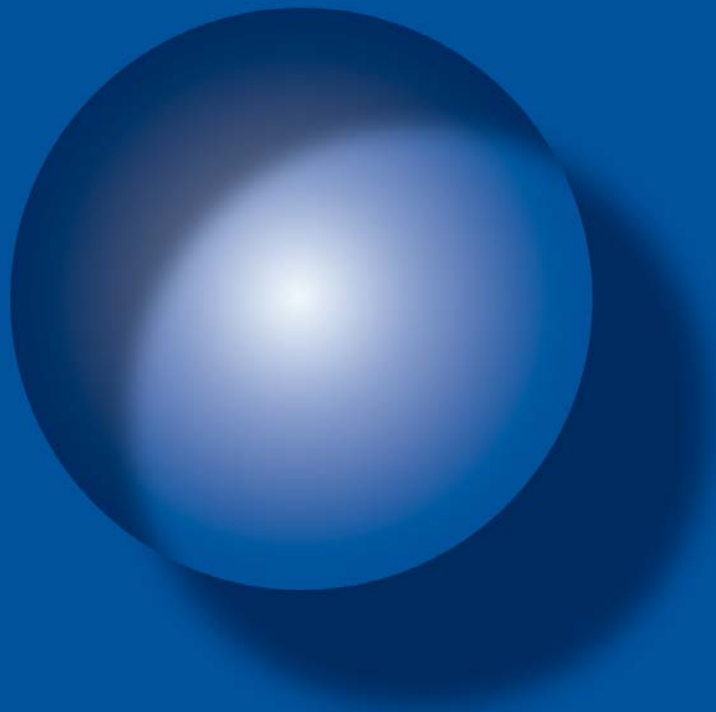


# **China's Transforming Society and Foreign Policy**

Angang Hu, Linda Jakobson & Mingming Shen

*In collaboration with the Foreign Affairs Committee of Finland's Parliament*



# China's Transforming Society and Foreign Policy

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## Introduction

It is with great pleasure that we publish this report, consisting of three papers based on presentations given at the seminar "Transforming Chinese Society and Foreign Policy", jointly organized at Finnish Parliament in Helsinki on February 24, 2005 by the Finnish Institute of International Affairs (FIIA) and the Foreign Affairs Committee of Finland's Parliament.

This report begins with Professor Hu Angang's assessment of the insecurities that have arisen as a result of the economic reforms of the past 25 years. Today, some of the biggest challenges facing China's leaders are a growing income gap, disparities between urban and rural areas, disparities between regions, and weak or non-existent social security. While writing about "health insecurity", Professor Hu points out that poor medical services are only part of the problem. As a result of environmental pollution, for example, 200–300 million people in China do not have access to safe drinking water.

In his paper, Professor Shen Mingming evaluates Chinese perceptions of rapid societal transformation and its implications, based on opinion surveys carried out by the Research Center for Contemporary China at Beijing University of which Shen is the director. Unsurprisingly, nearly all respondents felt that they had benefited in varying degrees from the economic reforms started in 1978. A majority of respondents looked to the future optimistically. However, the insecurities described by Hu in the previous paper are evident when assessing Chinese views of China today: According to one survey cited by Shen, over 70 percent of respondents felt that income gap in China had grown much too or somewhat too large. Several of the tables in this paper reflect the tensions of a rapidly transforming society as well as increasing frustration among portions of the population.

Director of FIIA's China Programme Linda Jakobson assesses changes in China's foreign policy during the reform era, especially

toward the rest of Asia. Although China offers its neighbors endless economic, cultural and political opportunities, its new status also provokes a certain amount of uncertainty among elite groups in Asia. While Beijing, on the one hand, is wooing its neighbors and in many ways pursuing the policies of a good neighbor, China's staunch stance regarding the unresolved future of Taiwan, on the other hand, looms in the background, posing a potential threat to stability in the region. Jakobson also raises the question regarding the long-term perspective in Asia: What will be the reaction of Asian nations, many of which have strengthened ties with Beijing over the past decade, if China strives to lead Asia to challenge the United States?

China is in the midst of rapid change and the implications of this ongoing transformation will be far-reaching, not only for the People's Republic of China, but also for nations all over the world. The more we are able to understand developments in China the smoother our interaction with China will be. We hope that this report moves the learning process one small step forward.

Helsinki, August 10, 2005

Liisa Jaakonsaari  
Chairman,  
Foreign Affairs Committee  
Parliament of Finland

Tapani Vaahtoranta  
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# Overview of Chinese Society Today: The “Three Insecurities” and Their Implications for China’s Future

Angang Hu

China started a comprehensive economic reform and open door policy in 1978 and its economy began to take off at the beginning of the 1980s. In 1978–2003, China’s GDP averaged an annual growth rate of 9.3%, far higher than the world average (see Figure 1). China was one of the fastest developing countries in the world during this period. In the 1980s, the world GDP aggregate increased at an average annual rate of 3.3%. In 1990–2002, it was 2.7%. In the same period, China recorded the fastest growth among the world’s five major economies (see Table 1). Calculated by purchasing power (PPP), China’s GDP aggregate in 2002 was 12% of the world total, a close second to the United States.

China’s industrialization is also in a period of acceleration, and it is well-placed to become the biggest country in the world in terms of manufacturing output and added value. In 1978–2003, the industrial added value grew at an average annual rate of 11.5%, far in excess of the average world growth. Calculated by PPP, China’s industrial added value made up only 3.4% of the world total in 1975, but it doubled to 6.8% in 1990 and again in 1995 to 13.6%. By 2002 it had increased to 21.5%. Total imports and exports in 1978 amounted to 20.6 billion USD, accounting for 13% of the GDP, but by 2003 they topped 850 billion USD, 41 times the 1978 figure, or 60.3% of the GDP.<sup>1</sup> In 1985 China’s total trade volume was only 1.6% of the world total; by 2000 it had increased to 6.1%.<sup>2</sup>

## China's Transforming Society and Foreign Policy

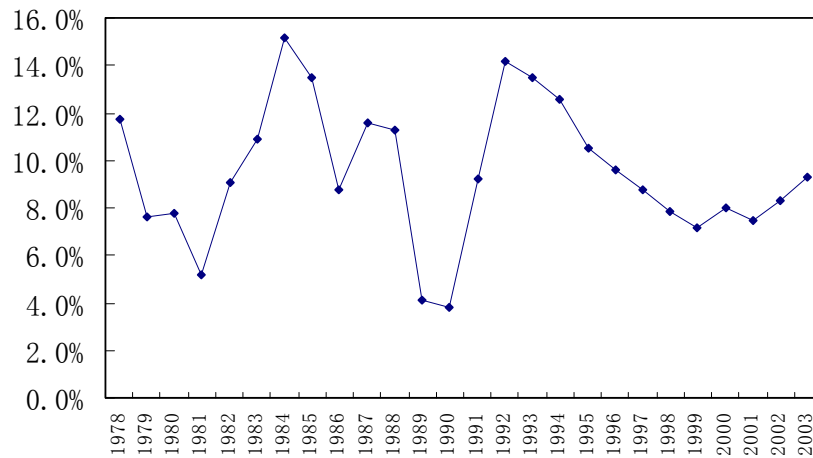


Figure 1 China's GDP Growth Rate (1978-2003)

Country	GDP		Agriculture		Industry		Service	
	1980-1990	1990-2002	1980-1990	1990-2002	1980-1990	1990-2002	1980-1990	1990-2002
China	10.3	9.7	5.9	3.9	11.1	12.6	13.5	8.8
India	5.7	5.8	3.1	2.7	6.9	6.0	6.9	7.9
Japan	4.1	1.3	1.3	-2.9	4.2	0.0	4.2	2.2
Russia		-2.7		-1.9		-4.5		-0.6
U.S.	3.5	3.3	3.3	3.8	3.0	3.4	3.3	3.7
World	3.3	2.7	2.6	1.8	3.1	2.1	3.5	3.1

Table 1 Economic growth comparison of five major countries (1980-2002)

Unit: %

Note: Figures are calculated by international US \$, ppp.

Source: <http://worldbank.org/data/wdi2004/tables/table1-1.pdf>

Chinese people have benefited from this unprecedented economic growth over the past two decades, and the general standard of living has improved significantly. Calculated at comparable prices, the per capita annual net income of rural households in 2002 was 5.28 times greater than in 1978, and the per capita annual disposable income of urban households in 2002 was 4.72 times greater than in 1978. The Engel Coefficient decreased from 67.7% in 1978 to 46.2% in 2002 for rural households and from 57.7% to 37.7% for urban households. Living conditions have also improved substantially - per capita residential space in rural areas increased from 8.1 square meters



in 1980 to 26.5 square meters in 2002, while in urban areas it increased from 6.7 square meters in 1980 to 22 square meters in 2002. The total number of fixed and mobile phone subscribers reached 421 million in 2002, making China the largest telecommunication-using community in the world. Life expectancy rose from 69.3 in 1980 to 71.2 in 2002, approaching the level of upper middle-income countries. In terms of education, illiteracy among those aged 15 and over dropped from 34.5% in 1980 to 8.72% in 2002.

However, China's economic development is accompanied by various challenges. Among others, these challenges include a growing income gap, disparities between urban and rural areas, disparities between regions, and weak or non-existent social security. Although China's two-and-a-half decades of high speed economic growth has made it the world's second largest economy, more and more people are living under increasing pressure with a stronger sense of insecurity. In general, there are three main types of insecurity - job insecurity, income insecurity, and health insecurity. In this article, I will discuss the "three insecurities" and their implications for China's future development.

## **Job Insecurity – Unemployment**

China entered a period of high unemployment in the 1990s. This was accompanied by a massive structural adjustment of employment which saw a large number of jobs disappear in the formal employment units<sup>3</sup> and traditional industries<sup>4</sup>, causing a large number of workers to lose their jobs. Employment in China is experiencing a process of constructive destruction as old jobs are lost and new ones are created, but job creation is much slower than the cuts. The outbreak of unemployment has been a great shock to China's economy, as well as its social and political stability. It has become China's most serious developmental challenge.

### *Definitions of Unemployment in China*

The definition of unemployment by the International Labor Organization (ILO) includes those who have no job but have the ability to acquire, and are now hunting for, an employment post.

This definition of unemployment includes people who have lost their jobs and those who have given up work voluntarily (World Bank, 2000). The National Statistical Bureau (NSB) of China's unemployment figures only count the registered unemployed, excluding the unemployed population of laid-off workers (*xiagang*) and the rural laborers who work in urban areas. The official unemployment estimate is thus much lower than the real level of urban unemployment.

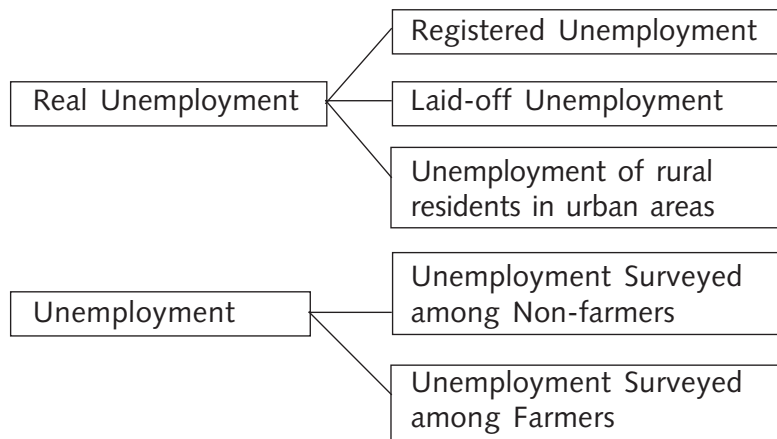


Figure 2 The Definition of Unemployment

Real unemployment in China is comprised of three groups (see Figure 2), namely the registered unemployed, laid-off unemployed workers, and the farmers unemployed in urban areas. 'Registered unemployed' means those who have a non-agricultural residency (*hukou*), are of a certain age (men 16–50 years, women 16–45), who are willing and able to work, and have registered at a local employment agency in search of work.<sup>5</sup> The 'laid-off unemployed workers' category refers to the total number of unemployed laid-off workers who cannot find employment and are not working. The 'farmers unemployed in urban areas' category refers to the unemployed population of rural laborers who are able to work but cannot find employment in urban areas.

### *Estimates of Urban Unemployment*

Based on the above definition and statistical standards, we estimated that the real unemployment figure for China was

5.4–6 million in 1993, and 14.73 million in 1997 (Figure 3). This number increased to 17 million in 2000, more than double that of 1993. The annual growth rate of real unemployment was 16%, which was not only higher than economic growth but also a historical record. Laid-off unemployment constitutes the bulk of China’s unemployment figures, while farmer unemployment in urban areas remains small and stable.

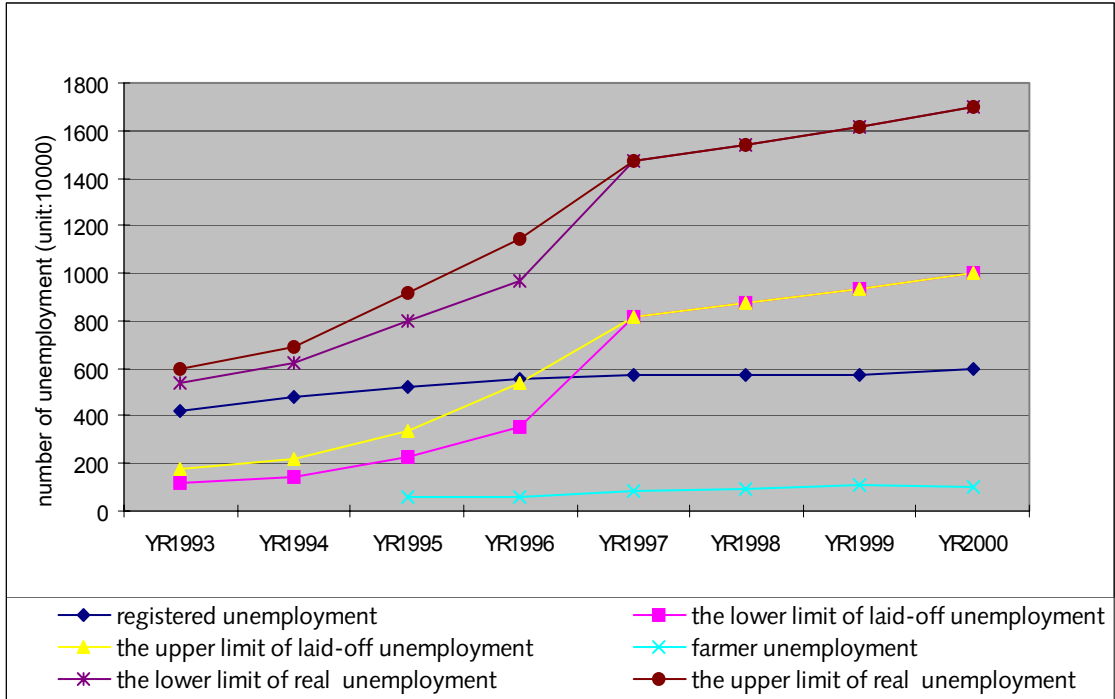


Figure 3 Estimation of Urban Unemployment

### *Insufficient Unemployment Insurance*

China’s unemployment insurance system only covers workers in formal employment units. In 1999, employees who received unemployment insurance from employers accounted for only about 14% of the country’s total number of employees. In addition, the employed rural population and informal workers in urban areas are excluded from the unemployment insurance system. This means that unemployment insurance is currently beneficial to only a very small group of people rather than all members of society.

In 1997, around 48.8% of laid-off workers did not receive any basic living allowance. In 1999 the central government implemented measures to reduce this ratio to 6.7%. The average living allowance that laid-off workers receive varies significantly from region to region - in 1996 the average monthly living allowance for laid-off workers in northeast China was 65–76 yuan, while laid-off workers in politically sensitive areas such as Tibet and Beijing received much higher allowances of 437 and 337 yuan respectively. The average monthly income of employees in formal employment units in 1996 was 756 yuan.

