardy to dismiss out of hand the possibility for revolutionary change in China today. Of course China has a far stronger, a far more intrusive state presence at the grassroots level than was true of the late Qing or the Republican period, but if these ominous trends -- of organized crime, of rapacious local officials, of rampant popular protest accompanied by revolutionary rhetoric -- continue apace, then I think that inept political reform efforts run the risk of fostering -- rather than forestalling-- a political result very, very different from that which the leadership in Beijing may have in mind.

Thank you.

(Applause.)

MR. BUSH: Thank you very much.

Susan Lawrence.

SUSAN LAWRENCE: Thank you to Minxin for organizing this. I am yet another of Rod MacFarquhar's students up here today, so I'd also like to say thank you to Rod for teaching me all I know about looking at Chinese elite politics.

My topic is China's changing media. It's something that I'm very excited about. I think the Chinese media sector is very vibrant; there's a lot going on. I think I probably better preface everything I say, though, by talking about what hasn't changed in the Chinese media. The party is still intent on controlling content. It very much sees the media as a key means of forestalling the kind of revolutionary change that Liz is suggesting is quite possible still in China. The party is not willing to tolerate reporting that is in any way confrontational towards the Communist Party or to the principle of Communist Party rule. The most recent set of official statements on the media's role came from Li Changchun, the politburo standing committee member in charge of the media, just 10 days ago. He warned explicitly that the media must consciously keep in step with the Communist Party center, with Hu Jintao as its party secretary, that it must rally around the party, that its major task is to comprehensively and accurately educate the country about the party's major decisions and policies. He said that the media's purpose should be to create a good environment for reform and development and – this is key – that the media's role is also to help maintain social stability.

The way that works on the ground is you've got the propaganda department and its local representatives still, to this day, issuing regular sets of instructions to the mainstream media about what they can report and can't report and how they should report what they can report. They're extraordinarily detailed and quite eccentric lists, if you've ever had people share them with you. I just recall one about a year ago which covered about 30 different topics including everything from a ban on reporting that the basketball star, Wang Zhizhi (ph), had left his U.S. basketball team and was basically AWOL, to a ban on reporting a brief power failure at the Beijing airport, to instructions that people should take care in reporting about South Korea because there was a moment of diplomatic tension with South Korea and they didn't want the media to exacerbate that.

Among other odd injunctions, the Chinese media is under instructions not to report, or to report only very sparingly, about suicide bombings in the Israel-Palestinian conflict because of the fear that reporting could encourage copycat suicide bombings back home. There's a huge range of very eccentric instructions that come out.

Propaganda authorities are on the watch for media that cross those lines. The Southern Metropolis News in Guangzhou apparently crossed a line recently by being the first report on the reappearance of the SARS virus down south. Editors of the paper were detained for questioning. The official line is that the questioning is related to financial improprieties, but most people think otherwise. And of course this follows the cover-up last spring of the entire emergence of the SARS virus in China. Also note that a recent Amnesty International report chronicles 54 people who've been detained or imprisoned for expressing views online or downloading politically sensitive information, and that's just since Hu Jintao came to power in November, 2002.

Labor unrest is something that will never be reported in the Chinese media at the time that it is occurring. The government knows that if reports of labor unrest were to appear in the Chinese media, they would be a very effective way of getting the word out and allowing the unrest to spread from one district to another.

Okay, so that was all the caveat; now the exciting stuff that is happening in the Chinese media. There's been a huge explosion in the numbers of media outlets, particularly in the last five years. I'll give you the numbers from the end of 2002, which are really quite mind-boggling: 2,137 newspapers, more than 9,000 magazines, 2,000 plus television channels, 450 radio stations, 47,000 websites, 81 major media conglomerates. The other thing that's changing very rapidly is the way in which the media is financed, which is really quite key to the sort of content that it's going to have in it. The party seems to be very committed to the idea of commercializing the entire media sector. On one level, that's an extension of the party's general embrace of the market in all other parts of the economy. The party doesn't want to have to shoulder the financial burden of supporting this vast, vast media operation. It also wants a financially vibrant media sector in order to be able to compete with international competitors. China's leaders are very conscious of the AOL-Time Warners and the NewsCorps and the other big, big conglomerates out there and they want to have competitive news conglomerates themselves.

