

INSIGHT

Not so elusive

Andrew Leung says the China Dream, which carries the seeds of a model of society predicated on an engaged citizenry, is proving to be an inspiration to the nation, and is by no means unattainable

Last November, Communist Party secretary Xi Jinping (习近平) evoked the “China Dream” during a visit to the National Museum of China’s “Road Towards Renewal” exhibition in Beijing. The phrase went viral on China’s weibo and drew a spate of emotional patriotic outpourings from overseas Chinese.

Since then, commentators have been trying to interpret Xi’s vision, ranging from a mundane call for solving China’s problems, to an image of a sublime renaissance comparable to China’s ancient glories or Europe’s Age of Enlightenment. In any case, Xi was speaking of a “China Dream” for the nation collectively, not a “Chinese Dream” in the sense of the good life of the “American Dream”.

The yearning for epochal change is in the air among the top leadership. Since Xi became party secretary, he has launched a high-profile battle against official corruption and extravagance, calling for closer bonds between the party and the people, and efforts to uphold the rule of law and ideals enshrined in the constitution.

Cold water was poured on Xi’s reformist rhetoric by some articles in the Western press. Xi’s fight against corruption and inequalities is pitted against opposition from vested interests. His demand for constitutional checks is contrasted with his warning about the collapse of the former Soviet Union. His call for political liberalisation is cited with his approbation of Mao Zedong’s (毛澤東) revolutionary socialism.

The confusion is largely a product of binary thinking—either give up single party leadership or sclerosis; either Western democracy or risk of a “French Revolution”; either forward to the future or retreat to Maoism. In fact, the apparent contradictions are signs of a continuing quest for China’s unique model of democracy. Indeed, in enlightened intellectual debate within the party, the original Paris Commune is considered a form of local democracy and Mao’s revolutionary “mass line” as embracing the will of the “grass roots” against social injustice.

Not many in China believe the country’s future lies in copying Western multiparty “confrontational” democracy, with all its recent fault lines. But how to make the party truly representative of and accountable to the people within a one-party state continues to test the ingenuity of the leadership.

For starters, China is likely to change the household registration system and promote civil society to monitor local governance. Another pointer to feasible change was a succinct, down-to-earth, 10-

year road map for China’s social and political development provided by Professor Yu Jianrong (于建嵘) of the Chinese Academy of Social Sciences. This includes a less locally biased judiciary, abolition of authoritarian organs such as “labour re-education camps”, and more governance transparency, including declaration of officials’ assets. Indeed, some of these measures are brewing, if not already being experimented with.

However, as China vows to realise a middle-income society by 2030, it is timely



Not many in China believe the country’s future lies in copying Western multiparty democracy

to revitalise the party by invoking a grand renewal reminiscent of what captivated the entire people at the founding of the People’s Republic. In a thought-provoking book, *The Transformation of Chinese Socialism*, Lin Chun evokes the vision of “xiaokang (middle-income) socialism” with empowered local citizenry. Her thoughts resonate with a popular nostalgia for ideals of the Communist Revolution “where its government was clean, its army

was the model of serving the people, its working men and women were dignified, and its life was meaningful without commodification and consumerism”.

Moreover, in the age of scarcity and environmental strains, it is possible to envision an epochal transition from an “industrial” to an “ecological civilisation”, in the words of Pan Yue (潘岳), now the vice-minister of environmental protection. Less can be more.

Indeed, local citizenry has recently been allowed to succeed in reversing major municipal projects on environmental grounds. Citizenry empowerment in the workplace is also being quietly promoted.

It has often been said that with the one-child policy, China will get old before it gets rich, as the pool of low-wage workers is being exhausted. However, thanks to an annual output of eight million university and community college graduates, China will have 195 million of them by 2020, more than the entire US workforce today.

In a survey in May last year, conducted by the audit firm KPMG, most of the people polled expected China to rival the US in innovative technologies, particularly in cloud computing and mobile telephones, in the next four years. Likewise, Clyde Prestowitz, president of the Economic Strategy Institute, anticipates the rise of a “Silicon China”.

Nevertheless, many institutional bottlenecks and other challenges remain, such as resource scarcity, demography and vested interests. What is even more crucial, however, is whether China could

craft a new “social contract” that can harness a democratically organised citizenry to aid, monitor, participate in and hold accountable a clean and effective state that delivers the greatest public goods for the greatest proportion of the people.

Notwithstanding the odds, a visionary China Dream never fails to inspire and rally people. According to the *People’s Daily*, a 27-year-old double-major from Yale is giving up a lucrative career overseas to work as a lowly paid official in a remote village in Hunan (湖南) province. As a Chinese, he vows to give his share to help fellow villagers seek a better life for themselves and their offspring.

The hearts and minds of the whole nation are now being touched by Xi’s “China Dream”, and the inspiring vision, imprecise though it is, does not look wholly unattainable.

Alexis de Tocqueville’s *The Ancien Regime and the French Revolution* is a critique of how liberal and egalitarian revolutionary ideals could become corrupted and forgotten afterwards. The classic tome has been reported to be doing the rounds among China’s top leaders and is now a best-seller in China.