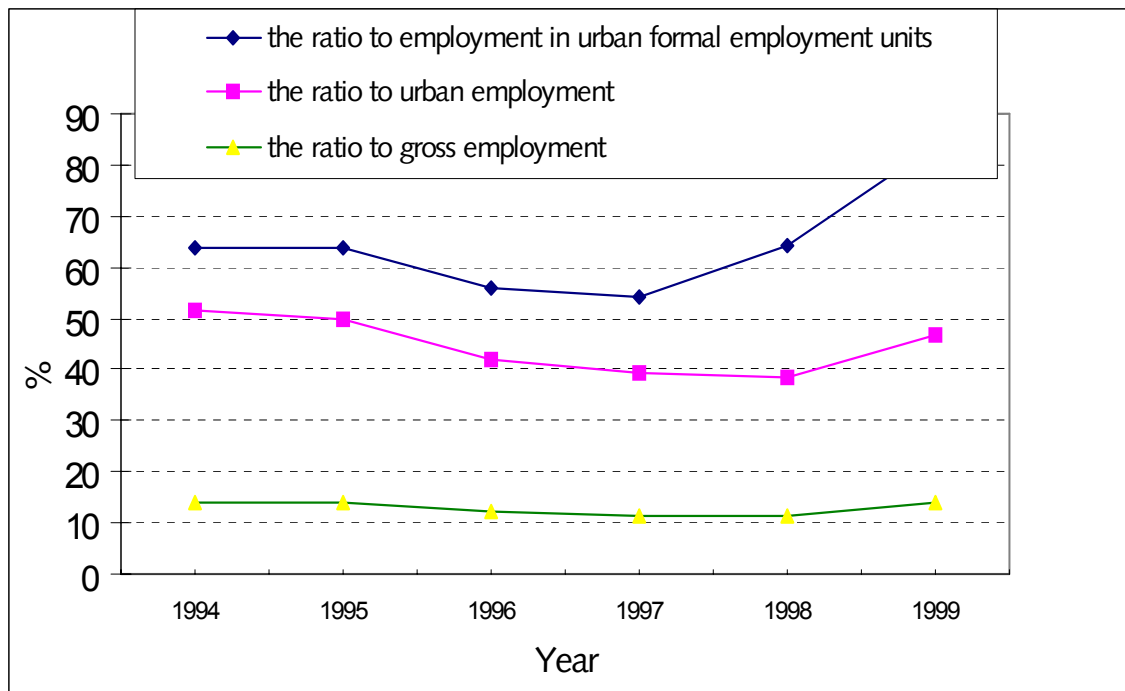


Figure 4 The Coverage of Unemployment Insurance in Urban Areas (1994–1999)

In 1996, around 2.22 million registered unemployed workers (about 40.2% of the total) did not receive any unemployment allowance, and this ratio increased to 52.8% in 1999. In 1996, the unemployment allowance received by registered unemployed workers amounted to only 7% of the employed population's wages. In 1999 this ratio increased to 14.1% (see Figure 4). Two social groups emerged: winners (employed workers with increased income and insurance) and losers (laid-off workers with no income and very low unemployment insurance compensation).

### *The Consequences of Laid-off Workers and Unemployment*

In terms of economic consequences, we can estimate the economic cost of laid-off workers by applying Okun's Law, which holds that if the real unemployment rate were higher than the natural unemployment rate by 1%, the economic cost of this unemployment would be 2.25% of the GDP. Using a constructed real urban unemployment rate<sup>6</sup> and assuming that the natural unemployment rate is 5%, we found that the annual economic cost of the massive amount of lay-offs and unemployment was between 5.2% and 7.4% of the GDP between 1997 and 2000 (see Table 2). We have also concluded that although reducing costs and increasing efficiency by laying off workers can improve the operational efficiency of economic units at the micro level, this leads to greater costs at the macro level.

Year	The growth rate of GDP	Real unemployment rate (caliber one)	Economic Cost of Layoffs and unemployment (% of GDP)
1997	8.6	7.3—7.5	5.2—5.6
1998	7.8	7.5—7.9	5.6—5.7
1999	7.1	7.6—8.2	5.9—7.2
2000	8.0	8.3	7.4

Source: Zhongguo tongji nianjian (Chinese Statistical Yearbook), 2000, p.54, Appendix table 8.2.

Table 2 The Economic Costs Caused by Lay-offs and Unemployment  
Unit: %

Socially speaking, lay-offs and unemployment directly affects up to 12.5 % of China's urban residents. In 2000 the real unemployment figure in China was 16.95 million. If we estimate that each urban family has 3.3 members and each family has one laid-off member, then about 56 million people have been directly affected. Meanwhile, judicial labor disputes increased substantially; the number of cases increased from 47,951 in 1996 to 120,191 in 1999. According to surveys in China, ordinary people think that the increasing levels of layoffs and unemployment have become one of the most important factors affecting social stability. The fear of being laid off or becoming unemployed is a great source of pressure and gives urban residents the most severe feelings of insecurity.

Politically speaking, the increase in lay-offs and unemployment directly threatens China's stability, as can be seen from the protests and rallies, e.g. sit-downs and demonstrations, which are a frequent occurrence in some regions. It can be perceived that the severe social problems caused by lay-offs and unemployment have forced the Chinese government to push for reforms of the social insurance system and accelerate social change. With regards to job insecurity, the most important policy is to carry out an employment priority strategy and create a lot of different kinds of (formal and informal) jobs. The resulting economic growth will promote an increase in employment. The creation of a large-scale, low-level, yet highly flexible unemployment insurance system is another policy measure that should be considered.

### **Income Insecurity - Poverty**

In the past two decades and more, the continuous high economic growth, the massive transfer of rural labor to non-agricultural industries, the speeding up of urbanization, the export-oriented policies, improved human capital, and the government's anti-poverty initiatives have all led to a substantial decrease in poverty among the rural population. According to China's national poverty line,<sup>7</sup> the number of rural poor has fallen from 250 million in 1978 to 28.2 million in 2002, a decrease of 88.7%. According to the international poverty line, which is calculated on the basis of the cost of living per capita per day being below \$1, the World Bank estimates that China's population of rural poor has fallen from 280 million in 1990 to 124 million in 1997, a decrease of 55.7%.

#### *The slow-down of poverty reduction in China*

Although China maintained a fairly high economic growth rate after the second half of the 1980s (1985–1990), there were indications that the pace of poverty reduction in rural areas had slowed. The average growth rate of farmers' annual consumption level was only 2.5%, while the average growth rate of farmers' per capita net income was only 3.0%.

In the 1990s (specifically 1990–1997), the highest average growth rate of China's per capita GDP was 9.9%, substantially

higher than that of the early reform period (1978–1985). However, the annual decrease in rural poverty figures was only 5 million, less than 1/3 of the figure for 1978–1985. Also, the farmers’ consumption growth rate was far lower than the economic growth rate (see table 3). The growth rate of per capita GDP still remained high at 7.7% during 1997–2002, but the average annual decrease in the number of rural people living below the poverty line shrank to 4.36 million.

Year	The annual poverty reduction announced by the government (million yuan)	The growth rate of per capita GDP (%) <sup>b</sup>	The growth rate of farmers’ consumption level (%) <sup>c</sup>	The growth rate of farmers’ net income per capita (%) <sup>c</sup>
1978-1985	17.86	8.3	10.0	15.1
1985-1990	8.00	6.2	2.5	3.0
1990-1997	5.00	9.9	8.0	5.0
1997-2002	4.36	7.7	3.4	3.8
1978-2002	9.24	8.1	5.6	7.2

Note: a: calculated according to the data of appendix 1;  
b and c: *China Statistical Abstract* (2002), pp. 18, pp. 32, and pp.91, all calculated by fixed price.  
Data sources of 2002: National Statistic Bureau, 2003, *The Communiqué of China’s National Economy and Social Development*, Economy Daily, March 1.

Table 3 The Annual Rural Poverty Reduction, the Growth Rate of Per Capita GDP and Farmers’ Consumption Level

According to government figures, 22 million people were living in dire poverty in rural areas at the end of 2000. The reduced size of the population of rural poor in the 1990s was mainly a result of the poverty line being adjusted to a lower level; by international standards the official Chinese poverty line (per capita net income below 300 yuan) can be described as a low-standard poverty line, only corresponding to 66% of the international standard. In 1990 the poverty line amounted to 43.7% of farmers’ per capita net income, but this decreased to 26.3% in 2002. Based on this standard, the Chinese government estimate for the number of people living in dire poverty is much less than the real figure. Their achievements regarding the reduction of poverty are thus overstated.

In China's urban areas, the poverty rate has gradually increased since the 1990s, especially with regards to the portion of the population living in extreme and dire poverty. According to our estimates, the population of urban poor is 24.03 million, which, when added to the number of people on minimum income (annual per capita income below 2,497 yuan), accounts for 5% of the total urban population. The number of unemployed and laid-off workers has sharply increased. Moreover, payment of employees' and retirees' benefits has generally been neglected, leading to a rapid increase in poverty and the consequent marginalization of these people.

### *Characteristics of Poverty in China*

The bulk of the poor live in rural areas, and the degree of rural poverty is much higher than that of urban residents. One of the major reasons for this disparity is the great gap between the per capita income of urban and rural inhabitants, which is greater than the size of gap common to developing countries.<sup>8</sup> Additionally, poor inhabitants of urban areas are eligible to receive the lowest basic living allowance provided by the government, while most of the rural poor have no other living insurance besides their own land. The poverty rate is especially high in the western areas of China (see Figure 5).

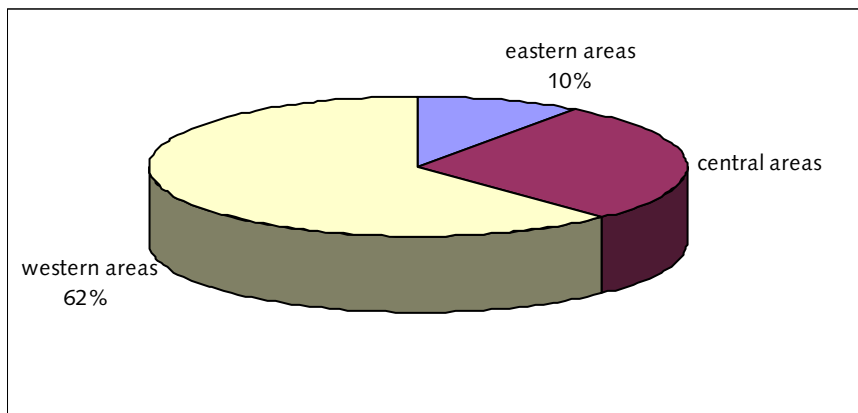


Figure 5 Regional distribution of China's rural poverty population (2000)  
Source: the Rural Research Office of National Statistics Bureau, "A Monitoring Report on China's Rural Poverty" (2001)



Since the new century began, the problems of new types of poverty such as human poverty and knowledge poverty have become increasingly prominent. These involve a very large section of the population and have gradually become major types of poverty. Human poverty refers to a lack of basic human abilities, manifesting as illiteracy, malnutrition, short life expectancy etc. (UNDP, 2000). Knowledge poverty can be defined as the problems caused by a universal lack of the ability to obtain information, communicate with other people, utilize knowledge and information, or a lack of the basic rights and opportunities to acquire these abilities.

### *The factors affecting China's poverty reduction since the 1990s*

The first factor is 'job insecurity' as discussed above, and a large number of unemployed still remain uninsured. The number of employment opportunities fell in the 1990s and is still declining, especially in rural areas. The number of people in employment in 1978–1985 increased by 21% in rural areas, but the rural labor force decreased by 6.2% in 1990–2001. The development of village and township enterprises has undergone serious setbacks. The number of people in employment decreased by 8 million in the period 1996–1998 alone. This is because large quantities of employees have been laid off. There is also a limit to the amount of rural labor that can enter the cities, which has a grave impact on rural poverty reduction.

The depression of agriculture prohibited farmers' income from growing; agricultural production's share of the GDP has been decreasing. Calculated at current prices, agriculture's contribution to the GDP was 28.4% in 1985, falling to 18.1% in 2002. The proportion of agricultural labor to the total labor force was in decline until 1995, since when it has remained at around 50%. This has led to a rapid decrease in the ratio of agricultural productivity to national average productivity, reflecting the relative decrease of agricultural productivity which has caused the decline in the size of farmers' agricultural income in relation to their total income. Substantial decreases in the price of agricultural products increases their cost of exchange, and price fluctuation in the macro-economy directly influences farmers' incomes.

There is a large gap between urban and rural residents' per capita income as well as e.g. per capita consumption, revenue, transferred payment and public services. Calculated at current prices, the ratio of urban households' to rural households' per capita disposable income was 2.57 : 1 in 1978, falling to 1.85 : 1 in 1985 but increasing to 2.9 : 1 in 2001. Rural residents also have to pay tax far in excess of their fiscal transferred income (see Table 4). There is also a great difference between urban and rural residents in terms of enjoying public services - the rural population accounts for 2/3 of the total population, but receives only some 10–14 % of the government's fiscal expenditure.

Year	Urban Households			Rural Households		
	Per capita total annual income (Yuan)	Per capita transfer income (Yuan)	Transfer income/total income per capita (%)	Per capita annual income (Yuan)	Per capita transfer income (Yuan)	Transfer income annual income per capita (%)
1985	748.92	65.88	8.8	547.31	n.a.	n.a
1990	1522.79	250.01	16.4	990.38	n.a	n.a
1995	4288.09	734.83	17.1	2337.87	65.77	2.8
2000	6316.81	1211.86	19.2	3146.21	147.59	4.7
2001	6907.08	1362.39	19.7	3306.92	162.83	4.9
2003	9061.22	2112.20	23.31	3582.42	136.75	3.8

Note: The prices shown in this table are at current prices. Source: Zhongg tongji nianjian (2004) (China Statistical Yearbook 2004), p. 359, p. 380

Table 4 Income and Transferred Income Per Capita of Urban and Rural Households

Additionally, the gap between farmers' per capita income in different regions is widening, and the inequality of income distribution within rural regions is growing. Poverty in western areas is widespread, and the degree of poverty is very high. According to research by Zhang Ping (1999), the Gini coefficient in 1988 was 0.19, increasing to 0.23 in 1995.

Differences in income within China's rural areas were not that large before the reform, but it has grown since the middle of the 1980s. According to the estimates made by the National Statistical Bureau, the Gini coefficient of per capita income of rural households increased from 0.23 in 1985 to 0.34 in 1995, and was 0.35 in 2000.

The fiscal distribution system not only intensifies income inequality between the urban and rural population, but also intensifies income inequality between people living above and below the poverty line in rural areas, where the tax paid by those with the lowest average incomes accounts for the highest proportion, 3.4 times as much as that of the highest earners (see Table 5).

Income group	Average income (Yuan) <sup>1</sup>	Income Components <sup>2</sup>	Tax/fee ratio <sup>3</sup>	Tax/fee ratio <sup>4</sup>
< 800	522.40	86.52	17.53	11.51
800-1600	1204.91	82.22	10.35	6.75
1600-2400	1970.35	72.98	6.71	4.12
2400-3200	2766.30	60.18	5.22	2.90
3200-4000	3570.66	46.41	4.27	2.18
4000-6000	4804.11	41.83	3.42	1.44
6000-8000	6868.57	30.51	3.89	1.16
8000-12000	9532.26	22.32	2.91	0.32
> 12000	23594.92	6.89	5.14	0.30

Note: 1 Average income indicates that of different groups' net income per capita  
 2 Income components is the proportion of agriculture income in net income per capita  
 3 Tax/fee ratio indicates the proportion of national tax and local charges in average income  
 4 Tax/fee ratio indicates the ratio of local charges to average income

Sources: "Issue of Chinese Farmers' Tax Burden", by Lin Yifu and Ren Tao, etc. China Center for Economic Research, Peking University, 2002.6.

Table 5 Farmers tax proportion by different income groups (1999)

We have made the following recommendations to further reduce poverty in China. Firstly, to adjust the national poverty line, identify rural poverty, and establish strategic anti-poverty steps according to the new poverty line. Secondly, to practice macroeconomic policies and regional development policies which benefit poverty reduction. Thirdly, to adopt the strategies of prioritizing employment to create more employment opportunities for poor people. Fourthly, to create opportunities for poor people to participate in democratic institutions and put forward suggestions. Lastly, and most importantly, to invest in people and promote the abilities of the poor.