At another level, the leadership strongly believes that more commercially oriented media will attract bigger audiences, meaning more complete dissemination of the party line on a whole range of issues, and thus greater cohesiveness – a favorite word of the Chinese Communist Party – for the nation. The party thinks that it can commercialize the media and not lose control; so far it's largely succeeded, but the jury is still out on how long that can last.

We're in the middle of what the party is heralding as the biggest media shakeup of communist history, which began last July and was meant to have sort of reached a crescendo at the end of the year. What the party has done is basically cut off government funding for most of the media sector. The central government has only been allowed to continue to support three newspapers and two journals, including the People's Daily. Provincial party committees are now only allowed to have one newspaper and one journal; municipal party committees are only getting to keep one newspaper. All other media operations are meant to be cast off to sink or swim on their own. They're meant to

be completely responsible for their own finances. The role of official sponsors of these media is now meant to be confined to supervising their content and ensuring that their bottom line is healthy. I think a lot of us would note a potential conflict between those two roles: policing content and ensuring a healthy bottom line. Clearly, a racier content is going to mean a better bottom line.

My favorite subsection of the media right now would be the financial media, which has emerged really in the last five years. It's quite a special corner of the media market because it's not censored directly by the propaganda department. Rather, the propaganda department has entrusted the China Securities Regulatory Commission to act as its enforcer. When the CSRC was headed by, Zhou Xiaochuan, who is now the central bank governor in China, the CSRC felt that there was a useful role for the media to play in being a watchdog over listed companies and the funds industry. So the financial media have had a much greater leeway than most other parts of the media to do real investigative reporting, and it really is first rate investigative reporting of the kind that any American publication would be proud to publish.

The other thing that's very interesting about the financial media is their ownership structures. They're not run by government or party departments; often, it's groups of shareholders. One of the new papers, the Economic Observer, is largely owned by a private department store chain in Shandong, Sanlian. The shareholders is another financial paper, the International Finance News, range from the People's Daily to a major tobacco company. There are a lot of corporate interests in these things. Caijing magazine, which really led the way in creating this new, exciting financial media sector, is published by an outfit called the Securities Exchange Executive Committee, which is basically a sort of private think tank of returnees from the U.S. The SEEC has recently bought a company listed on the Hong Kong stock exchange, so we now have a Hong Kong listed company owning Caijing.

Caijing first caught my eye with an extensive story on military divestiture, a story that no other media in China was covering. They do exposés of malfeasance involving listed companies, stock manipulators, problems in the fund industry, and so on.

Another new financial publication, The 21st Century Business Herald, is doing some of the most serious political reporting that I've seen in China. They are writing about what their readers care about, which is the inclusion of businesspeople in the political process. At the time of the 16th party congress in the fall of 2002, they were identifying the tycoons who were representatives to the party congress. They interviewed them. They published their manifestos. It was serious political reporting. I should note that their sister publication, the 21st Century World Herald, got closed down for its coverage of the party congress, largely, it seems, because of an interview they published which criticized Mao Zedong and, even more dangerously, Deng Xiaoping.

Another exciting development is the emergence of the online media. They troll the nation's media for interesting stories then put them online. Often the stories that appear are things that have appeared in remote publications under— the Propaganda

Department's radar screen: crime stories, reporting of local events that wouldn't get into national papers. They're playing an important role there.

The revamping of Chinese Central Television is also very exciting. They're under the strictest censorship of all the media in China because they have the greatest impact, but CCTV has been changing a lot, partly as a consequence of the Murdoch effect. Rupert Murdoch has been very, very involved in the Chinese media sector. He is one of the backers of Phoenix Television, which has changed the media landscape in China and given CCTV a whole new idea of what television ought to be. Even though Phoenix is very supportive of the Communist Party, it pushes the envelope more than CCTV has done, so CCTV is now catching up.

Also exciting is the emergence of really agenda-setting newsweeklies such as China Newsweek, which has funding from Murdoch's News Corporation; and Sanlian Shenghuo Zhoukan (Sanlian Life Weekly). They're writing about communist-defined political reform, but nonetheless they are writing about political change, which is significant. They interview professors at schools of administration who have a license to offer political analysis, and that's all kind of new.

Where is this going? We have a media environment in China which is making Chinese citizens much better informed about national affairs; it's giving them a window on policy debates, especially economic debates. We're not going to see the media challenging the party or party rule anytime soon, but I think that it's really important to watch the marketization of the media. What's going to happen with this? As one media scholar mentioned to me a couple of months ago, the only force in China powerful enough to bargain with the government over content issues is the market, and the government has just delivered the media into the market's hands.

