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**GOVERNANCE CHALLENGES IN CHINA AND THEIR
REGIONAL AND GLOBAL CONSEQUENCES**

“China cannot be considered a fully responsible stakeholder and leader in the international system until it develops a more open, transparent, and free society, unleashing the innovation and creativity of its own people.”

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Introduction

1. The greatest threat to burgeoning China is the Chinese government. The statement may surprise most that are in constant awe and admiration over the blistering economic progress made by China, but avid China watchers will understand the meaning of the statement. Glaring gaps in the fields of capacity, legitimacy and security exist with respect to Chinese government. A number of issues like civil liberties, social inequality, minority rights, religious freedom, corruption and rule of law form part of the large spectrum of the above mentioned gaps. There is likelihood of Chinese Communist Party (CCP) taking help of nationalism in order to hide these gaps and divert domestic and international attention. It is very important for Chinese government to address the capacity and legitimacy gaps in specific areas of civil liberties and rule of law in an acceptable time frame, in order to prevent serious consequences for the regional and global security and economics. India can play a meaningful role in this field.

Aim

2. The aim of this paper is to analyse the Chinese government's **capacity** and **legitimacy gaps** in specific areas of **civil liberties** and **rule of law** and its consequences for the regional and global security and economics.

Civil Liberties

3. Talking about civil liberties in a country like China does not evoke merited response as their absence is taken as a foregone conclusion. China has not only been a close society but also is highly averse to opening up. In China, CCP is everything and secrecy has continually remained the bedrock of its strategic efforts to maintain its monopoly. This secrecy not only dominates the highest echelons of CCP but there is an institutionalized method to exploit this instrument of power by shrouding the life of every citizen of China. "For many years, the primary means by which the CCP guarded its mandate and controlled its citizens was the so – called **iron triangle**: the **residence permit**, which established where people were allowed to live; the **secret personnel file**, which recorded a citizen's political reliability and ideological offenses and the **work permit**, which managed many aspects of a citizen's life."¹

4. The **Dagon**, or secret personnel file is the first tool in the hands of CCP. Two files in respect of every citizen, one with local police and one at his work place is kept and maintained. It records all incidents of insubordination even of small magnitude. This file is required to be produced by the citizen whenever he needs anything from the government

¹ Nicholas Kristof and Sheryl Wudunn, *China Wakes: The Struggle for the soul of a Rising Power* (New York: Vintage Books, 1994), p.49.

like a new job, a new residence permit or even permission to travel. The residence permit or *Hukou* is a booklet that lists the bearer's family members and establishes where he is allowed to live. Without this permit it is not possible for a person to move and reside in a place of his choosing. The third confluence of the iron triangle is the *Danwei* or work permit. Traditionally, the Danwei was the provider of health care, housing, and ideological education. Its approval was needed to marry, to have a child, to travel, or to move.² These three tools are being manipulated by the CCP to almost control the personal lives of Chinese citizen. Though, there are some recent relaxations to the concepts of Hukou and Danwei in view of state's requirement to move cheap labor to their intended location, they offer very limited benefits to the individuals.

5. These individual restrictions on civil liberties has an even more cascading impact for a number of Muslim minorities of Xingjian Autonomous Region, Buddhists of Tibetan Autonomous region and Falun Dafa³ practitioners who have no right even to practice their choice of religion or way of spiritual life. All the restrictions are putting tremendous undue pressure on the Chinese citizens and what is worst is that there is no viable outlet for this pressure. A common watchdog acting as outlet in civilized society, ***the media enjoys no freedom in China***. State owns or controls the media including internet in China thereby curbing citizen freedom. The Chinese public, therefore, feels severely handicapped in venting their frustrations, which might take an ugly turn someday. Worldwide Press Freedom Index in 2007 ranked China's Press at 163rd place (out of 169) by just placing her above Eritrea, Turkmenistan, Iran, Burma, Libya, Cuba and North Korea. As per them "China maintains its

² Kristof and Wudunn, pp.49-50.