## Health Insecurity: the Biggest Human Insecurity Challenge in China

Health insecurity occurs in situations where health risk factors cannot be brought under control or an individual is deprived of basic health rights, such as being able to enjoy elementary health care or medical insurance, or, when the person lives in an environment which is detrimental to health, being able to foster a healthy living style or having a knowledge of basic health care.

Being healthy, as defined by the World Health Organization (WHO), is more than not being sick. It is a state of complete physical, mental and social well-being (see Figure 6). Health insecurity has become one of the biggest categories of human insecurity in China.

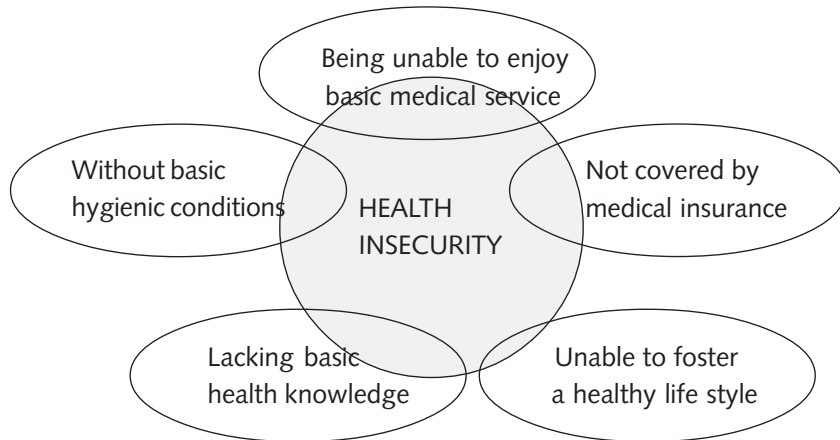


Figure 6 Composition Chart of Health Insecurity

### *Characteristics of Health Insecurity*

Health insecurity in China is multidimensional. Many people may suffer from at least two kinds of health insecurity simultaneously, e.g. they might not have access to hygienic living conditions or access to elementary medical services. Since the reforms of 1978, the number of doctors per 1000 population and the number of hospital beds per 1000 population have not followed economic trends and had been reduced from 51.1 to 37.3 and 36.9 to 34.9 respectively by 1999. Different groups of people suffer different types of health insecurity.

Health insecurity is universal. It has no regard for regional

borders, income levels or age, and it affects a large percentage of the population from all walks of life. Health insecurity also has great economic costs, e.g. about 7% of the GDP in 2003.

General public health and economic development have formed a “development paradox” in China. Over the past ten years, China’s economy has maintained high-speed growth and the per capita income level has risen. Calculations according to constant prices show that China’s per capita GDP grew at around 10% per annum in 1993-2003, urban per capita disposable income grew at 9% and rural per capita income grew at 5%.<sup>9</sup> However, the incidence rate of disease and the number of patients also increased, as did the proportion of patients who failed to see doctors or receive treatment. This is most likely what was in Premier Wen Jiabao’s mind when he spoke of the problems of both economic and social development, saying “one leg is long and the other is short”.<sup>10</sup> The problem is especially noteworthy in the health sector.

The incidence rate of disease rose by 16.5%, from 4.3 billion person-times to 5 billion person-times between 1993–2003<sup>11</sup>, an increase of 700 million person-times. The number of patients who did not refer to doctors in 2003 reached 2.35 billion, about 47% of the total. The number of patients who did not receive any treatment reached 630 million times, 12.6% of the total. The proportion of people who failed to receive treatment was 10% in cities and 14% in the rural areas. A large percentage of the population, 160 million people or 13% of the total population, suffer from chronic diseases. The statistical data only includes those cases that have definitely been diagnosed by doctors<sup>12</sup> and do not include those not diagnosed by doctors.

### *Health insecurity in China*

More than 80% of the population is not covered by medical insurance. The number of people who have not been covered by medical insurance over the past ten years rose from 900 million to one billion, or from 67.8% to 80.7% of the population. The number in cities rose from 96.53 million to 300 million. In rural areas, the number of people who are not covered by medical insurance dropped from 800 million to 400 million. This change is due to the fact that the rural population fell during this period

while the proportion of people covered by medical insurance rose from 94% to 97%.

Statistical data from the State Statistical Bureau shows that basic medical insurance covered 18.78 million people in 1998 and 110 million in 2003, about 20.85% of the total urban population (523.76 million) or 8.4% of the total national population (1292.27 million). At the same time, the number of people who have not taken out medical insurance policies rose from 397.3 million to 414.7 million, with the proportion dropping from 95.5% to 79.2%. Even according to these data, the number of urban people who have not taken out insurance policies was 110 million more than the data obtained by a national health survey. The survey indicates that 300–400 million urban and 800 million rural people are still not covered by social medical insurance. (see Table 6).

	1993	1998	2003
Urban			
Without social medical insurance (%)	29.1	50.2	57.0
Without social medical insurance (10 thousand)	9 653	20 887	29 854
Rural			
Without social medical insurance (%)	94.2	95.37	96.9
Without social medical insurance (10 thousand)	80 394	79 303	74 469
Nation			
Without social medical insurance (%)	67.8	80.3	80.7
Without social medical insurance (10 thousand)	90 047	100 190	104 323

Table 6 Urban and Rural Population Not Covered by Medical Insurance  
Source of data: Center for Health Statistics and Information of the Ministry of Health compiles, "An Analysis Report on the Third National Health Services Survey", United Medical University Press, Beijing, 2004, China Statistical Abstract 2004, pp. 38.

More than 200-300 million people in China do not have access to safe drinking water (see Table 7). According to a survey conducted by the Ministry of Water Resources,<sup>13</sup> only 66% of the drinking water in rural areas meets the prescribed standards. About 300 million people in rural areas still drink unsafe water and 191 million people drink water containing harmful elements. There are 110 counties in seven provinces where snail fever has not been brought under control, and about 60 million people live in disease-infested areas.

	Population (100 million)
Population without access to safe drinking water <sup>a</sup>	1.8
Population without access to safe drinking water <sup>b</sup>	Over 3
Of which, people drinking water with harmful elements above prescribed standards <sup>b</sup>	1.91
People drinking high-fluorine water <sup>b</sup> (million)	Over 6300
People drinking bitter water <sup>b</sup> (million)	3800
People living in snail fever infested areas <sup>b</sup> (million)	6000

Table 7 Population without access to safe drinking water

a. Calculated according to the Third National Health Services Survey, 2004.

b. Calculated according to the survey by Ministry of Water Resources, Xinhua News agency, Chengdu, 2004-11-28.

Women, children and people in poor areas are among those who experience serious health insecurity. About 60% of children do not have regular physical checkups, and nearly half of the pregnant women and women who have recently given birth have no pre- or post-natal physical checkups. 90% of pregnant women give birth at home. The percentage of households using unhygienic toilets has reached 91.3%. There was also a big gap between urban and rural areas in 1990 in terms of mortality rates for newborn babies, infants and children, children under five, and pregnant and lying-in women. The life expectancy at birth in cities has caught up with that of developed countries, being 73 years, but the underdeveloped rural areas still correspond with the figures for less-developed countries.

The size of all kinds of health insecurity is large (see Table 8). China has the largest smoking population in the world. Smoking has become one of the biggest “killers” which threatens people’s health. In the mid-1990s there was one smoker for every three adults and the total world smoking population reached 11 billion (calculated based on the 2002 World Development Report by the World Bank). China is also a big alcohol-consuming nation, with annual direct consumption reaching about 1000 tons. About 82 million people (8.2%) aged 15 and above are regular drinkers.<sup>14</sup>

HIV/AIDS is a new and growing source of health insecurity. According to a Report of Global Aids in 2002, which was made public by the WHO and UN’s Programming Office of Aids on Nov. 26, 2002, there are about 1 million Aids patients in China.

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	Urban	Rural	Nation
-Number of people with chronic diseases (million)			167
-Number of cases failing to see doctors (million)			2350
-Number of cases untreated (million)			630
-Number of people not covered by social medical insurance (million)	300	740	1040
-Pregnant and lying-in women who fail to receive pre-natal checkups (million)		1.05	
-Number of lying-in women not delivering in hospital (million)		2.86	
-Number of children without planned immunization cards (million)		1.99	
-Smoking population (million)			260
-Number of regular alcohol drinkers (million)			82.00
-Number of people failing to try to get health knowledge (million)			650
-Number of people without correct knowledge about ways of AIDS communication (million)			330
-Population without safe drinking water			180-300
-Iron-deficient anaemia and vitamin and mineral deficient population (million) <sup>a</sup>			250
-Legally reported cases of communicable diseases (million) <sup>b</sup>			2.48
-Number of rural households without standard toilets (million) <sup>c</sup>		122.11	
-Population without regular physical exercises (million) <sup>d</sup>			800
-Disabled population (million) <sup>e</sup>			60.00

Table 8 Sizes of People Groups with Health Insecurity

Note: Data from "Major Results of the Third National Health Service Survey" by Rao Keqin, Statistics and Information Center of the Ministry of Public Health"China 2004 Statistical Abstract", p.38;

a indicates data reported by Xinhua News Agency on September 4, 2004,

b indicates data from the "China Statistical Yearbook (2004) p.868,

c indicates data released by the Ministry of Public Health on June 9, (See MPH website),

d indicates data from 2001 national physical education survey: the number of people aged 7 to 70 who do physical exercises regularly reached 369 million, those who do not do physical exercises regularly reached about 800 million,

e Indicates data from the website of the China Federation of Disabled Persons.



The report warns that if China does not take effective measures, the number of people infected by HIV will increase to 10 million by 2010.

Furthermore, there are still hundreds of millions of people who lack human health knowledge. Only 47.2% of the people try to obtain knowledge about health, 67.5% in cities and 39.5% in the rural areas. This means that 650 million people in China do not try to obtain knowledge about health.

### *The Economic Costs of Health Insecurity*

Health insecurity has become a prominent social problem, causing not only suffering but also huge economic costs. The health service survey has provided the data to estimate the economic costs, which are caused directly or indirectly by the poor health of the people. The calculation's results are alarming - in 2003 alone, the economic costs came to 800 billion yuan, about 7% of the year's GDP.

The economic costs of diseases include both direct and indirect costs. The direct economic costs refer to the total sum of direct expenses or costs caused by diseases, including annual treatment fees, out-patient fees, in-patient fees, etc. The indirect economic costs of diseases refer to those which affect society and family wealth through absence from work (labor) due to sickness and premature death.

To estimate the direct economic costs, we grouped the direct costs into out-patient and in-patient fees. Given that each person makes 0.134 hospital visits every two weeks, the total expenses per visit (including medical and other fees) is 127 yuan. Based on this figure, the cost incurred by hospital visits is 435.6 billion yuan a year, amounting to 3.7% of the GDP. Given that the figure for hospitalization is 0.036 times per person per year, the total cost measured by loss of work time (including medical and other fees) is 3,904 yuan; the total annual expense is 181.5 billion yuan, 1.6% of the GDP. The total economic cost due to disease is 617.1 billion yuan, 5.3% of the GDP. This does not include fees that occur from self-treatment without seeing doctors.

In sum, China is not only a society with a large health insecure population but also has a developmental disease economy with huge costs caused by health insecurity.<sup>15</sup>

## Conclusion

China's biggest development opportunity in the 21<sup>st</sup> century is economic globalization, and its biggest challenge is human insecurity, including job insecurity, income insecurity, health insecurity, old-age insecurity, cultural insecurity, social insecurity and environmental insecurity.<sup>16</sup> Human insecurity will pose a major challenge to China's long-term development and social stability in the 21<sup>st</sup> century. Human insecurity is mainly a consequence of all kinds of conflicts involved in the economic globalization and transition processes. If we say that human development increases the array of choices and improves the quality of life, human insecurity is related to people not being able to freely and safely exercise that choice.

China has a large population but little cultivated land. With a population of 1.3 billion, the food problem has been a continuous major development task for the Chinese government over the past half-century. One of the major achievements of reform and development has been virtually solving the problem of inadequate food; in 1998, China's total grain output reached a record 510 million tons. But the government at every level has neglected one of the most outstanding development problems, which is human health insecurity.

The Chinese government has realized the shortcomings of the previous development pattern, which focused on economic growth, and has begun to adopt a new approach that emphasizes "human-oriented", "coordinated" development. This will help to reduce human insecurity in China and benefit the whole population.

## References

<sup>1</sup> Guojia tongjiju (State Statistical Bureau) (ed.), *Zhongguo tongji zhaoyao 2004* (China Statistical Abstract 2004), Beijing: Zhongguo tongji chubanshe (China Statistical Publishing House), p. 17, p. 158. The figure might be overestimated because China's GDP might have been underestimated according to the official exchange rate of RMB to the dollar. This means that the ratio of China's trade to GDP is likely to be overestimated. See World Bank, *China in 2020 – development challenges in the new century*, Note 2, Chapter 7, China Finance Publishing House, 1997.

<sup>2</sup> UNCTAD, *World Investment Report 2002: Transnational Corporations and Export Competitiveness*, United Nations, 2002.

<sup>3</sup> Traditionally, urban state-owned and collective-owned units are referred to as formal employment units, while privately owned enterprises and self-employed businesses are referred to as informal employment units. As a result of ongoing economic reform, joint ventures, cooperative enterprises and foreign invested enterprises, joint stock companies are referred to as newly emerging formal sectors.

<sup>4</sup> Traditional industries refer to mining & quarrying industry, manufacturing industry and construction industry.

<sup>5</sup> See *Zhongguo laodong tongji nianjian* (China's Labor Statistical Yearbook), 2000, p. 623.

<sup>6</sup> There is a large amount of surplus labor in China's rural area, thus its ratio of hidden unemployment is very high. However, the unemployment rate is very difficult to estimate. To simplify, I propose to replace nation-wide comprehensive unemployment by constructed real urban unemployment. As a conservative estimate, the hidden unemployment rate in rural areas might be higher than the real urban unemployment rate. Since the ratio of the primary industry in GDP is lower than 20%, minor errors in the estimation of the rural unemployment rate has little effect on the precision of the estimation of overall economic costs. Thus, I believe that the hypothesis can be accepted.

<sup>7</sup> China's current poverty line is calculated based upon the investigation of 67,000 farmer inhabitants' income and expenditure by the Rural Research Office of National Bureau of Statistics of China. China's rural poverty line in 1985 was set at a per capita net income per year of 205 Yuan. The standard is adjusted annually according to the price index. In 1990 the standard was 300 Yuan, in 1999 it was 625 Yuan. The standard, calculated by fixed prices in 1990, is well below the international poverty standard.

<sup>8</sup> Khan, Azizur R., *Poverty in China in the Period of Globalization*, ILO, 1999.

<sup>9</sup> *China Statistics Abstract 2004*, p. 22 and p. 99.

<sup>10</sup> Wen Jiabao, Feb. 21, 2004.

<sup>11</sup> From the perspective of the medical and health services, the diseased group defined by the survey report had only subjective feelings of disease and should be regarded as self-reported cases. They are, specifically: (1) feeling uncomfortable but refusing to go to hospital for treatment; (2) feeling unfit but refuse to go to hospital for treatment and take medicines or receive some auxiliary treatment by themselves; (3) feeling unfit but refusing either to go to hospital or take medicine or receive auxiliary

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treatment, absent from work or school for at least one day. One of the three cases is regarded as being sick.

<sup>12</sup> The definition of chronic diseases covered by the survey is: all kinds of chronic diseases diagnosed by doctors within six months before the survey through inquiries, including chronic communicable disease (such as TB) and chronic non-communicable diseases (such as heart trouble and high blood pressure) or such cases occurred six months before and recurred within six months before the survey and treatment measures were adopted such as taking medicine and physiotherapy.

<sup>13</sup> Chengdu, November 28, 2004, Xinhua.

<sup>14</sup> Regular drinking covered in the survey refers to drinking at least three times a week and at least 156 times a year.