When asked by Richard Nixon what impact the French Revolution had had, then premier Zhou Enlai (周恩来) was reported to have said that it was too soon to tell. Perhaps he was right all along.

Andrew K. P. Leung is an international and independent China specialist based in Hong Kong



Proudly populist

Michael Chugani says on the milk powder issue, our government is rightly putting people’s lives ahead of abstract principles



Why do mainland mothers so desperately want to buy baby milk powder in Hong Kong, even at vastly inflated prices? We all know why. They don’t trust what’s sold on the mainland. So what does the state-owned *Global Times* do? It savages the Hong Kong government for limiting outbound travellers to two cans to ensure local mothers have enough.

Shouldn’t the *Global Times* instead direct its criticism at the mainland authorities for its appalling failure to ensure food safety? Even national leaders, including outgoing Premier Wen Jiabao (温家宝), have acknowledged over the past week the low public confidence in the mainland’s food safety. Hong Kong’s two-can limit is simply a consequence of mainlanders having lost faith in their own food safety.

Public pressure forced the government to impose this rule. Hongkongers no longer wanted to tolerate competing with parallel goods traders for infant formula and paying inflated prices to profiteering shop owners. Shortly before the rule came into effect, I saw a distraught mother with her baby and domestic helper asking a supermarket check-out cashier if there was any more of the popular brand she wanted. They were told to try the pharmacy next door. It was incomprehensible to me that, in a developed society like ours, a mother had to hunt from shop to shop for infant formula to feed her baby.

It’s too bad people like Basic Law Institute chairman Alan Hoo and Tourism Board boss James Tien Pei-chun weren’t there. Both have jumped on the *Global Times* bandwagon to condemn the Leung Chun-ying administration for violating free market principles with its two-can rule. The free market, which allowed pharmacies to hoard and inflate the price of infant formula, parallel goods traders to snap up all available stock, and suppliers to strong-arm shops into buying bundled milk powder, caused the distress of the mother I saw.

To hell with the free market. Hong Kong people should always come first. If aspects of the free market fail to serve the interests of Hongkongers, we should do what’s best for us rather than be a slave to the free market. Hoo railed against the Leung administration for bowing to populism. If not to the common people, then who should the government bow to? Big business? Hasn’t it done enough of that already?

Tien’s slavish worship of the free market extends to the unlimited flow of mainland visitors to Hong Kong. In mocking the chief executive, he said he can’t see how the flood of mainlanders had disrupted local life. He should leave his chauffeured car at home for a day and ride the MTR. If not, he should at least ask his Legislative Council constituents, who include those in the northern district most affected by the influx of mainlanders, whether they want him to be tourism boss first and their elected representative second.

To the Leung administration, I say: bow to populism. If the common people say the swelling numbers of mainland visitors and the mad grab for infant formula have disrupted their lives, then listen to them. It has nothing to do with being unpatriotic or ungrateful to the motherland’s largesse. It is simply the will of the people.

Michael Chugani is a columnist and TV show host. mickchug@gmail.com

Spirit of adventure can do for hukou reform what it did for Chinese growth

Winston Mok suggests steps to overhaul the system, based on experimentation and market rules

In Wen Jiabao’s (温家宝) government work report, the theme of urbanisation again featured prominently. China has achieved an urbanisation rate of above 51 per cent. However, as at least 16 per cent (more than 200 million people) of the total population, such as migrant workers, are not registered in their city of abode, they lack full access to key public services including health care and education.

Behind the facade of “rough urbanisation”, a large proportion of urban residents still remain second-class citizens. Therefore, fully integrated urban residents probably account for around 35 per cent of China’s population today.

It is widely recognised that the household registration system is at the heart of the matter. Since the system cannot be abruptly demolished without social upheaval, gradual change is needed. The issue is complex. For such a big challenge, perhaps China should follow its development path of experimentation and market-driven reforms.

Part of the solution may be staring us in the face. The “blue chop” hukou system—under which migrants were offered urban resident status with a certain amount of investment—was introduced some two decades ago but later phased out in Shanghai and Shenzhen. Tianjin (天津) is the only major city where such a system is still in place.

The “blue chop” system was simplistic and overly tied to

property development. When urban services could not cope with the influx of new residents, the system was stopped in cities where the long-term costs outweighed the short-term real-estate-related economic benefits. Today, China could consider implementing a revised system, addressing past shortcomings while maximising proven benefits.

It could first be revived, for instance, in cities with populations of 5-10 million,



Guangdong could try a new breed of metro hukou for the Pearl River Delta

particularly those with networks to major metropolitan areas. This could help promote efficient urbanisation while diverting population growth from mega cities such as Beijing and Shanghai. After such a scheme has gained traction, a second wave could begin in cities with a population of below 5 million.

The previous system has been criticised for selling hukou in exchange for housing units. Indeed, property ownership may well be a key factor, but need not be necessary or sufficient. Like Shanghai, cities may set different tiers of hukou

with different entry requirements, different ongoing obligations and different benefits. Preference should be given to the rural population around the areas, and to existing residents.