Thank you.

(Applause.)

MR. BUSH: Thank you very much.

How much time do we have?

MR. : We have 15 minutes.

MR. BUSH: Fifteen. Thank you. We've had three outstanding presentations. Now I'm looking for some outstanding questions from the audience.

Please identify yourself and make your question or comment brief and crisp.

David Finkelstein.

Q: Thanks to all the panels for a great – a great session. For Professor Perry, thanks for a great talk. This is the second time I've heard stories or anecdotes about some of the unrest in the countryside being organized perhaps by demobilized soldiers from the PLA. I was wondering – in your survey of unrest or instability, are there other issues or tensions in civil-military relations at the grassroots level that manifest themselves? And if so, what might they be?

MS. PERRY: I'm not sure that the fact that demobilized soldiers are serving as leaders of tax protests really indicates difficulties in civil-military relations at the local level. It seems to me what it indicates is a kind of rural elite who has had a wider experience, greater politicization than other villagers. What is striking about these protests is the extent to which they use central level regulations, documents, and laws to hold lower-level leaders accountable. This is presumably something that these individuals learned in the military: how to read *guiding* and how to interpret them and use them effectively. I really think that – rather than a deterioration in civil-military relations at the grassroots level-- is what is at issue here. I can't say that in the research I've been doing that I have detected a problem of military obedience to political leadership in the countryside.

There have been a lot of discussions in the media recently about what to do with the militia in the countryside; to what extent the militia should be maintained or not, and I've been following those media stories for another project that I am working on. There have been scattered reports of illegal militias and even on occasion of legal militias in the countryside being captured by criminal leaders who use the militias for various illegal activities. These have been sporadic reports, and again don't seem to me to really indicate difficulties in civil-military relations. They do indicate some difficulty in state control over the countryside, however.

MR. BUSH: Okay. Jerry Cohen.

Q: Could the panel give us an up-to-date characterization of the nature of public opinion in China? This comes up, of course, with respect to the legal system a lot now. Traditionally, the party always said you had to listen to the masses, and all that, and we knew it was orchestrated, but today the situation seems somewhat different and I'd like to know how different. You have the Sun Zhigang case, you have the Yogung (ph), the mafia chief from Shenyang, the BMW case. To what extent is there genuine public opinion and within what constraints other than what you've already told us that they operate?

MR. BUSH: Did you hear the question in the back? The question was, is there genuine public opinion in China today? And we'll just go down the table for anybody who wants to make an answer.

MS. LAWRENCE: Okay, well maybe I can just throw out that I think that the Internet has been incredibly influential and sort of setting the agenda on what is public

opinion. It can sometimes be very misleading about real public opinion, because only a very elite group of Chinese have access to the Internet, although those who are on the Internet tend to be very vocal. Government officials troll the Internet very diligently to try to assess public opinion, and they often do make these snap judgments about what Chinese public opinion is on the basis of Internet postings I think it's a little bit dangerous to be doing that.

Q: They shut it off too, don't they?

MS. LAWRENCE: They shut off the –

Q: The Internet.

MS. LAWRENCE: They do. There's active censorship of the Internet, sure. But what happens is that people post messages and they're up there for a minute or 10 minutes or an hour. If they're very aggressively confrontational towards the government, then they're taken off. But, if you're online watching, you see the messages come up and go. And if you're a government official who's watching this stuff, you're going to be informed about all the messages that are coming in that are getting removed. Even with censorship, there are quite active discussions on the Internet. The online media, and then the print media, certainly seemed to play a big role in the Liaoning gangster case.

But there's often an initial bar to getting a sensitive story published. It is hardest to get that such stories published in papers overseen by local officials who may feel they have an interest in keeping the lid on the topic. So you wouldn't normally get a publication from Liaoning being able to break a story about a scandal in Liaoning. A Guangdong newspaper might publish it and then it might begin to gain a life of its own, and others might start to pick up on it. Somewhere along the way, the party's going to make a decision: do we want this to run or not? And somebody will say, okay, yes, we'll let it keep going. If they want it stopped, they can stop it.

MR. BUSH: Liz or Tianjian ?