<sup>15</sup> Gescher, Jeanne-Marie, "China's QBL: Some Snapshots", POSCO research institute (POSRI) International Forum on China's Development: Sustainable China, Seoul, November 2004.

<sup>16</sup> Hu Angang (ed.), "Globalization Challenges China", Beijing: Peking University Press, 2002, pp. 107–111.

# China: A Changing Society in the Eyes of Chinese

Shen Mingming

## Introduction

The underlying factors behind the remarkable economic growth that China has experienced since Deng Xiaoping began to reform the country's centrally controlled economy have been a high savings rate and hence a high rate of capital accumulation; an entrepreneurial populace whose talents have been unleashed; a basically sound natural resource endowment; the magnetic pull of the dynamic East Asia region; a favorable international environment; and the contributions of Taiwan, Hong Kong, and many ethnic Chinese in Southeast Asia, North America and Europe.<sup>1</sup>

When the reforms started in 1979, China's gross domestic product (GDP) was 404 billion yuan. In 2004 its GDP reached 13,652 billion yuan, with per capita GDP exceeding US\$1,000. According to an official prediction, China's per capita GDP will increase to US\$1,900 in 2010. Adjusted to 2004 price levels, its per capita GDP will reach US\$3,500 by 2020.<sup>2</sup>

Since the late 1970s, China's successful economic transformation has focused mainly on GDP growth, yet "much of the early success of market reforms resulted from the basic simplicity of the task."<sup>3</sup> The rapid economic expansion that has been sustained for more than two decades has undoubtedly changed Chinese society; various social conflicts stand out, and dealing with these issues is a great challenge to the country, which must make some fundamental readjustments to guarantee economic

sustainability. In 2002 the Chinese Communist Party proposed the goal of establishing an “all-round, well-off” society in the next 20 years, but the challenges they face in achieving this target are enormous.

To sustain the momentum of the development, China must e.g. 1) maintain popular support for the reform policies, 2) meet the rising expectations and strengthen the confidence of the populace, 3) prevent the income gap from growing wide enough to threaten social stability, and 4) retain social harmony and trust in the authorities who are expected to provide public services and deliver social justice.

Being able to achieve all of the above obviously depends to a great extent on public perceptions, which may determine reactions. If this hypothesis holds true, it follows that it is extremely important to understand the perceptions held by ordinary Chinese people today. To a large extent, however, perceptions of the changes and challenges in China are still empirical questions.

Based on survey data, this paper intends to shed some light on these questions. The data and the discussion focus on the following issues: perceptions of the reform, expectations and confidence, perceptions of inequality, and trust in formal institutions.

## The Data

Two sets of survey data are used here, both of which were collated by the Research Center of Contemporary China (RCCC) at Peking University in Beijing.

“Values and Social Injustice Study” (hereafter known as national data), a cross-sectional national probability sample of 3,500 which was carried out in 2004 using a spatial sampling method to ensure the inclusion of the mobile population. Most of the data presented here is from this national data set, unless specifically indicated otherwise.

To complement the national data, a smaller urban sample is used here to provide additional data: “Beijing Area Studies” (hereafter known as BAS), an annual survey of urban Beijing that has been carried out since 1995 with a probability sample targeting around 1,000 Beijing dwellers. Data used here is from the 2003 BAS.

## Perceptions of the Reform

In 1949, when proclaiming the birth of the Chinese People’s Republic, Mao Zedong said that “China has stood up.” At best, however, this was just an analogy - in economic terms it had only got off its knees. While Mao and the Chinese Communists claimed victory for the revolution, China had to wait about thirty years to focus on economic development, and until approximately the end of 1980s to finally discover the market and learn how to use it for developmental purposes. China’s economy then began to grow at near double-digit rates, almost doubling every 10 years.

The impact of this rapid economic growth on the life of Chinese people has been clear and real. At present, for example, according to the RCCC’s 2004 national survey, about 8% of adult Chinese have traveled internationally, while 22% of our respondents reported that they had used the internet, a third of these being frequent users.

It is therefore no surprise to find a high approval rate for the reform era. Having anticipated an overwhelming majority in favor of the reform policies, we tried to differentiate the responses by using an ordinal choice set, but the answers still revealed high rates of approval. Almost all of our respondents believed that the reforms, which began in 1978, have been successful, with over half of them of the opinion that they have enabled great achievements. Only 3% did not give a positive evaluation, as shown in Table 1.

Great achievement	56.3 %
Much achievement	40.8
Not much achievement	1.3
No achievement at all	0.9
Don't know	0.7

BAS 2003

Table 1 Evaluation of the Achievements of the Reforms

Subsequent to the general evaluation question, we asked the respondents to relate the reforms to their lives in terms of their beneficial and detrimental impact. The results are shown in Table 2 below.

	Beneficial	Detrimental
Great deal	10.7 %	1.1 %
Much	33.9	4.2
Some	40.1	30.5
Little	14.2	63.2
DK/NA	1.1	1.1

BAS 2003

Table 2 Perceived Beneficial or Detrimental Impact of the Reforms on One's Family

Almost all the respondents reported that the reforms have benefited their families, although perceptions varied from a “little” to a “great deal”: 14% felt that they had not received much benefit from the reforms, while 11% said they had benefited a “great deal”. Our respondents recognized the detrimental impact of the reforms, but nearly two thirds of our respondents thought it minor.

## Expectations and Confidence

The history of China between the 1950s and 1970s has been called a history of politics - mass campaigns, power struggles, and the waxing and waning of the Communist Party's organizational strength. Economics played a role only when political action became so extreme that the economy was severely disrupted, as was the case when widespread famine occurred in 1959–1961. The tables have now turned, however, and economics have dominated Chinese history since 1979. The decisions that unleashed the economic engine of growth were political, but thenceforth economics dictated policies rather than vice versa.<sup>4</sup>



Deng told the Communist Party and the people that so long as it was good for economic development, it was the correct path for China to follow. Ideological conflict waned and modernization became popular. Standing out in contrast to the dogmatic leftism of the Cultural Revolution, a new materialism that aims for a steady increase in Chinese prosperity, capabilities, and quality of life has become widely accepted.

This has resulted in the emergence of two trends among the Chinese people: a firm and steady confidence in economic performance and, based on that, high expectations of improving their economic circumstances. Both these trends were documented by our BAS and national data. The sustained fast growth of China's economy helped build public confidence, and people have become very optimistic about the future. They also believe that they will continue to benefit from this bright future.

In our BAS there was a set of questions measuring confidence. We first asked our respondents to predict the short term (1-2 years) and then longer term (5-10 years) economic future of Beijing and the nation at large. The results reveal a very optimistic populace with a strong "tomorrow-will-be-better" mentality (see Table 3). An overwhelming majority predicted that the local and national economies will improve in the future, and the long term predictions were even more positive than the short term ones, implying a firm and steady confidence.

	Beijing		Nationwide	
	1-2 years	5-10 years	1-2 years	5-10 years
Better	71.7 %	84.2 %	63.5 %	80.9 %
About the Same	16.9	2.7	22.3	4.4
Worse	2.7	2.0	1.6	1.8
DK/NA	8.7	11.1	12.5	12.9

BAS 2003

Table 3 Predicted Economic Changes over short and longer terms: Beijing and Nationwide

As the economy began to take off, ordinary people started to receive a share of the benefits, however unevenly distributed. In general they feel that life is getting better and that improvement can be perceived with every passing year. According to our 2004 national survey, over 60% of respondents felt that their living standards had improved over the last 5 years, while a similar proportion of people believed they would be better off in the next 5 years, although a large group (17%) felt unsure. (See Figure 1)

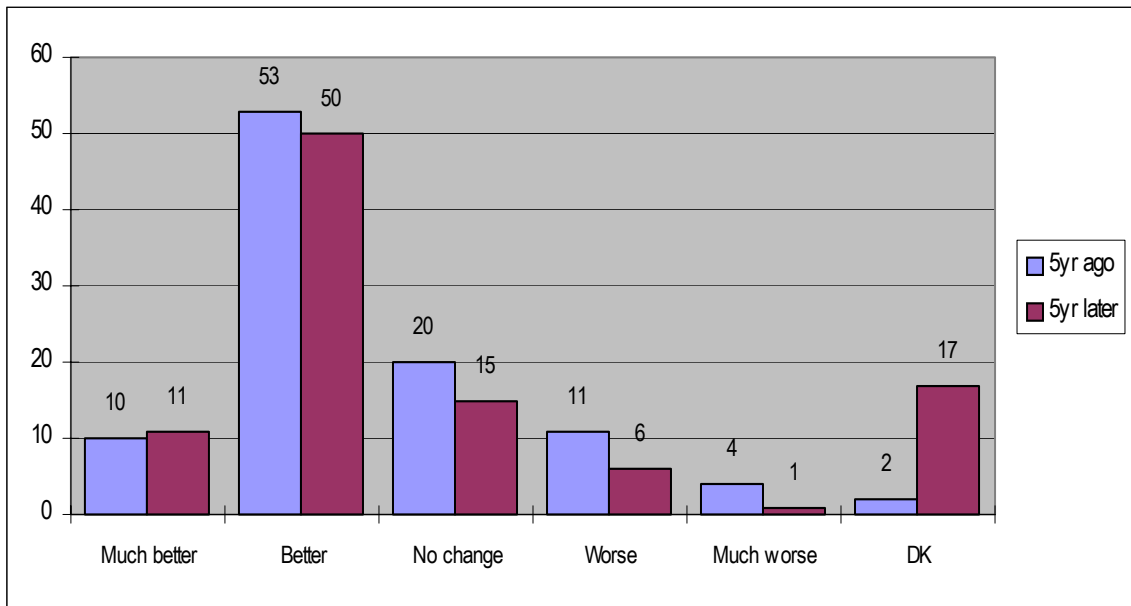


Figure 1 Perceived change in one's living standard compared to 1999, and predicted change in one's living standard 5 years from 2004

It is interesting to note that while 15% of the participants felt that they had become worse off (“worse” and “much worse”) over the past 5 years, the number of respondents choosing these categories dropped to 7% when they were asked about the future. There was also a similar decline in the “no change” category, which was chosen by 20% of participants with regard to the past, but only 15% when they looked to the future. A bivariate analysis found that the two variables are strongly correlated, indicating that respondents were more positive when they thought about the future.<sup>5</sup> On the other hand, it could be argued that if 10% of

the respondents think they will be worse off in five years time, 15% see no change coming, and 17% are unsure, this is no small problem. Somehow the Chinese government has to find a way to deal with these disillusioned groups.

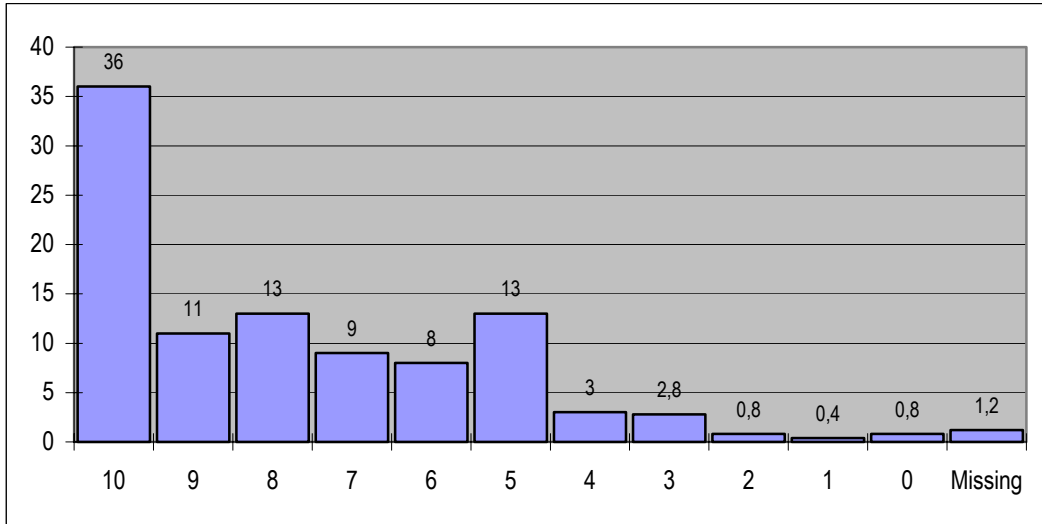


Figure 2 Improving One's Living Standard as One's Primary Goal in Life  
How do you evaluate the importance of this goal on a scale of 1 to 10?

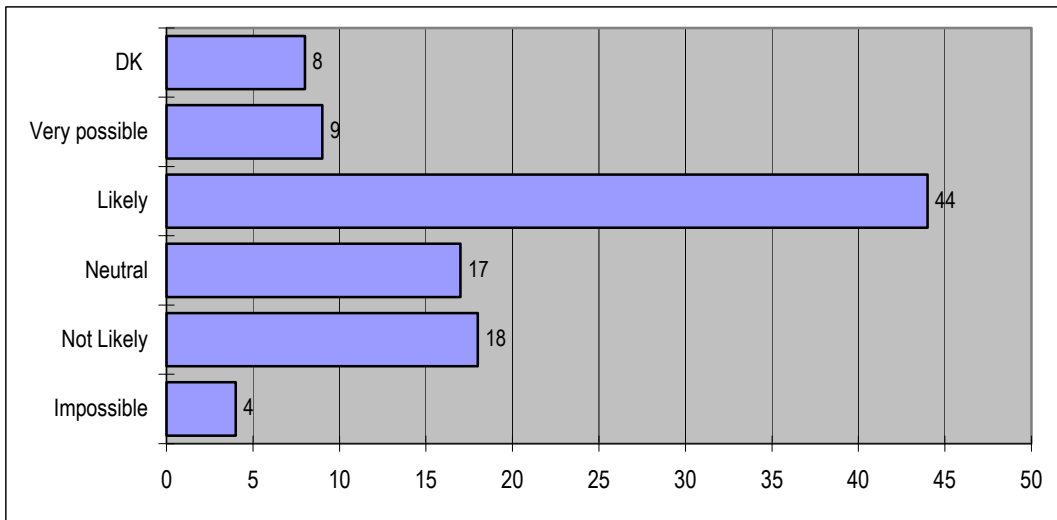


Figure 3 "There is chance for a person like me to get rich in today's China"

Meanwhile, the data also reveal a clear drive among Chinese people to get rich, with many of our respondents viewing improving their living standard as their primary goal in life. In a 10-point scale where the importance of the goal increases from 0 to 10, over one third of adult Chinese gave improving their living standard as their primary goal in life the highest degree of importance. (Figure 2)

People do not just want to get rich, they also believe that they have a chance of getting rich. Figure 3 provides evidence of such a belief.

### Perceptions of Inequality

Rising inequality is a prominent feature of China today; in fact no society has ever experienced such a rapid deterioration in income distribution within a 20-year period. The ever-growing disparities between regions – between the hinterland and coastal areas, between urban and rural areas, and within individual urban and rural areas respectively – are becoming severe.

Income inequality is increasing between urban and rural dwellers. In urban areas in 2002 the top tenth of the population earned 45 percent of the total income, and the bottom tenth earned 1.4 percent, with many people falling below the poverty line. Table 4 presents data that outlines the increase in inequality in urban China.

	Gap between top 20% and bottom 20%	Share of bottom 20% in total income, %	Share of top 20% in total income, %	Share of top 10% in total income, %
1990	4.2 times	9.0	38.1	23.6
1993	6.9 times	6.3	43.5	29.3
1998	9.6 times	5.5	52.3	38.4
2002	13.3 times	4.9	64.3	45.0

Table 4 Growing Inequality in Urban China (1990-2002)

Source: quoted from Men Honghua, "A Sustainable Chinese Economy?" in Kokubun Ryosei and Wang Jisi, ed. *The Rise of China and a Changing East Asian Order*, JCIE, Tokyo, 2004.

China is also experiencing unprecedentedly high rates of unemployment as a result of sweeping industrial restructuring and the reform of state-owned enterprises, and this has contributed to a growing income gap in the cities. The State Statistical Bureau estimates that about 45 million workers were laid off in 1995–2001.