³ Falun Gong (also called Falun Dafa) is an ancient form of *qigong*, the practice of refining the body and mind through special exercises and meditation. <http://www.falundafa.org/eng/overview.htm>

leadership in this form of repression with a total of 50 cyber-dissidents (out of 64 world wide) in prison”⁴.

Rule of Law

6. Absence of rule of law highlights another important legitimacy gap in the Chinese government. Jerome A Cohen, Adjunct Senior Fellow for Asia Studies in a testimony before US Congressional - Executive commission on China writes that ‘This is a gloomy time in China for the administration of criminal justice and related legislative and judicial reform’⁵. The major weaknesses in China’s legal system are lack of judicial independence, weak judicial authority, judicial corruption and no respect for the law.

7. The Chinese court system is controlled by the CCP and local governments. Owing to the fact that the judges are appointed by the party and local governments, they lack job security and imperial power to adjudicate court cases. Party and government funds are running the courts justifying their interference in the court decision. Judiciary being part of bureaucracy lacks the authority to enforce its decisions. More often than not their decisions are resisted by the local authorities, thus cannot be enforced. This extraneous influence has given rise to rampant corruption in the local system, bribing judges to get favorable decisions is a common practice. Legal frameworks and laws are frequently not respected, ignored or tampered with while passing judgment resulting in disrespect of law. A number of provisions for individual and property rights are ignored by the government and local authority.

⁴ <http://www.rsf.org>

⁵ “Human Rights and the Rule of Law in China” Council of Foreign Relations Sep 20, 2006.

8. To make the matters worse there are a number of restrictions imposed on defense lawyers during both the investigations and trial stages. Lawless police blockades are frequently imposed on lawyers and other legal activists as well as their clients. In spite of regular crack down on legal experts who seek use of Chinese law to press for greater freedom and rule of law, the official party line remains “The Chinese people are comprehensively implementing the rule of law as a fundamental principle”⁶.

9. It is therefore no surprise that Freedom House publication ‘Freedom in the World, 2008 Edition’⁷ graded China as 6 (7 being the worst situation) in **Civil Liberties** (comprising Freedom of Expression and Belief, Rule of Law, Associational and Organisational Rights, Personal Autonomy and Individual Rights) and 7 in **Political Rights** (comprising Electoral Process, Political Pluralism and Participation and Functioning of Government). When one reviews such abysmally depressing conditions in conjunction with equally distressing scenarios concerning social and economic inequality, corruption, minority rights and religious freedom one can make a reasonable assumption that Chinese government’s greatest challenge in near future lies in managing its internal challenges.

Impact and its Manifestation

10. The lack of civil liberties and personal freedom hurts all categories of people on the economic spectrum. Ironically, those citizens who benefited to a greater extent from the economic boom feel more hurt because of their increased exposure to the outer liberalized world and being better poised to understand the anarchical laws and their repressive effects on Chinese society. On the other hand, persons from lower economic strata feel the

⁶ White Paper Published on China’s Rule of Law, china.org.cn.

⁷ <http://freedomhouse.org>.

repression but do not consider it as their priority concern. Lack of legalized release mechanisms like free media, internet and rule of law exacerbate the situation. It is only a matter of time that the false sugar coating of economic well being provided to the closed society will not be able to withstand social unrest and give way to the big bang which would be difficult to control. This silent time bomb is sure to explode, the only question remains - when and in what form?