MS. PERRY: Having lived in China off and on from 1979 to the present, I guess one of the things that I noticed most about the late 1980s were the differences of opinion that were suddenly observable among Chinese academics, between academics and people in rural areas, and so forth. Up until that point, through much of the 1980s, it seemed like whenever I asked a question I got the same answer from everybody. Not that they were necessarily just giving me what they thought was the party line, but that there was one answer and it was really quite consistent. Now that might change from year to year. I mean, it might be a very different answer in '80 or '82 or '84– so it changed over time, but among different social groups it seemed to me remarkably consistent.

And one of the things that I began to notice in the late 1980s and that seems to me has only increased since then is a kind of differentiation of opinion within the academy and among various other social groups. And I think this is represented in Chinese writings about these issues. You find more and more discussion about interests, about

liyi -- the understanding that different kinds of groups will naturally have different interests. That they're in different places economically and socially and rather than their being one kind of mass public opinion, that there should be these different interests that reflect their social status.

You also find in recent Chinese writings much more emphasis on citizen rights, *gongmin quanli* – suggesting that people have rights as citizens that they can express using the laws of the land, using the constitution and so on as a legitimate way of reflecting their own specific interests. So I think there's a new conceptualization of what is legitimate public opinion developing on the part of the Chinese authorities.

MR. SHI: There are – one of the major change in the past few years is that the academic debate is not only concentrate on a particular policy of the government. We began to see scholars stand up to challenge the party line with regard to some fundamental problems, especially the development strategy adopted by the party. In the past 10 years, the policy adopted by the CCP is portrait by many as the Right Wing Republican policy. The policy favors interests of the rich and ignores interests of the poor. The logic behind such a policy, as perceived by many intellectuals in China is that the rich can help to create job which will benefit the poor in the society. Starting from last year, this official line of thinking has been categorically challenged by a group of scholar in China. Those people argued for a second revolution and openly advocated for liberty and equality. They denounced that the CCP now linked with certain special interest in the society thus can no longer represent people. Those people openly argued that the only way to resolve this problem would be introducing competitive election into the country in order to use the power of numbers to defeat the power of money. One of the authors of this work, Professor Hu Angang is actually here. His book has become one of the best seller in China early this year..

MR. BUSH: Okay. Congressman Bereuter?

Q: Doug Bereuter, member of the U.S. House. Question for Professor Shi. Villages, of course, are not a part of the government structure, the lowest level being townships. You've mentioned some of the problems the townships are having with revenue and the fact that they've turned to corruption and illegal activities. Recently, several American academics have written about two unauthorized elections being held at the township level. What significance does that have, if any? Do you expect it's going to be something which will have future unauthorized or authorized experimentation?

TIANJIAN SHI: Okay, thank you. There are both unauthorized experiment and authorized experiments in different places in China. In Sichuan there is experiment of direct elections of county magistrate. The experiment has successfully accomplished, but there is no news coverage on the event. Later last year, the organization department of the Communist Party ordered an experiment in Jingmen District of the Hubei Province to test direct election for people to choose the township leaders. There are actually many experiments going on in different places in china and at the same time, there are also severe debates within the party on those issues.

It seems to me that there are usually political cycles in China. Whenever the party is going to hold a conference to choose new supreme leader, there would be several power struggle which provide the country with both opportunity and of course, risk. The potential loser usually promotes certain drastic reform to gain popularity or support. The potential winner of the struggle, of course, usually choose a more stable approach and tried to avoid rocking the boat.

MR. BUSH: Okay, our colleague from the Wilson Center.

Q: Thank you. A question about the – what shall I say? – the scale of local protest. Can you give us – I’m sure that you don’t have precise data, but can you give us a sense for recent trends in – or patterns – to what degree is protest mostly at the village level? To what extent is it extending to township or multiple villages or whatever? And also a question as to whether there are any alliances being struck between farmers and any of the small businessmen we were hearing about this morning. Now they may be mostly more in urban areas, so the question may not make much sense, but it seemed like it was worth asking.

MR. BUSH: Liz?

MS. PERRY: Thank you. This is a critical question. It is the one that I think the central authorities want the answers to more than anyone because their strategy – and a very effective strategy – has been to divide and rule, to try to keep these protests as small-scale as possible. You can have a protest that involves, let’s say, 10,000 workers, but if they’re all from the same Anhui mine, that’s fine. The problem arises when even a much smaller protest, that has say 1,000 workers, includes 100 different factories. These cross-cutting alliances are most worrisome to the authorities.