A number of factors “that go against narrowing the income gap” are also instrumental in making the problem worse. These include state monopolization of profitable industries such as banking and telecommunications, a poor social security system, and a flawed income distribution policy.

The Gini coefficient – an international measurement of income disparity – has risen among Chinese urban residents to 0.32 from only 0.16 in 1978, while the figure among rural residents reached 0.35 in 2000 compared with 0.21 in 1978. The figure for urban vs. rural residents jumped from 0.389 in 1995 to 0.417 in 2000, which is in excess of the international danger level of 0.4.<sup>6</sup>

According to a 2004 UN report, the Gini coefficient in China reached 0.447, higher than most of the developed countries and even higher than India, the second largest developing country in the world. (See Table 5)

Hungary	0.244	USA	0.408
Japan	0.249	Hong Kong	0.434
Finland	0.269	China	0.447
India	0.325	Russia	0.456
France	0.327	Namibia	0.707
Australia	0.352		

Table 5 Gini coefficients in selected countries  
Source: The United Nations Human Development Report 2004.

Data released by the State Statistics Bureau reveal that the income gap between different social classes in China is widening progressively, and that there is a growing gap in the actual standard of living between high-income and low-income

households. The Statistics Bureau divided urban citizens into five equal groups from the highest to the lowest per capita income. The per capita income in 2003 of the highest income group, which constitutes the top 20%, was 17,472 yuan, a 13.0% increase of 2,012 yuan from the previous year. Meanwhile, the per capita income of the lowest income group, the bottom 20%, was 3,295 yuan, a 8.7% increase of 263 yuan from the previous year. The highest income group obviously experienced faster growth than the lowest income group, with the ratio of the highest income group to the lowest group having grown to 5.3, compared with 5.1 in 2002.<sup>7</sup>

However, the official statistics show that the widening income gap is relative; for example, according to an official survey of 2,000 urban families in Beijing, the per capita disposable income was 15,637.80 yuan in 2004, an increase of 12.6% from 2003.<sup>8</sup> Despite the fact that the incomes of the top 20% grow faster than those of the bottom 20%, all groups have experienced a per capita income rise. In other words it is possible that, despite the widening income gap, disparity might be tolerated by most members of society as long as an improvement in the standard of living is perceived across the board.

Our national data supported this argument. When asked to place oneself on a 0-10 definite loser-definite winner scale to indicate whether one has won or lost out from the reforms, nearly 30% of Chinese see themselves as winners (range 6-10) and 39% chose the middle point 5. Only 4% see themselves as definite losers. (Figure 4)

Although we did not ask these questions about the positive and negative impacts of reform on one's family in our national survey, the BAS data in Table 2 might help us to make sense of these winner-loser perceptions as, although all the respondents admitted that reform had a beneficial impact on them, a small group (14%) pointed out that there was "little" benefit for them and 5% said they had experienced "much" or a "great deal" of detrimental impact. Perception of winning or losing is a matter of degree that may well depend on how much benefit the respondents think they have received from the reform. In other words, those who consider themselves losers were more likely to think they have received less benefit in comparison with others, which does not mean that they are claiming that they have not benefited at all.

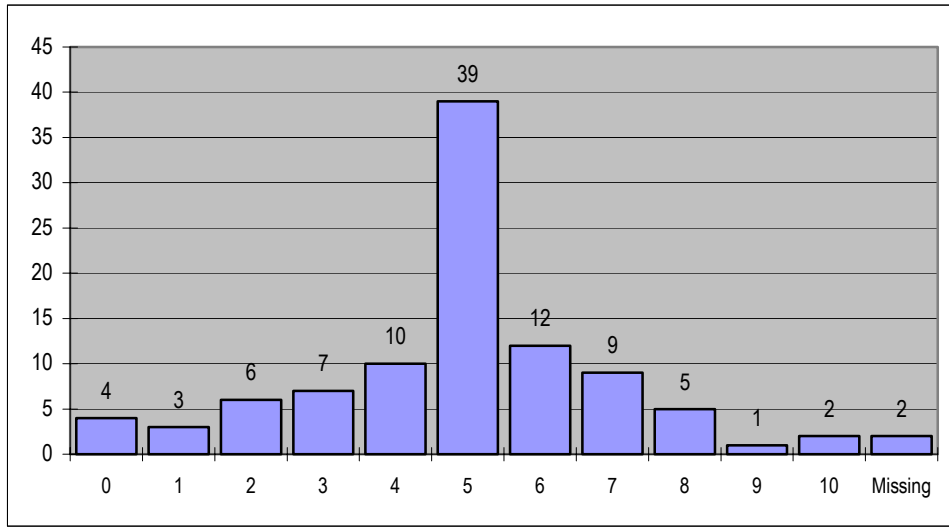


Figure 4 Winner-loser self-perception regarding reform

High unemployment and income inequality have been targeted as reasons for the people feeling insecure, but our data does not provide much supportive evidence for this argument. As mentioned earlier, our respondents felt quite confident about the future of China’s economic development, and figure 5 further reveals the same optimistic mentality among the population. When asked to predict proportional changes between rich and poor over the next 5 years, 40% of people think there will be a decrease in poverty and 61% think the number of rich people will rise. In both questions, 20% of respondents do not think that there will be much change, implying that ordinary Chinese do not seem too alarmed by the increasing inequality between incomes.

Much too large	40.0
Somewhat too large	31.6
About right	12.5
Somewhat too small	4.3
Much too small	1.2
DK	10.4

Table 6 Feelings about the income gap

However, one must not conclude that the Chinese people are blind to the increasing income gap. People do recognize that society is being dichotomized between rich and poor, and over 70% are concerned about the problem (see table 6). What our data shows, however, is that they seem to hope that the rich will outgrow the poor, and that they themselves have a chance to get rich too – recall figure 3 which showed that over half of the respondents think they have chance of getting rich in today's China.

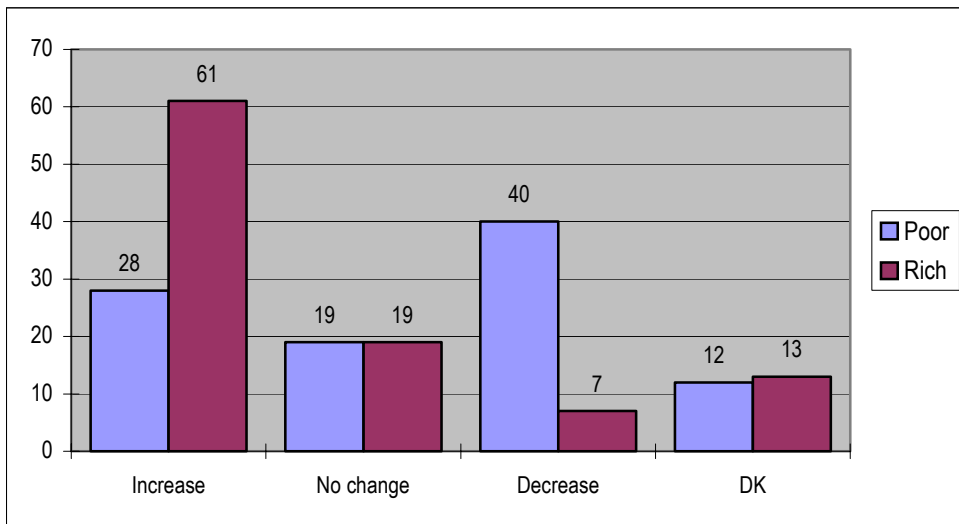


Figure 5 Predicted proportional changes between rich and poor in 5 years' time

### Institutional Trust

Trust is a concept broadly used in political science, particularly in democracy studies, but here we used it to measure social and political stability. The following discussion is based on the assumption that the extent to which people trust the authorities is a measure of the degree of acceptance of the regime and thus a measure of political and social stability.

Many Westerners simply assume that there must be little public trust in formal institutions in a country like China where the Communist Party monopolizes power. However, our data does



not support this assertion – we found that all the formal institutions listed enjoyed a high level of trust from our respondents. (See Table 7) Of course it could be argued that people might be afraid of not providing the “correct answer” to a question like that, bearing in mind that China is a country where a person still can be punished or even imprisoned for publicly speaking out against the party and the government.

	Very Trustful	Somewhat Trustful	Not Very Trustful	Very Distrustful	DK/NA
The Communist Party	59.9	32.3	3.9	0.8	3.1
People's Congress	40.8	42.7	5.5	1.1	9.9
Government Agencies	31.5	50.0	11.4	1.6	5.4
Court	35.9	48.1	9.0	1.2	5.9
Police	31.7	48.9	11.1	2.2	6.1
News Media	18.6	41.9	10.3	1.5	27.7
Trade Unions	18.6	41.9	10.3	1.5	27.7
Women Federation	24.9	49.2	7.1	1.3	17.5

Table 7 Institutional Trust

One obvious explanation for this high level of trust in the authorities is the success of the government-driven economic development that began over 25 years ago. In other words, the ordinary Chinese credit the party and government for the economic success that has been achieved so far, even though this has happened under the Party’s authoritarian rule. They have also seen what happened in the former USSR when authoritarianism collapsed. All Chinese from the top leaders down believe in the pursuit of economic reforms, even if different groups have different reasons for doing so, but most groups also want a powerful political authority to implement these reforms.

When respondents in our national survey were asked to choose

between the central and local authorities and state which they trusted more, an overwhelming majority leaned strongly towards the central institutions (see table 8). It is understandable that trust in formal institutions is very much an abstract concept for most ordinary people, who often have to relate an abstract concept to a familiar context or personal experience in order to make sense of it. For example, trust in government may be too abstract a question, but whether one trusts a local government agency is a much more concrete question to answer because it can be based on one's own experience.

	Trust More in Central	Trust More in Local	Trust None	DK/NA
Party Organizations	81.8	6.3	1.8	10.2
People's Congress	80.4	6.4	1.5	11.7
Government Agencies	82.4	6.6	1.6	9.4
Courts	80.8	6.8	1.6	10.8

Table 8 Institutional Trust: Central-local Comparison

Ordinary people have more exposure to local government agencies so they often have more complaints against these “front line bureaucracies”, which deal with all kinds of problems on a day-to-day basis and often have to shoulder the blame for unpopular central government policies. In a non-democratic country like China, the central authorities are perceived by ordinary people not just as the place where ultimate power rests, but as a symbol of the last protector of justice. National, provincial, and local bureaucracies and leaders have all acquired significant vested interests in the policies pursued during the reforms, so apart from the broad range of social problems that have caused social tension, corruption is another major factor behind strained relations between the public and the authorities.

## Concluding Remarks

China's rapid economic growth since the late 1970s indicates that it has also undergone a great deal of social change, which poses great challenges too.

Despite the vigorous family planning program, China's population of 1.2 billion will continue to grow by 15-20 million people per year for the foreseeable future. Given the demographic realities and the yearnings of the populace for a higher standard of living, China's leaders must pursue a development strategy that yields high economic growth rates and employment opportunities. This means that it is imperative that China's economic reforms continue to increase efficiency and productivity.

To ensure sustainable development, China has to cope with the major challenge of maintaining social stability. As many have observed, impressive levels of GDP growth have not resulted in an equitable society, and trying to establish an economic market system has had a negative impact on social justice. By adopting a market-oriented strategy, the pricing system has become distorted, income differentials have expanded, and the creation of privileged social strata has accelerated. The gap in development levels between different domestic regions is growing, and an integrated nationwide market is still being built. Structural differences between rural and urban China have been exacerbated by the modernization drive, and growing inequality and unemployment are incurring enormous social costs. There is believed to be a positive relationship between inequality and instability, so that the greater the inequality, the greater the risk of instability. The relationship can be either curvilinear or linear, depending on different conditions.<sup>9</sup> The growing mismatch between the population and resources could also lead to severe social unrest and threaten the very foundations of economic development, and if extreme inequality is not dealt with the people will no longer support reform. The logic is apparent: as an official expression puts it, development is the goal, reform is the means, and social stability is a basic prerequisite.

Economic inequality, social injustice and tensions between the authorities and the people are all factors that threaten the stability of Chinese society and the survival of the Communist regime. In

fact, even though there has been no major social unrest since 1989, small-scale workers' strikes, peasant riots, and student protests have been frequent occurrences in different areas of the country. However, one must not overreact and conclude that large-scale social unrest that would lead to regime failure is in the making. On the contrary, our survey data show evidence of an optimistic populace, at least half of which is generally satisfied with the benefits and opportunities reforms have brought. Most people have an optimistic view of the future of the country and themselves. The Chinese people have high expectations, a strong desire to get rich, and a belief that there is a chance of achieving their goals. In conclusion, so long as the people are benefiting from the economic success they will continue to support the effectiveness of gradual reform. However, this reflects the serious nature of the challenges facing the Chinese leadership, who must make further reforms to meet the challenges while striving to carry on delivering economic benefits to all members of society.

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# China's Foreign Policy in Transition: Taiwan's Unresolved Status will Continue to Affect China's International Role<sup>1</sup>

Linda Jakobson<sup>2</sup>

## Introduction

As the Chinese Communist Party (CCP) strives to maintain the momentum that has successfully spurred on the modernization drive of the past 25 years, it faces enormous challenges – not only because of increasing inequality, social injustice, rampant corruption, despotism and nepotism, but also because China's rise evokes many kinds of contradictory emotions across Asia. Although China offers its neighbors endless economic, cultural and political opportunities, its new status also provokes a certain amount of fear and uncertainty among many elite groups in Asia.

Today, China's leaders are attempting to continue the legacy of Deng Xiaoping. Deng's goal was to make China economically well-off, militarily strong, and internationally respected. Time and again since the late 1970s, Chinese leaders have stressed China's need to remain stable and peaceful so that the country can modernize and its leaders can concentrate on the multiple domestic problems they face. Stability is imperative if the Communist Party is to achieve its goal of continued economic growth. Economic growth, in turn, is imperative for the Communist Party to stay in power. Party leaders are well aware that one of the pillars of their legitimacy rests upon their ability

to oversee an ongoing rise in living standards, while at the same time soften the negative consequences of rapid economic reform such as growing inequality and many forms of insecurity.

Another pillar on which the Communist Party's legitimacy rests is its ability to manage the complex question of Taiwan's unresolved status. This so-called Taiwan question, meaning the disagreement between Beijing and Taipei over what kind of a status Taiwan should have in the future, will remain an important domestic issue, while the tension in the Taiwan Strait will also continue to affect China's foreign policy. Moreover, these two pillars of legitimacy are also intertwined because in the event of an economic slowdown, the leaders of the Communist Party could attempt to divert the attention of disgruntled citizens by rallying them around the paramount goal of unifying the motherland. It is even conceivable that sections of the political and military leadership would use an economic crisis to try and resolve the impasse in the Taiwan Strait by force.

China's foreign policy objectives continue to transform to accommodate the country's new needs and transforming society. If its rise as a major economic and political power continues, China will in the long-term reshape the international order, starting with East Asia and Asia at large.

This paper will touch upon three themes:

- the transformation in the way that China approaches its neighbors and the rest of Asia
- how the unresolved status of Taiwan and rising nationalistic trends affect China's new foreign policy initiatives
- what implications China's rise to regional power has for the Asia-Pacific region

## Wooing the Rest of Asia

Deng Xiaoping did not only dramatically change Chinese society; he also transformed China's foreign policy, emphasizing pragmatism over ideology also in the realm of foreign affairs. Nowhere is this emphasis on realpolitik more evident than in Asia. While in the past the elite in several Asian countries viewed China with suspicion, today, across Asia, China is – at least in the short term – primarily seen as an opportunity. China's economy

is the motor propelling growth all over the region, and along with that economic power a new perception of China is emerging.

From the founding of the People's Republic of China (PRC) in 1949 until the early 1980s, China posed a threat to several Asian countries. In the early 1950s China fought alongside North Korea against South Korea, the United States and the United Nations. In the 1960s and 1970s Indonesia, Thailand, Malaysia, Singapore, the Philippines and Burma all experienced the 'communist threat' when the Chinese Communist Party gave its support to communist groups working to overthrow these countries' respective governments. In 1979 Vietnam experienced an offensive military threat when Chinese troops crossed the border to punish Vietnam for its invasion of Cambodia.