11. **Internal Impact.** This explosion may take form of large countrywide protests, demonstrations, strikes and sit-ins against the government resulting in melt down of governmental structures. The indications are already ominous. The number of protests has already increased drastically over the years. As per the unofficial figures China faced 1, 40,000 protests in 2007 (with each incident involving at least 2000-3000 persons), up from 87,000 in 2005⁸. This increasing number of protests assumes importance not only in terms of numbers but also due to their regional spread and their increasing level of sophistication. There are a number of such protests that go unreported. In all likelihood, the actual figure is much more than the official data and since they occur mostly in the hinterland, away from the much publicized East coast, cause enough alarm to the authorities. These protests are also becoming increasingly hi-tech with using text messaging and internet as tools to organize as well as contacting media personnel. This form of social instability assumes a violent twist with increasing number of illegal arms finding their way to China from Myanmar. In fact, growing economic reasons for such protests e.g. opposition to privatisation as well as monopoly mismanagement and corruption in running the state enterprises are clear pointers to ever increasing discontentment which can explode any time.

⁸ Hannah Beach, "Inside the Pitchfork Rebellion," *Time*, March 13, 2006, <http://www.time.com/time/archive/preview/0,10987.1169902,00.html>.

12. The most obvious and ironic internal reaction would be felt by the Chinese government itself. It will quickly attempt to clamp down ruthlessly on the possible causes of unrest among population, thereby becoming more closed and insulating. This would further compound the problem and will actually retard the country back on the issues of civil liberty and rule of law which were the fundamental causes of the problem to begin with.

Regional and Global Impact

13. The regional and global impact of Chinese meltdown in the fields of economy and security can be devastating. "A regime's slide towards the dip in J curve-the point of greatest instability and uncertainty –is dangerous for an entire region and beyond, particularly when the country is an important regional actor"⁹.

Financial Impact

14. Economically, at the macro level it may result in institutional withdrawal of capital of the global financial system in the form of Chinese goods, cash and other monetary instruments. A lot of multinational companies based in China will incur losses because of non availability of cheap labor and goods. This situation will be exacerbated by similar impact on other markets in view of globalization and interdependence. The effects may be equally damaging in the services sector. 'The Chinese banking sector, for example, is currently sustained by average Chinese citizens high savings rates and infusions of governmental capital and holds nearly one trillion US \$ in government capital'¹⁰. Any apprehension faced by Chinese population may result in huge withdrawals from their banking system sending a spiraling reaction worldwide. Overall, international

⁹ Ian Bremmer, *The J Curve, A New Way to Understand Why Nations Rise and Fall*. (Simon & Schuster, 2006).p, 86.

¹⁰ Josh Kurlantzick, "Fragile China," *Democracy: A Journal of Ideas*, Winter2006.

markets may suffer deep losses. A brief preview of this scenario was enacted on 27 February 2007 when a nearly 10% fall in Shanghai stock exchange resulted in sharp losses in all world stock markets¹¹. China is also a major aid donor and invests heavily in the regional countries like Burma, Cambodia and North Korea, keeping their economies running. Any financial step down by China in these economies will affect their economies drastically and may create internal problems in these countries resulting in huge refugee outflows.

15. The financial impact of this economic down turn can also be serious for India. In addition to the bilateral trade of nearly 60 billion dollars, our global trade with other countries who are direct beneficiaries of multilateral or bilateral trade with China will shrink. Foreign investments to our country in the form of FDI will reduce as the foreign companies will become shy of investing in the region because of increasing risks. In any case, we would not be in any position to replace the supply of Chinese manufactured products to us as well as other countries. The impact of such a slowdown in China on world commodity market can also impact us, thereby resulting in a general slowdown.

16. **Security Impact.** In the security perspective, the most obvious reaction of the failing Chinese government may be *to fill in these capacity and legitimacy gaps with false sense of nationalism*. It is likely to become more nationalistic and resort to age old trick of 'diversion' of domestic audience towards a 'created false external threat' which would call for their unification for a just cause. This 'created false threat' may take the form of security, cultural or economic threat calling for a matching response which will further drain out existing precious resources from the global economic system. The whole imbroglio may take form of a regional armed conflict or showdown. The obvious manifestation of this conflict

¹¹ <http://www.chinadaily.net/world/2007>.