Cities may tailor the scheme to attract experts in particular fields. As human capital becomes more important in economic development, those cities that manage to attract a quality workforce will deliver superior economic performance. The scheme will combine the benefits of market-based incentives while also providing an effective policy tool for national planning.

A key problem in the past was the short-term pursuit of land revenue without taking responsibility for the long-term social costs. Therefore, cities should be required to set aside a proportion of land revenue for the development and operation of urban and social services.

In addition to the city-level system, a metropolitan-wide hukou system could also be launched. In Shenzhen, the newest of the mega cities, fewer than 20 per cent of the population have local hukou; increasing this figure should be a social development priority.

Guangdong could try a new breed of metro hukou for the Pearl River Delta. The 50 million urban residents in the top six delta cities—Shenzhen, Guangzhou, Dongguan (东莞), Foshan (佛山), Zhongshan (中山) and Zhuhai (珠海)—have similar income levels. So a new class of metro hukou, allowing full mobility within the delta area,

could be offered. This would further improve the economic and social cohesion within the region.

Beyond the regional level, a national hukou system, allowing limited mobility across major cities such as Beijing, Shanghai, Guangzhou and Shenzhen, could be considered at an appropriate time.

In parallel to macro reforms at the metro level, micro reforms at the district level may also be tested. The thresholds for blue-chop hukou in Tianjin, for example, vary across districts.

China has used a combination of experimentation, market-based reforms and effective planning to create growth over the past three decades. Regional leaders have been enterprising in attracting capital and increasing their gross domestic product. With the right measures and incentives in place, there is no reason to believe they will be any less successful in implementing effective hukou reform.

Through such initiatives, more citizens would become fully integrated urban residents, enjoying the full benefits and bearing the civic responsibilities of urban citizenship.

Winston Mok is a private investor, a former private equity investor and a McKinsey consultant who started his China practice

> CONTACT US
Agree or disagree with the opinions on this page? Write to us at letters@scmp.com.
If you have an idea for an opinion article, email it to oped@scmp.com

Does China model herald a post-democratic future?

Kevin Rafferty cautions that there are deep failings in a ‘Beijing consensus’

The sound of squabbling from the schoolyard brawl of the Washington DC Political Academy must be music to the ears of those who say that American democracy always was a fraud and is now broken.

The contrast between the mindless partisan fighting in Washington and the smooth way that the changing of the guard is now going on in China has emboldened some people to assert that we have seen the global future and it is the leadership of the Chinese Communist Party.

The problem will come if people start believing this. Well-connected Shanghai venture capitalist Eric Li certainly does. In his recent article on the virtues of the Chinese system, in *Foreign Affairs*, Li claims that it is the supreme meritocracy that rewards proven talent: “A person with Barack Obama’s pre-presidential professional experience would not even be the manager of a small county in China’s system.”

To rub the message home, he contrasts Obama with China’s new leader Xi Jinping (习近平): “By the time he made it to the top, Xi had already managed areas with total populations of over 150 million and combined GDPs of more than US\$1.5 trillion.”

He asserts that, despite daunting challenges, “China will continue to rise, not fade. The country’s leaders will consolidate the one party model and, in the process, challenge the West’s conventional wisdom about political development and

the inevitable march towards electoral democracy. In the capital of the Middle Kingdom, the world might witness the birth of a post-democratic future”.

Li skates daringly over the historical record, citing the land collectivisation of the early 1950s, the Great Leap Forward and Cultural Revolution as proof of the Communist Party’s “extraordinary adaptability”. “The underlying goal has always been economic health,” claims



Many of the flaws are to do with the age-old question of who guards the guards

Li, “and when a policy did not work—for example, the disastrous Great Leap Forward and Cultural Revolution—China was able to find something that did: for example, Deng’s reforms...”

Of course, he plays fast and sometimes very loose with inconvenient facts, such as the role of the princelings, the ways of measuring popular support for the party and the implications of the rise and fall of Bo Xilai (薄熙来) for the rule of law and indeed for the party.

Corruption, Li admits, could “seriously harm” the party’s reputation, but “it will not derail

party rule anytime soon.” He claims that China today is less corrupt than the US when it was going through industrialisation 150 years ago, and less violent.

It is also less corrupt, according to Transparency International, than some electoral democracies such as Greece, India, Indonesia, Argentina and the Philippines.

Given the mess in the US, it may be tempting to assert the superiority of the Chinese model. But there are deep flaws in the model, many to do with the age-old question posed by Juvenal, as to who guards the guards. Some of Li’s suggestions for improvements verge on democracy. Why not go the whole way? Are the Chinese people not as ready and intelligent, mature and aware as Americans or Indians or any Europeans, to decide their own leaders?

The underlying problem with the so-called “Beijing consensus” is that it is very much Chinese and very little consensus, whether talking about economic or political systems.

Politically, China’s Communist Party rule is sui generis, the culmination of victory in a long and violent struggle. No doubt many dictators would like to claim the model as their cover. The problem for the world is that there is a growing nationalist edge to the Chinese political view, sometimes through a fog, dangerously.

Kevin Rafferty is a political commentator