Over the last twenty years, however, China has ceased to rattle its ideological sword and wooed its neighbors with promises of trade and a stake in the growing Chinese market. China has become the largest trading partner of most South East Asian countries, as well as South Korea and Japan.

Chinese economic power has led to the emergence of a new approach to political relations. China has begun to "take a more sophisticated, more confident and at times less confrontational approach towards regional and global affairs."<sup>3</sup> In the course of the last decade China has deepened its bilateral relationships, joined the World Trade Organization (WTO), and signed several international accords. Today, Chinese foreign policy makers view their country as an emerging great power with many kinds of interests as well as responsibilities – not "as the victimized developing nation of the Mao Zedong and Deng Xiaoping eras."<sup>4</sup> As China's self-confidence grows, Beijing will undoubtedly seek to shape the evolution of the international system.

China wants to be considered a cooperative member of the Asian community. When the Chinese president Hu Jintao and premier Wen Jiabao toured several Asian-Pacific countries with large business delegations in 2003, newspapers wrote of the Chinese "charm offensive."<sup>5</sup> Both leaders emphasized China's desire to be looked upon as a reliable partner by its Asian neighbors and China's willingness to work with ASEAN (Association of Southeast Asian Nations), doing their best to dispel anxiety in Asian capitals over China's rise to political and military dominance in the region.<sup>6</sup> Contrary to the trade



RUSSIA

KAZAKH-STAN

Ulanbaatar

Vladivostok

Tokyo

NORTH KOREA

JAPAN

Pyongyang

Osaka

SOUTH KOREA

East China Sea

Beijing

TAJIKISTAN

KYRGYZSTAN

AFGHANISTAN

PAKISTAN

Islamabad

New Delhi

NEPAL

Lhasa

Kathmandu

BHUTAN

Kunming

Guangzhou

Taipei

TAIWAN

INDIA

BANGLA-DESH

Calcutta

MYANMAR

LAOS

Hanoi

Vientiano

South China Sea

Manila

PHILIPPINES

Bay of Bengal

Yangon

THAILAND

VIETNAM

Bangkok

CAMBODIA

Phnom Penh

SRI LANKA

BRUNEI

Phuket

Banda Aceh

MALAYSIA

Kuala Lumpur

SINGAPORE

INDONESIA



imbalance China has with the European Union and United States, China generally either buys more from other Asian nations than it sells or the trade is more-or-less balanced. This is intentional policy on the behalf of Beijing. China wants to keep its neighbors happy.

As with the implementation of reform on the domestic front, changes in the realm of foreign policy have taken place gradually as a result of a piecemeal process. After Hu Jintao was appointed Party Secretary of the CCP in November 2002 and took over as President of the PRC in March 2003, another new element crept into Chinese foreign affairs in the form of a more proactive approach to Chinese diplomacy. There are numerous examples of this new diplomatic activism: At the WTO talks in Cancun the Chinese delegation worked closely with delegations from India, Russia, South Africa and others in the so-called 'G20 group' to challenge the dominance of the European Union and the United States.<sup>7</sup> On the North Korean nuclear issue, China has hosted six-party talks in Beijing and has attempted to resolve the standoff through unprecedented cooperation with South Korea, Japan and the United States. In its relations with ASEAN countries, China has persistently pursued plans to establish a free trade zone.

At the ASEAN-China summit in Vientianne in December 2004, Beijing succeeded in its plans to sign an accord with six ASEAN member states to establish the biggest free trade zone in the world by 2010. In addition, ASEAN and China signed an action plan to implement the strategic partnership they agreed at the previous summit. The new action plan calls for increased political and security dialogue, regular consultations, trust and confidence building in defense and military fields, and step-by-step measures to implement the Declaration on the Code of Conduct in the South China Sea.<sup>8</sup>

The embrace of multilateralism is one of the most profound changes in China's foreign policy. While in the past China viewed multilateral frameworks with suspicion, wary that it would be pushed into a corner and forced to compromise against its will, China's leaders now tour the globe singing the praises of multilateralism.<sup>9</sup>

Today, Hu Jintao stands out, in contrast to George W. Bush and his policies of unilateralism, as a staunch supporter of multilateralism. In a twist of irony, Hu Jintao received a standing ovation from Australian politicians after he became the first Asian president to address the Australian federal parliament. A few days earlier U.S. President George W. Bush was interrupted by hecklers when he addressed the parliament in Canberra.<sup>10</sup> George W. Bush and Hu Jintao made state visits to Australia within days of each other during the same week in October 2003. (Another difference between Hu's and Bush's visits to Australia is also telling, however, and indicative of China's recently acquired so-called soft power, as well as other countries willingness to abide by Beijing's wishes: Australian political leaders bowed to pressure from the Chinese delegation to keep protestors away from the parliament building as Hu Jintao arrived and departed; Bush's delegation made no such request. The President of the United States faced the protestors, both in and outside parliament.)<sup>11</sup>

Increased economic integration is not the only consequence of China's new role as a regional power. Besides investors and businessmen China attracts students, scholars, artists and entertainers from all over Asia, and on several fronts it is reassuming its historic role at the epicenter. About 90 percent of China's 78,000 foreign students are Asian.<sup>12</sup> About half of the foreign student body in China is from South Korea, a country whose history is intertwined with the waxing and waning of Chinese power. In January 2005 a South Korean newspaper reported that a single teachers' college in Zhejiang had signed a contract to send 600 teachers to South Korea to teach Mandarin at South Korean primary and high schools.<sup>13</sup> In a move reminiscent of the policy of the Nationalist Party (Kuomintang) in Taiwan to send Mandarin and Chinese culture teachers around the globe in the 1950s and 1960s, the government of the People's Republic of China has established the China National Office for Teaching Chinese as a Foreign Language in Beijing and Confucian Institutes worldwide to ensure that Mandarin becomes rooted as a global language.<sup>14</sup>

Another new facet of China's diplomacy is its pursuit of closer ties with the European Union. The first policy paper on China-EU relations, which China published in October 2003, predicted that the EU would eventually become China's largest investment

partner.<sup>15</sup> The enlarged EU is already China's biggest trading partner. On the political front, the new strategic partnership, as it is referred to, lacks much of the friction that shadows Sino-US ties; the emotionally-charged issue of Taiwan's future in particular is something that fails to arouse much interest in Europe.

Viewed from Europe, the Taiwan Strait is remote, both geographically and psychologically. However, whether or not mainland China and Taiwan can establish a relationship which satisfies both parties is a matter of European concern because it will decisively affect China's ability to remain stable.

## The Volatile Taiwan Strait

### *Unification no longer a given*

Alongside the numerous constructive measures China has taken to foster an atmosphere of cooperation and respect among Asians, Beijing has maintained its staunch and unbending stance with regards to the complex issue of Taiwan's future status.

Divergent views on Taiwan's future form an international bone of contention that could lead to armed conflict in the Taiwan Strait. Will mainland China and Taiwan be reunified, as Beijing demands? Or will the present situation continue, with Taiwan functioning as a separate, all but internationally recognized independent society? Or will Taiwan in fact attain *de jure* sovereignty? Together these issues constitute the 'Taiwan question', the management of which will crucially affect the ability of the Chinese leadership to remain in power and continue the country's modernization. The dispute over Taiwan could threaten China's stability. In the worst-case scenario, it would lead to a war between China and the United States, Taiwan's staunch supporter. The Taiwan question is a matter of concern to all Asians, not only because a war would cause instability across the region, but also because a war would adversely effect China's economy, wreaking economic havoc in Asia as well as globally.<sup>16</sup>

Although the leaders of the People's Republic of China have reached the realistic conclusion that the goal of reunification is not achievable in the near future, they would be willing to sacrifice the country's stability and go to war to ensure that the goal of reunification does not disappear forever. Beijing still asserts its

right to use force against Taiwan, should the island proclaim its independence.<sup>17</sup> Today, this no longer necessarily means a proclamation of independence in the traditional sense, since Taiwan's President Chen Shui-bian has on several occasions said that Taiwan already is a sovereign state (and a proclamation of independence is therefore unnecessary). More precisely, China would respond with military action should the international community, led by the United States, acknowledge Taiwan's sovereignty or if Taiwan was to take steps to further cement its separate status or sovereignty in a way that China would regard as irrevocable.

For decades, peace was maintained largely because the political leadership on both sides of the Taiwan Strait strived for the reunification of China, albeit from different points of departure. This situation no longer exists. Taiwan has evolved into a different kind of society over the last 15 years or so. A separate identity, strongly entrenched in the democratization of Taiwan and encouraged by the political leadership in Taiwan, has changed the mindset of many Taiwanese. Unification is no longer a given for several groups within the political elite and for about a third of the electorate.<sup>18</sup> However, despite these changes in Taiwanese attitudes, it is important to note that, according to regularly conducted opinion polls, the overwhelming majority of Taiwanese are for the time being in favor of a continuation of the present situation, the maintenance of the *status quo*. In other words, Taiwan constitutes an independent society with its own political system, its own armed forces and its own currency. What sets Taiwan apart from sovereign states is a lack of recognition from the international community and exclusion from international organizations for which statehood is a requirement.

### *A question of life and death*

To many outsiders the situation in the Taiwan Strait appears irrational. Why would the Chinese leadership be willing to sacrifice economic prosperity and stability and risk a war with the United States for the sake of an island? The leadership of the CCP has made Taiwan a question of life and death. Taiwan is closely related both to national self-esteem and to the ability of the present regime to stay in power. The legitimacy of the

Communist Party is based partly on continued economic growth and partly on the reunification policy it has pursued for more than half a century with the aim of healing the wounds of the civil war. In Beijing's view, the eventual reunification of China and Taiwan is "essential to China's recovery from a century of national weakness, vulnerability and humiliation, and to its emergence as a respected great power."<sup>19</sup>

Moreover, the goal of reunification is not simply a nationalistic PRC government obsession. Taiwan is located a mere two hundred kilometers off the Chinese mainland. Beijing does not want to find itself in a situation in which a sovereign Taiwan could place its territory at the disposal of another country, for example the United States or Japan.

In the short term, Beijing's foremost goal is to prevent any action by Taiwan's political leadership that might make reunification impossible. Beijing will continue to urge Taiwan to enter reunification negotiations on Beijing's terms, which means that Taiwan must concede that it is part of China. Beijing insists that the Taiwanese leadership must accept that there is only 'one China', not two Chinas or one China and one Taiwan, before talks can be held. On the other side of the Strait, Taiwan's president Chen Shui-bian will continue to refuse negotiations with preconditions.

Today, numerous observers warn that the risk of armed conflict across the Taiwan Strait has increased. On the one hand, Chen Shui-bian defiantly proclaims that Taiwan needs a new constitution, well aware that such a move is perceived by Beijing as a step towards cementing Taiwan's separate status. On the other hand, Beijing uses the country's growing global influence to dictate the cross-Strait agenda. Whenever Chen makes a move that Beijing staunchly opposes, American officials from President George W. Bush on down hasten to reiterate that the United States does not want to see Taiwan taking unilateral steps to change the *status quo* without mention that China every month takes its own unilateral steps by deploying new missiles on the mainland coast facing Taiwan.

In March 2005, China's National People's Congress passed an anti-secession law which authorizes the Chinese government to use whatever means necessary to deter Taiwan from breaking away from China. The law added to the feeling among Taiwanese

that Beijing continues to threaten and strives to marginalize Taiwanese society.

According to American military analysts, the Taiwan Strait is the only arena in the world with the potential to ignite super-power conflict in the near to mid term. In February 2005, Central Intelligence Agency director Porter Goss said that China's military modernization is tilting the balance of power in the Taiwan Strait and increasing the threat to U.S. forces in the region.<sup>20</sup> The risk of military conflict over Taiwan remains real.

### *Changing and complicating factors*

The status quo is neither static nor stable. In addition to the changes in attitudes of the Taiwanese population toward possible unification, there are other factors that have significantly affected and continue to affect cross-Strait relations: first, the increasing economic integration between China and Taiwan; second, the unpredictable nature of Taiwanese politics; third, the consequences of China's increasing international importance to Sino-U.S. relations; fourth, the waning effect of Washington's influence vis-à-vis Taiwan; and fifth, the effects that societal change in China has had on perceptions of China's global role among Chinese elite groups.

#### *1. Economic considerations*

Complicating any discussion about the Taiwan Strait are economic realities, an important factor that did not apply to the *status quo* ten or fifteen years ago. While the last decade has seen many Taiwanese and mainland Chinese move further away from each other regarding their views on political integration, they have moved much closer together in terms of economic integration. Economically, the two societies are mutually dependent, although the authorities continue to hurl verbal abuse at each other in official statements.

People-to-people relations across the Strait are manifold. Deep economic integration has already taken place in the Greater China region, which encompasses mainland China, Hong Kong, Taiwan, Singapore and overseas Chinese communities in Southeast Asia. Taiwanese firms in mainland China are responsible for more than a third of China's total exports, and they have an estimated

US\$100 billion invested in the mainland. The pace of Taiwanese investment has accelerated with breathtaking speed; in 2004 an estimated \$22 billion poured in, about \$1.8 billion per month.

A million Taiwanese more-or-less permanently reside on the Chinese mainland; tens of thousands of Taiwanese study there. Approximately 100,000 mainlanders have married Taiwanese partners in the 21<sup>st</sup> century.

### *2. Unpredictable Taiwanese politics*

The ongoing transformation of Taiwanese society continues to effect cross-strait relations. Domestic politics in Taiwan have become highly unpredictable. Particularly before an election, politicians try to win over voters by emphasizing a separate Taiwanese identity and the uniqueness of Taiwanese society. A charismatic leader can steer the public debate in a way that stretches the patience of Beijing's leaders to the utmost.

### *3. China's increasing clout*

China's increasing international significance has also changed the nexus of power in the Taiwan Strait. China can exert pressure on leaders across Asia, in Washington, and within the EU much more successfully today than it could ten years ago, since most countries regard good relations with Beijing as a goal worth striving for. China has become a significant "diplomatic partner" of Washington since the terrorist attacks of September 11th. Washington seeks Beijing's support, not only in the war against terrorism, but also to halt North Korea's nuclear weapons program. Moreover, China's significance as a trade partner of the United States and purchaser of U.S. treasury notes has increased. Taiwan's unresolved future is the greatest source of friction between the two countries.

### *4. Washington's waning clout*

Another factor that has changed is the influence of the United States vis-à-vis Taiwan. In previous decades Washington was able to force its will on Taiwan. Though U.S. support for Taiwan continues to be crucial, Washington can no longer be sure that Taiwan's president will bow to Washington's pressure. As a result, tensions rise every time the Taiwanese put forward an initiative that Beijing deems unacceptable.

### *5. Changing Chinese perceptions*

People in China are immensely proud of the great strides the country has taken in the last 25 years. At the same time, Chinese are acutely aware of the period lasting more than a hundred years, beginning in the first half of the 19<sup>th</sup> century, when China had to give in to the demands of militarily stronger Western powers and Japan. Chinese are not only taught the details of this period in school, but they are also continuously, still today as adults, reminded of the century of national humiliation. In China there is what W.A. Callahan describes as a “very deliberate celebration of national insecurity.”<sup>21</sup> There are new textbooks, novels, and articles published every year commemorating the century of national humiliation, as well as museums, poems, songs, national holidays, and parks devoted to this theme. The shame inflicted upon China by outsiders is an integral part of the national psyche today. As China grows more prosperous this emphasis on a culture of humiliation will undoubtedly be reflected in public opinion, especially when dealing with the Taiwan question, an issue that is directly related to the Chinese civil war.

It is extremely rare that anyone in the PRC to acknowledge the role of the Taiwanese voters in determining the island's future status.<sup>22</sup> With no experience of a system of checks and balances or accountability based on open multiparty elections, mainland Chinese tend to, in informal discussions, dismiss the notion that Taiwanese political leaders are to a certain extent dependent on public opinion when formulating cross-strait policies.<sup>23</sup> Chinese rather tend to see the unresolved question of Taiwan as a tug-of-war between Beijing and Washington, a matter of prestige between two great powers, with little if any input from Taiwanese leaders or voters. Any compromises made by Beijing on matters related to the Taiwan Strait are perceived as China losing face. Taking a tough stance on Taiwan is perceived as standing up to the United States, which an increasing amount of Chinese would like to see their leaders do.