can take place with Japan, Taiwan, India or Vietnam. The US involvement in such a situation would depend upon the perceived threat to US core interests, therefore, can easily be calibrated by China. The important issue for us is that China would have enough trigger points to initiate such a conflict with us in the form of unresolved borders, Tibet, river waters, economic rivalry, our stance on Pakistan or our growing proximity with US. According to Japan, in 2005, Chinese warships had targeted but did not shoot at a Japanese reconnaissance aircraft hovering over a Chinese oil drilling platform where Japan had staked its claim¹². Such incidents may take different turn in case of an unstable China. All these conflict scenarios would be devastating for the region and the world, demanding deployment of regional and global resources in non productive activities thereby creating dangers for the mankind and impeding its progress. In a regional scenario, the situation can become serious in view of presence of nuclear weapon states like India and Pakistan and a number of weak and failed states like Burma, North Korea, Bangladesh, Afghanistan and Sri Lanka. This will also result in impeding the limited progress made in addressing numerous issues like environment, energy and health at the regional level.

17. The above mentioned impacts clearly bring out that the issues of civil liberties and rule of law are too important to be ignored by the Chinese government. Their causes and effects should be identified and addressed by the government in order to bridge the increasing capacity and legitimacy gap. Any collapse of Chinese government will have serious ramification at global and regional level. World cannot remain a silent witness to such a situation and must think of a response strategy.

¹²Josh Kurlantzick, "Fragile China," *Democracy: A Journal of Ideas*, Winter 2006.

Our Response

18. So, what should be the response of the world? The ***best option in dealing with a failing China lies in its prevention of becoming so.*** It should be a global effort to address the weaknesses of the Chinese government without threatening its collapse and thereby motivating it to be more closed. Here lies the greatest challenge to the world community. The best approach for the global community lies in its gradual encouragement of China to adopt reforms that would address the basic needs of its population by abolishing the existing systems of Hokou, Dangen, and Danwei. Free flow of information through the internet to the Chinese public and efforts to break the shackles of secrecy should be encouraged. Already, Voice of America and Radio Free Asia have committed a total of \$3 million for technology to counter internet jamming of their websites by the Chinese government.¹³ An increase in the number of internet users in China to 253 million¹⁴ as well as bloggers is a positive sign of progress in these spheres, but much more is desired. There is requirement of greater cooperation with Chinese government in order to improve the rule of law. This can be achieved by funding supporting research projects on the fields of rule of law and human rights focusing on criminal justice and development of legal institutions in China. Sponsorship of joint training, conferences and exchanges can be encouraged. A publication of White Paper on Rule of Law by Chinese government is a step in right direction, but its proof should only be seen in its implementation down to the grass root levels. NGOs can also participate fully in these efforts led with regional and international cooperation at governmental level.

¹³ Ying Ma, "China's Stubborn Anti-Democracy," *Policy Review*, February & March 2007.

¹⁴ China Internet Network Centre report. www.pcworld.com.

19. India along with other regional players can play an important role in these aspects. With our greater experience in managing the social, political and economic pluralism amongst population, we can certainly help China in building and developing institutions favouring transparencies in civil liberty and rule of law. In spite of having different forms of government, common strands of Asian identity, and our historical and cultural linkages can play an important role in probing the common ground. In fact with around 40% population of the world in both the countries, there is tremendous scope for mutual cooperation and engagement in these fields. The job no doubt is tough and challenging, such measures will certainly go a long way in improving the regional and bilateral security, social and economic environment.

Conclusion

20. The greatest challenges CCP faces in modern times are not external but internal. China's strong economic fundamentals and its people's power can only act in synergy if CCP addresses the basic issues of civil liberties, rule of law, human rights, corruption and social inequalities. The cost of failing can be grievous not only for China but for the region as well as the world. CCP should rise quickly above its nationalism and address these issues by taking full advantage of its neighbours, powerful nations, international organizations and NGOs cooperation.