So what most concerns the leadership is scale, not in terms of sheer numbers of participants, but in terms of different units developing connections. And we are seeing more of this in the countryside—in the tax protests in the 1990s, particularly after 1995. Yu Jianrong attributes the jump in organizational scale to the tax reforms. With the centralization of taxes, peasants go to the township and then eventually to the county, and you see networks of leaders from different villages and from different townships leading these protest movements. Part of the reason that Falun Gong was so threatening was precisely that it was so heterogeneous – that it involved old people, young people, men, women, educated, uneducated, ruralite, urbanite, party member, nonparty member, and so forth. The ability of the Internet to organize people in very different circumstances in very geographically dispersed areas is also a real worry to the regime.

The question you ask about alliances between farmers and small businessmen – I’m not aware of that, but the kinds of situations that Shi Tianjian was talking about in which you get elected leaders sometimes protesting on behalf of their village against non-elected party members is relevant here because those elected leaders come increasingly from small businessmen in the countryside. Often businessmen are considered people

who have the appropriate skills, the ability to carry things out, and so they are elected at the local level. Some of those small businessmen are already party members; some of them are not. But to the extent that they become village leaders, you may see this kind of alliance beginning to develop.

MR. BUSH: One more question. We'll go all the way to the back.

Q: Right here?

MR. BUSH: Yes.

Q: Amy Wong from the Keenan Institute of Private Enterprise. This question is actually a follow-up because I was also interested in, you know, whether or not – I guess I wanted to ask the specific question about the residential committees and what kind of membership or – do local businesspeople – are they part of these residential committees and what kinds of issues they – I don't know if this is the right word – fight for or address. Are they quality of life issues and do any of those quality of life issues affect other social classes like migrant workers who live and work in cities, and just the general question of whether or not – you know, I don't know if this is better for the last panel in terms of property rights, because obviously that touches, you know, farmers and, you know, these – the middle class in cities who own, you know, real estate now. Thanks.

MR. BUSH: That is better for the last panel.

Q: Can I –

MR. BUSH: Tianjian, or do –

MS. LAWRENCE: I'll just quickly jump in with one interjection which is just that in my experience of local elections, what is most striking about them is that they have no issues. You're not allowed to campaign. That's part of the rules. You're not allowed to campaign. You're not allowed to go around telling anybody what you're going to do with the job, so none of these issues of property rights or anything else come up.

You're a candidate, but you don't send around a little résumé saying, these are all the things I've done with my life. You're just a name on a ballot and people have to figure out for themselves what you might stand for. That's a fundamental problem for me with the whole election process.

MR. BUSH: Tianjian, do you have anything to add?

TIANJIAN SHI: Well, the issue of community neighborhood committee election is much more complicated. You are right that there are problems. One of the major problem is voter are not interested in such elections. In theory, CRC's responsibility

includes public security and social welfare. However, its responsibility is usually overlapped with other government organizations.

In order to make people to become interested in the community affairs in general and CRC election in particular, three experimental models are adopted by China as of now. The first one is the Shenyang model. Shenyang delegates the power of Jiedao government and/or district government to the community committee and sent officials from those two levels of the government to work in the CRC. By increasing the power of the community neighborhood committee, people in Shenyang hope to make people become interested in the CRC elections.

The second one is Jiangnan model adopted by Wuhan city of Hubei Province. The design of this model does not change the division of labor between different sections of the government, but they introduce a unique mechanism call the moweitaotaizhi — whoever got the least vote would lose his office. In Jiangnan district of Wuhan city, elected chairmen of the CRC hold a meeting each year at the end of the year. In the meeting, they were given a chance to evaluate the work of government officials in the district. And official who got lowest vote from the CRC chairmen will be dismissed from his job immediately.

The third and the last model is developed by people in Shanghai. Different from the previous two models, Shanghai model clearly separates the power of the government and the power of the self-governing organizations. Officials in Shanghai argue that one of the major problems in China is that there is no civil society. They also understand that civil society cannot be created over night. In order to create civil society in China, electoral officials in Shanghai established social worker station in different places to take over the governmental function played by the CRC previously and try to turn the current CRC into civil society. Which of these models will be successful and what impact do they have on the political life in China remains to be seen. We don't know yet.

MR. BUSH: We've come to the end of our time. We'll now have a 10-minute break. Please join me in thanking the panel.

(Applause.)

(End of 2:15 p.m. panel.)