### *Utilizing Nationalistic Sentiments*

Three broad themes have emerged in the literature of international relations scholars examining the resurgence of



nationalism in the post-Cold War era. The first one relates to the use of nationalism to divert attention from the state's inability to meet demands by various groups within society for security, economic development and political institutions. The second focuses on groups within the state that have expansionist or militarist goals. The third looks at how political elites can incite nationalism to gain an advantage in domestic political competition.<sup>24</sup> All three of these themes are relevant to any discussion of the Taiwan issue being utilized by parts of the Chinese political establishment to further their own interests.

The evolution of the situation across the Taiwan Strait depends to a great extent on developments in mainland China. If China continues to remain stable, if the economy continues to grow, and if the Chinese leadership is able to soften the negative impact of inequality, social injustice and corruption, more moderate forces can be expected to prevail within the Chinese leadership, also with regard to the question of Taiwan. On the other hand, if the economy falters, if social stability is at risk, if various groups within Chinese society unite and rise up to protest against the injustice of their predicament, the leadership of the Chinese Communist Party could attempt to divert the nation's attention away from domestic problems to the issue of Taiwan's unresolved future. In a crisis situation, they could try and induce the population to rally around the unification of the motherland. History is rife with examples of countries in which leaders in power have used the potent yet blinding blend of patriotism, nationalism, and national humiliation in an attempt to fend off severe contradictions within society.

In the event of a power struggle within the leadership of the CCP, which could arise as a result of widespread unrest in China, blaming one's adversaries for incompetence or weakness in dealing with the Taiwan issue could be an argument that conservative forces within the political and military leadership might use to demand military action to force Taiwan to the negotiating table.

Moreover, a domestic crisis is not the only situation in which Beijing's leaders might feel pressured to hastily resolve the unification standoff. If China's society becomes more pluralistic, several domestic constituencies may demand a tougher stance on Taiwan, pointing out that the longer China waits the more

alienated the population of Taiwan will become vis-à-vis the mainland.

## Taiwanese Dilemma in Asian Context

China's neighbors worry that a conflict in the Taiwan Strait would have a devastating effect on stability in the region, so while China is doing its best to promote multilateralist mechanisms to ensure regional stability, the Taiwan issue looms in the background as a potential threat to peace. Besides the risk of war in the Taiwan Strait, the divergent views of Beijing and Taipei regarding Taiwan put Asian countries in an awkward position. No nation wants a situation in which it would have to take sides, were a military conflict to arise.

Even today, the Taiwan issue is an underlying source of friction. Taiwan is an important investor and trade partner of several Asian countries, but many Asian leaders are wary of upsetting Beijing and are at a loss when it comes to deciding how to handle relations with Taiwan. When Singapore's deputy prime minister paid a visit to Taiwan in July 2004, shortly before becoming prime minister, Beijing reacted strongly, threatening punitive economic measures against Singapore and warning of a grave deterioration in China-Singapore relations.<sup>25</sup>

The unresolved status of Taiwan is deemed a domestic affair by Beijing, which means that Beijing will not tolerate that the Taiwan Strait situation be discussed in multilateral settings. Beijing's initial activism within ASEAN, for example, was seen across Asia as a way for Beijing to block Taiwan from gaining a more active role in Asian political gatherings. Beijing claims that no outside intermediaries are needed to resolve the impasse in the Strait. Ironically though, since Chen Shui-bian won the Taiwanese presidential elections in 2000, Beijing has increasingly relied on the United States to dissuade him from taking steps that it would interpret as a move towards Taiwanese independence.

A concrete example of China's soft power in the realm of research was Beijing's insistence that the Taiwan question would not be touched upon when an Asia Europe Foundation forum on regional security was held in Beijing in April 2004. At the insistence of the Chinese hosts no Taiwanese scholars were allowed to attend. About 100 policy-makers and researchers from Europe

and Asia spent hours discussing and listening to speeches about East Asian security without a single presentation on how the Taiwan issue might affect the region's security.<sup>26</sup>

## **China-Japan Rivalry and Historic Animosity**

China has skillfully used diplomacy and soft power in recent years to move into many areas which were previously dominated by the United States. Especially since Washington became pre-occupied with the war on terrorism, Asians have become disenchanted on several fronts with what is perceived as U.S. aloofness in the region on the one hand, and U.S. unilateralism and patronization on the other. However, the majority of elites across Asia do not want to see the United States withdraw from Asia. American military presence is widely regarded as a necessary stabilizing force, especially between China and Japan.

In the long term, rivalry between China and Japan may prove to be the most serious challenge to stability in Asia. Historic animosity flared yet again in 2004, providing an inkling of the problems that lie ahead. One incident in August 2004 involved Chinese spectators subjecting Japanese soccer players and fans to ultra-nationalistic behavior and violent threats during the Asia Cup Games in Beijing. In November 2004 Japanese destroyers chased a Chinese submarine from the waters around Japan's southernmost islands. In December 2004, Japan formally identified China as a potential military threat. Despite Chinese objections Japan welcomed Lee Teng-hui, a former president of Taiwan, on a visit in January 2005. In April 2005 several Chinese cities witnessed thousands-strong anti-Japanese demonstrations against new Japanese textbooks that minimize atrocities committed by Japanese soldiers in Asia in the early 20<sup>th</sup> century. The protests were partly spurred on by a massive internet petition against Japan becoming a member of the United Nations Security Council.<sup>27</sup>

In both China and Japan, scholars and officials are divided when assessing the root cause of the animosity between the two countries and how to deal with it. The Chinese government is infuriated by the Japanese prime minister's insistence on praying at the Yasukuni Shrine, where war criminals who were guilty of severe crimes against civilians during the war in Asia during

the 1930s and 1940s are among those enshrined. For its part the Japanese government is infuriated by the continuous emphasis in China on the culture of national humiliation, stating that it only fuels the nationalistic sentiments of many Chinese. In both countries there are those who blame the other side and also those who blame their own country's policies. For example the former head of the China division at the Japanese Foreign Ministry, Asai Motofumi, who is currently a professor of international relations at Meiji Gakuin University, wrote in the wake of the 2004 soccer incident that "the fact that Japan has shown not the slightest sincerity towards learning from the past has fostered deep Chinese suspicion."<sup>28</sup>

The Chinese government struggles to maintain constructive relations with Japan while public opinion, at least among an increasing vocal and diverse elite, is becoming more and more anti-Japanese. Though economic relations are flourishing and about 18,000 Japanese companies have operations in China, some Japanese businessmen fear that sporadic calls on Chinese internet chat sites for a outright boycott of Japanese goods will one day be acted upon. Intertwined with these sentiments regarding the Japanese government's unrepentant stance on the country's war past is Japan's position as the staunch ally of the United States.

## Challenging the United States?

Beijing has deployed a "formidable diplomacy" to build its own system of allies in the Asia-Pacific region.<sup>29</sup> Some observers predict that in future decades China could lead an Asian bloc of nations to challenge the United States.<sup>30</sup> Sino-U.S. rivalry can certainly be expected to increase in the Asia-Pacific in the mid to long term, presuming the Chinese economy continues to spur growth across the region.

Taiwan, Japan, the Korean peninsula, Southeast Asia, South Asia, Central Asia and Australia are already areas of competition between Beijing and Washington. This competition will inevitably spread from the economic and cultural spheres into the political arena, and China's smaller neighbors could all be eventually "sucked" into this growing rivalry as Beijing attempts to assert or reassert its pre-eminence within the Asia-Pacific region and eventually challenge the U.S. presence and influence.<sup>31</sup>

As trade, investment, and people-to-people exchanges increase regionally and become more centered on China, Beijing can be expected to want to “manage its own Asian system”, and will thus become increasingly wary of the existing U.S. presence and any U.S. attempt to dominate Asia.<sup>32</sup>

Whether or not Asian nations will fear China and rally around the United States and Japan against China, or “bandwagon with China”, remains to be seen.<sup>33</sup> Much depends not only on China's policies but also on Washington's policies towards Asia. In the short term, China will do its utmost to avoid confrontation and strengthen its efforts to take global responsibility, as long as its core national interests are not threatened. However, the Chinese Communist Party's need to legitimize its power by emphasizing nationalism, unification, and the Chinese people's suffering during the century of humiliation will, even in the short term, continue to hamper Beijing's attempts to reassure the rest of Asia of its benign intentions.

## References

<sup>1</sup> This paper draws partially from the talk, “China's Transforming Foreign Policy”, that Linda Jakobson presented at the conference “China's Transforming Society and Foreign Policy” in Helsinki on Feb 24, 2005 and partially from her paper, “China's Dual Track Approach to Regional Stability: Domestic Constraints and Regional Stability”, prepared for the International Studies Association Convention in Honolulu, March 4, 2005.

<sup>2</sup> Linda Jakobson is Director of the China Programme at the Finnish Institute of International Affairs in Helsinki. She is currently based in Beijing.

<sup>3</sup> Evan S. Madeiros & M. Traver Fravel, “China's New Diplomacy,” *Foreign Affairs*, Nov./Dec. 2003, p. 1, <http://www.foreignaffairs.org/20031101faessay82604-p0/evan-s-madeiros-m-taylor-fravel/china-s-new-diplomacy.html>

<sup>4</sup> Ibid.

<sup>5</sup> Amitav Acharya, “China's charm offensive in Southeast Asia,” *International Herald Tribune*, 8 November 2003; see also Willy Wo-Lap Lam, “Hu Still Needs to Bite the Bullet,” CNN, 28 October 2003; Elaine Kurtenbach, “China Emerges As Possible U.S. Partner,” Associated Press, 21 October 2003.

<sup>6</sup> See James J. Przystup, “China's Great Power Diplomacy. Implications for the United States,” Honolulu: Center for Strategic International Studies CSIS, Pacific Forum, PacNet no. 42, 2003; Philip P. Pan, “China's Improving Image Challenges U.S. in Asia,” *Washington Post*, 14 October 2003; “How China is Building an Empire,” *Far East Economic Review*, 3 November 2003.

<sup>7</sup> See Richard Waddington, “Cancun Talks Create New Trade Power with India, Brazil, China at Heart,” Reuters, 15 September 2003; “China to Speak for Developing Nations in Cancun,” *China Daily*, 10 September 2003.

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<sup>8</sup> Brad Glosserman, "ASEAN Plus Three leads the way", Pacnet Newsletter PacNet 51A, Honolulu: Pacific Forum CSIS, 7 December 2004.

<sup>9</sup> See e.g. Peter Van Ness, "China's Response to the Bush Doctrine", *World Policy Journal*, vol. 21, no. 4 (Winter 2004/2005), p. 41.

<sup>10</sup> See e.g. "Power at stake," *The Australian*, 25 October 2003; Nick Squires, "Trade and Energy Deals Underline Visit's Success. Welcome for Chinese leader a stark contrast to Bush's mixed reception," *South China Morning Post*, 25 October 2003.

<sup>11</sup> See e.g. Joshua Kurlantzick, "China's Chance," *Prospect*, Issue 108, March 2005.

<sup>12</sup> Taiwanese students are not included in this figure as they are not looked upon by Beijing as foreign.

<sup>13</sup> "Is Korea a Forward Base for the Globalization of Chinese?" *Chosun Il-bo*, 28 January 2005.

<sup>14</sup> Ibid. See also "Link the cultures of China and the world", February 4, 2005, People's Daily Online, [http://english.peopledaily.com.cn/200502/04/eng20050204\\_172988.html](http://english.peopledaily.com.cn/200502/04/eng20050204_172988.html), "Chinese teachers spread the world to pass heritage", *China Daily*, February 1, 2005 [http://www.chinadaily.com.cn/english/doc/2005-02/01/content\\_414004.htm](http://www.chinadaily.com.cn/english/doc/2005-02/01/content_414004.htm)

<sup>15</sup> Mark O'Neill, "Deeper EU Trade Ties Sought," *South China Morning Post*, 14 Oct. 2003.

<sup>16</sup> Portions of this section pertaining to the Taiwan Strait are based on research done by Linda Jakobson in Beijing, Brussels, Hong Kong, Honolulu, Shanghai, Taipei and Washington DC from September 2002 to February 2004 before publication of *Taiwan Strait Report IV: How an Ultimate Political Settlement Might Look*, of which Linda Jakobson is the co-author (Brussels: International Crisis Group, Asia Report no. 75, 26 Feb 2004, [http://www.icg.org/library/documents/asia/taiwan\\_strait/075\\_taiwan\\_strait\\_iv\\_ultimate.pdf](http://www.icg.org/library/documents/asia/taiwan_strait/075_taiwan_strait_iv_ultimate.pdf)). See also Jakobson, *Taiwan's Unresolved Status. Visions for the Future and Their Implications for EU Foreign Policy*, FIIA Report 8/2004, Helsinki: Finnish Institute of International Affairs, November 2004, [http://www.upi-fiia.fi/julkaisut/upi\\_raportti/raportit/FIIA%20Report%208.pdf](http://www.upi-fiia.fi/julkaisut/upi_raportti/raportit/FIIA%20Report%208.pdf) and Jakobson, "A Greater Chinese Union", *The Washington Quarterly*, Summer 2005, [http://twq.com/05summer/docs/05summer\\_jakobson.pdf](http://twq.com/05summer/docs/05summer_jakobson.pdf).

<sup>17</sup> Beijing has retained the right to use force against Taiwan in four instances: if the island were to proclaim independence; if widespread unrest were to break out on the island, were the island to fall into the hands of a foreign power or – in a stance adopted by Beijing in 2000 – were Taiwan to endlessly prolong negotiations on reunification.

<sup>18</sup> The Mainland Affairs Council (MAC) in Taiwan regularly commissions a survey asking Taiwanese if Taiwan should unite with China or should Taiwan be an independent state? Over 80 percent of Taiwanese would like the present situation to continue, regardless of which end result they favour. According to the MAC polls, independence is currently supported by approximately 20 percent of Taiwanese (4.5 percent would like independence as soon as possible, 15.2 percent some time in the future). If one adds the nearly 17 percent of respondents who wish to see the *status quo* continue indefinitely, one can surmise that about one-third of the Taiwanese voters do not aspire to unification or take unification for granted (Source: <http://www.mac.gov.tw/english/english/pos/9105/po9104e.htm>).

<sup>19</sup> Michael Swaine, "Trouble in Taiwan", *Foreign Affairs*, vol. 83, no. 2, p. 40.

<sup>20</sup> Edward Alden, CIA Chief Warns On Chinese Military Threat, *Financial Times*, 16 February 2005.

<sup>21</sup> William A. Callahan, "National Insecurities: Humiliation, Salvation, and Chinese Nationalism", *Alternatives* 29 (2004), p. 199.

<sup>22</sup> Interviews by author in PRC 2002–2005.

<sup>23</sup> My intention here is not to belittle the importance of leadership nor attempts by political leaders to manipulate public opinion, only to point out that for the overwhelming majority of mainland Chinese, even those with experience of the West, the fact that Taiwan has transformed into a democratic society carries little or no weight when contemplating the present cross-strait policies of the Beijing and Taipei governments. This observation is based on discussions I have had about Taiwan in the PRC 1987-2005.

<sup>24</sup> Erica Strecker Downs & Philip C. Saunders, "Legitimacy and the Limits of Nationalism. China and the Diaoyu Islands", *International Security*, vol. 23, no. 3 (Winter 1998/99), pp. 114-117.

<sup>25</sup> Eric Teo Chu Cheow, "A counter to the US tilt", *South China Morning Post*, October 11, 2004.

<sup>26</sup> The conference "New Security Challenges for Asia and Europe" was co-hosted by the Asia Europe Foundation (ASEF) and China Institute of International Affairs (CIIS) in Beijing on 21-23 April 2004. According to several European representatives of ASEF, the Chinese co-hosts refused to invite Taiwanese scholars to the conference. Many participants, both Asian and European, observed that while Chinese participants actively promoted a multilateral approach when discussing security challenges on the Korean Peninsula, they adamantly rejected this approach in any discussions pertaining to the Taiwan Strait. Chinese participants at the conference insisted that the tension across the Strait is an internal domestic affair. (Interviews in Beijing 21-23 April 2004 by author, who attended the conference as an invited representative of the Finnish Institute of International Affairs.)

<sup>27</sup> James Brooke, "The Dragon for Trade, the Eagle for Safety", *New York Times*, 6 February 2005.

<sup>28</sup> Motofumi Asai, "Primary Responsibility for Worsening in Japan-China Relations Lies with Japan. Reflections on Recent Conflicts" *Japan Focus*, 4 February 2005, <http://www.zmag.org/content/showarticle.cfm?SectionID=17&ItemID=7177>

<sup>29</sup> Eric Teo Chu Cheow, "A counter to the US tilt", *South China Morning Post*, October 11, 2004.

<sup>30</sup> See e.g. Willy Wo-Lap Lam, *The Era of Jiang Zemin*, Singapore: Simon & Schuster, 1999, p. 320.

<sup>31</sup> Eric Teo Chu Cheow, "The China-Singapore Row & Sino-U.S. Rivalry", PacNet Newsletter 44, Honolulu: Pacific Forum, 7 October 2004.

<sup>32</sup> Ibid.

<sup>33</sup> David C. Kang, "Getting Asia Wrong: The Need for New Analytic Frameworks," *International Security* 27, no. 245 (Spring 2003), p. 76.

## Kiinan epävarmuustekijät

Hu Angang

Kiinassa 1970-luvun lopulla toimeenpantujen reformien seurauksena maan talous lähti kasvuun, joka ei osoita pysähtymisen merkkejä. Vuosien 1978–2003 välisenä aikana maan bruttokansantuote kohosi keskimäärin 9,3 % vuodessa, kun maailman keskiarvo tuona aikana liikkui kolmen prosentin tuntumassa. Ostovoimapariteetilla mitattuna Kiinan bruttokansantuotteen osuus vuonna 2002 oli 12 % koko maailman bkt:sta, maailman toiseksi suurin heti Yhdysvaltain jälkeen.

Tavalliset kiinalaiset ovat monella tapaa hyötynyt viime vuosikymmenet kestäneestä taloudellisesta kasvusta. Kotitalouksien nettoansioiden kohoamisen myötä yleinen elintaso on kohonnut sekä kaupungeissa että maaseudulla. Elinolojen parantuminen näkyy muun muassa keskimääräisen odotettavissa olevan eliniän pitenemisenä ja lukutaidottomien määrän vähenemisenä. Taloudelliseen kasvuun on kuitenkin liittynyt monia ongelmia, jotka maan hallituskin on vähitellen alkanut tunnustaa. Näitä ovat muun muassa tuloerojen kasvu, heikko sosiaaliturva sekä kasvavat erot maaseudun ja kaupunkien välillä. Epävarmuutta ihmisissä aiheuttavat erityisesti työttömyys, köyhyys sekä terveyteen liittyvät uhat.

Työttömyys alkoi Kiinassa 1990-luvulla kasvaa työllisyyteen liittyvien laajamittaisten rakenteellisten uudistusten myötä. Valtionlaitoksista ja perinteisiltä teollisuudenaloilta poistui suuri määrä työpaikkoja, ja vuosina 1993–2000 työttömien määrä kasvoi kuudesta miljoonasta 17 miljonaan. Ongelmana on edelleen, että työpaikkoja katoaa nopeammin kuin uusia pystytään luomaan. Lisäksi suuri osa työttömäksi jääneistä ei saa minkäänlaista työttömyyskorvausta; vuonna 1999 yli puolet työttömäksi rekisteröityneistä jäi ilman korvauksia. Tyytymättömyys kansalaisten keskuudessa lisääntyy, ja mielen-



osoituksia ja istumalakkoja järjestetään lähes säännöllisesti. Työttömyys ja jatkuvat irtisanomiset uhkaavatkin jo maan yhteiskunnallista vakautta.

Köyhyys on viimeisten kahden vuosikymmenen aikana vähentynyt maaseutuväestön parissa. Tähän ovat myötävaikuttaneet muun muassa maan taloudellinen kehitys, maaseudun työväestön siirtyminen maataloustyön parista muille teollisuudenaloille sekä kaupungistumisen kiihtyminen. Kiinan viranomaisten mukaan maaseudulla asuvista oli vuonna 1978 köyhiä noin 250 miljoonaa, kun vuonna 2002 heitä oli enää noin 28 miljoonaa. Maailmanpankki puolestaan on arvioinut Kiinassa olleen vuonna 1997 noin 124 miljoonaa köyhää. Erot eri tahojen ilmoittamissa luvuissa johtuvat siitä, että Maailmanpankki käyttää laskelmiensa pohjana kansainvälistä köyhyysrajaa (1 dollari päivässä), kun taas Kiinalla on käytössä oma, huomattavasti matalampi kansallinen köyhyysrajansa.

Köyhyyden vähentyminen on maaseudulla kuitenkin hidastunut 1980-luvun lopusta lähtien, mikä on seurausta työmahdollisuuksien vähenemisestä ja maatalouden kannattamattomuudesta. Kaupungeissa köyhyys on puolestaan asteittain kasvanut 1990-luvulta lähtien, ja erityisesti äärimmäisessä köyhyydessä elävien määrä on lisääntynyt. Arviolta viisi prosenttia kaupunkilaisväestöstä eli noin 24 miljoonaa ihmistä elää Kiinan oman köyhyysrajan alapuolella. Syynä köyhyyden kasvuun kaupungeissa on kasvava työttömyys ja irtisanomiset, lisäksi työntekijöiden etuja on leikattu. Edelleen valtaosa köyhistä elää kuitenkin maaseudulla Kiinan länsiosissa.

Terveysteen liittyy Kiinassa monia uhkia. Perusterveydenhuollon saatavuudessa on vakavia puutteita. Jopa yli 300 miljoonalla kiinalaisella ei ole käytössään puhdasta juomavettä. Riskiryhmään kuuluvat erityisesti naiset, lapset ja köyhillä seuduilla asuvat. Vakavasti otettavan kansanterveydellisen uhan muodostavat myös lisääntyvä tupakointi ja alkoholinkäyttö. Uusi ja kasvava uhka on hiv. Vuonna 2002 Kiinassa oli miljoona hiv-tartunnan saanutta. Kansainväliset terveysjärjestöt ovatkin varoittaneet, että ellei Kiina ryhdy toimiin aidsin pysäyttämiseksi, tartunnan saaneiden määrä kasvaa vuoteen 2010 mennessä kymmeneen miljoonaan.

## Kiinalaisten näkemykset talousuudistusten seurauksista

Shen Mingming

Yli kaksi vuosikymmentä jatkunut taloudellinen kasvu on monella tapaa muuttanut kiinalaista yhteiskuntaa. Hyvinvoinnin lisäksi se on tuonut mukanaan myös erilaisia ongelmia, kuten tuloerojen kasvua ja työttömyyttä. Näihin ongelmiin vastaaminen on ratkaisevaa kommunistisen puolueen johtamalle hallitukselle, mikäli se aikoo pitää taloudellisen kasvun vakaana. Saavuttaakseen tavoitteensa hallituksen tulee vastata kansalaisten odotuksiin ja pyrkiä säilyttämään yleinen mielipide reformipolitiikan puolella. Lisäksi sen tulee estää tuloerojen kasvu liian suuriksi sekä pyrkiä säilyttämään kansalaisten usko viranomaisiin. Näiden tavoitteiden saavuttaminen riippuu suuresti määrin kansalaisten mielipiteistä, sillä ne saattavat määrätä millaisia keinoja otetaan käyttöön. Tästä syystä on erittäin tärkeää ymmärtää tavallisten kansalaisten näkemyksiä. Niitä valottavat vuosina 2003 ja 2004 tehdyt haastattelututkimukset, joissa ihmisiltä kysyttiin seuraavia asioita: näkemykset uudistuksista; odotukset ja luottamus omiin mahdollisuuksiin; käsitykset tasavasta ja luottamus julkisiin instituutioihin.

Tavalliset kansalaiset ovat hyötynet taloudellisesta kasvusta monin tavoin. Näin ollen ei lienekään yllättävää, että tutkimuksiin osallistuneista valtaenemmistö antoi uudistuksille siunauksensa. Yli 97 prosenttia haastatelluista oli sitä mieltä, että edistystä oli vuoden 1978 jälkeen tapahtunut ”erittäin paljon” tai ”paljon”. Vain muutama prosentti vastanneista ei antanut positiivista arviota uudistusten saavutuksista. Valtaosa haastatelluista myös katsoi uudistusten vaikutusten oman perheen toimeentuloon olleen myönteisiä.

Jatkuva taloudellinen kasvu on lisännyt ihmisten luottamusta

tulevaisuuteen. Haastatelluista enemmistö uskoi, että maan talous tulee sekä lyhyellä että pitkällä tähtäimellä paranemaan. Toisaalta ihmisten luottamus omaan tulevaisuuteensa on vahva. Yli 60 prosenttia tutkimukseen osallistuneista piti tämänhetkistä tilannettaan parempana kuin viiden vuoden takaista. Vastaava määrä haastatelluista uskoi myös, että viiden vuoden kuluttua tilanne on nykyistä parempi. Kansalaisten usko omaan tulevaisuuteensa määrää lopulta koko uudistuspolitiikan tulevaisuuden. Niin kauan kuin ihmiset katsovat hyötyvänsä taloudellisista uudistuksista he myös kannattavat hallituksen nykyistä linjaa.

Sosiaalinen epätasa-arvo on viimeksi kuluneen kahdenkymmenen vuoden aikana kasvanut, tuloerot kaupunkilaisten ja maaseutuasukkaiden välillä ovat kymmenessä vuodessa kasvaneet yli kymmenkertaisiksi. Kansalaiset ovat panneet merkille kehityksen suunnan – yli 70 prosenttia tutkimuksiin osallistuneista piti tuloeroja liian suurina. Epätasa-arvon ja epävakauden nähdään olevan lineaarisessa suhteessa toisiinsa ja epätasa-arvon lisääntyminen saattaa lopulta järkyttää maan yhteiskunnallista tasapainoa. Ellei epätasa-arvoon puututa on todennäköistä, että yleinen mielipide kääntyy vastustamaan uudistuksia. Vaikka uutiset lakoista ja mielenosoituksista eri puolilla Kiinaa heijastavat tyytymättömyyttä joissain kansalaisryhmissä, ei silti pidä ennustaa Kiinan kohtaavan lähi-tulevaisuudessa laajoja hallitusta uhkaavia levottomuuksia. Tutkimukset osoittavat, että enemmistö kiinalaisista suhtautuu tulevaisuuteen optimistisesti.

Enemmistö ihmisistä luottaa edelleen kommunistisen puolueen kykyyn johtaa Kiinaa. Luottamus myös muihin julkisiin instituutioihin on tutkimusten mukaan suurta. Toisaalta tutkimukset osoittavat, että luottamus keskus- ja paikallis-hallintoa kohtaan vaihtelee suuresti. Noin 80 prosenttia vastanneista piti keskushallintoviranomaisia paikallisia luotettavampina, ja vain hiukan yli 6 prosenttia luotti enemmän paikallisviranomaisiin. Tämä johtuu todennäköisesti siitä, että tavallisilla ihmisillä ei juurikaan ole kanssakäymistä keskus-hallintoviranomaisten kanssa.

## Kiinan ulkopoliittikka muutostilassa

Linda Jakobson

Kiinan jo yli kaksi vuosikymmentä jatkunut taloudellinen kehitys on muuttanut Kiinan yhteiskuntaa ja samalla muokannut maan ulkopoliittista linjaa. Kiinan nousu taloudelliseksi ja poliittiseksi mahdolliseksi saa jatkuessaan väistämättä aikaan muutoksia kansainvälisessä valtatasapainossa. Kommunistisella puolueella on edessään suuria haasteita – toisaalla kasvava sosiaalinen epätasa-arvo sekä korruptio ja toisaalla erilaiset aluepoliittiset kysymykset. Naapurimailleen tarjoamista taloudellisista, kulttuurisista ja poliittisista mahdollisuuksista huolimatta Kiina herättää jossain määrin pelkoa ja epävarmuutta eri puolilla Aasiaa.

Viime vuosina Kiina on alkanut omaksua alueellisiin ja globaaleihin kysymyksiin uudenlaisen lähestymistavan, joka on entistä sofistikoituneempi, itsevarmempi ja rakentavampi. Se on muun muassa syventänyt bilateraalisia suhteitaan, liittynyt Maailman kauppajärjestöön WTO:hon ja allekirjoittanut lukuisia kansainvälisiä sopimuksia. Viimeksi kuluneen vuosikymmenen aikana Kiinasta on tullut useiden Kaakkois-Aasian maiden sekä Etelä-Korean ja Japanin tärkein kauppakumppani. Hyvänä esimerkkinä Kiinan omaksumasta uudenlaisesta, proaktiivisesta ja monikansallisia yhteistyömuotoja suosivasta lähestymistavasta on Cancunissa vuonna 2003 pidetty Maailman kauppajärjestön kokous, jossa Kiinan delegaatio työskenteli tiiviisti yhdessä Intian, Venäjän, Etelä-Afrikan ja muiden G21-ryhmään kuuluvien maiden kanssa. Kiina on myös pyrkinyt vahvistamaan siteitään EU:n kanssa; laajentunut EU onkin noussut Kiinan suurimmaksi kauppakumppaniksi.

Kommunistisen puolueen legitimizeetti riippuu suuressa määrin johtajien kyvystä jatkaa menestyksestä talouspolitiikkaansa sekä siitä, kuinka hyvin he pystyvät hallitsemaan

Taiwanin kysymyksen. Beijingin ja Taipeiin kiista Taiwanin asemasta voi pahimmassa tapauksessa johtaa aseelliseen konfliktiin, johon ottaisi osaa myös Taiwania tukeva Yhdysvallat. Tilanne huolestuttaa Kiinan naapurimaita, sillä konfliktin vaikutukset alueelliseen vakauteen olisivat tuhoisat. Taiwan on monien Aasian maiden tärkeä kauppakumppani, mutta maiden johtajat eivät tiedä kuinka hoitaa suhteita Taiwaniiin hermostuttamatta Beijingin hallitusta. Beijing katsoo itsepintaisesti Taiwanin kysymyksen olevan maan sisäinen asia, josta se ei suostu neuvottelemaan ulkopuolisten kanssa.

Pitkällä tähtäimellä todennäköisesti suurin uhka Aasian alueen vakaudelle on Kiinan ja Japanin välinen kilpailuasetelma. Kiinassa paheksutaan Japanin pääministerin vierailuja Yasukunin pyhättöön, jonne on haudattu muun muassa toisen maailmansodan aikaisista rikoksista tuomittuja johtajia. Japani puolestaan syyttää Kiinan hallitusta nationalistisen hengen lietsomisesta ja Kiinan viime vuosisatoina kokemien nöyryytysten painottamisesta kansalaistensa keskuudessa. Kiinan hallitus on pyrkinyt säilyttämään rakentavan keskusteluyhteyden Japanin kanssa, mutta yleinen mielipide Kiinassa on kasvavassa määrin japanilaisvastainen. Tilannetta mutkistaa lisäksi Japanin liittolaisuus Yhdysvaltain kanssa.

Jotkut tarkkailijat ovat ennustaneet, että tulevina vuosikymmeninä Kiina liittoutuu muiden Aasian maiden kanssa haastaakseen Yhdysvallat. Tämä jää nähtäväksi. Lähitulevaisuudessa Kiina kuitenkin tekee kaikkensa välttääkseen yhteenoton ja keskittyy vahvistamaan asemaansa globaalin vastuun tuntevana valtiona. Puolueen tarve legitimoida valtansa korostamalla nationalismia ja pitämällä esillä kiinalaisten 1800- ja 1900-luvuilla kokeman alennustilan kuitenkin varjostavat Beijingin pyrkimyksiä vakuuttaa naapurimaat hyvistä aikeistaan.

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