

Panel: Politics and Society in China

PROFESSOR DALI YANG: My name is Dali Yang; I am now chairing the Department of Political Science here. I conduct research and do teaching on China. So it is a great pleasure to see this conference bloom into such an exciting event. Judging by the speech given by Professor Merle Goldman, you feel that actually the future of China is already here. And in many ways actually, it is the sort of the theme of the conference, “China and the Future of the World”. In many ways, we can already see the glimmerings of how things are changing. For example, just this past week, the Central Bank of China, the People’s Bank, raised interest rates actually for the second time only in the last two years and immediately you saw global markets change and react dramatically at this, particularly in the commodities sector. Again, it is sort of 25 years ago, China was really a very big player in global trade; today it is the third largest player. In that sense, it is really interesting to see the interactions between China and the global system in many ways; as you saw also, from the visit of President Hu Jintao in Washington and of course, he didn’t just stay in Washington in the US, he moved on to the Middle East and then to Africa. And that actually says something about the nature of China and the world.

Now in many ways, it is sort of the future, the relationship of China and the future of the world is also exhibited by the panelists we have today. If you really look at the biographies of our panelists, it is really striking the long way that each of them has come and through my reflection of things, I think actually of how China has changed. Let me briefly go over the backgrounds of our distinguished speakers and then I will let them speak to the future.

Dr. Lei Guang grew up in Anhui Province, which is one of the more agricultural provinces in China. But of course, it is also very well known for the production of literati, some of the best writers and scholars and of course, Mandarins in China. And Dr. Lei Guang has been writing on migrants and the number around, by various estimates, number in or around 120 million or so. It is a sort of an interesting number there. Today he is going to speak on the debate about the rural situation in China and we have had recurring debates about the rural situation really for the past century or so in China; intense debates. And he is going to address some of those that are ongoing today. He currently teaches at San Diego State University.

Professor Cheng Li is the William Kenan Professor of Government and Chair of Asian Studies at Hamilton College and let me say though, that Cheng is held in high esteem in my eyes because he also was a year ahead of me at Princeton. It is always wonderful to welcome him back. He has been a frequent speaker at many, many events and he is the author of several very well-known books, including China’s Leaders and of course, he has been engaged in a whole range of activities, advising and doing research.

Today he is going to talk about how to decipher the suffering, the leadership of Hu Jintao, the Chinese leader. And he is most qualified to speak on that because he has been really conducting this data analysis on China’s leaders for the last 15 years or so and in fact, probably more. What is interesting is he didn’t get much education during the Cultural Revolution; you got a sense of that period of time from Professor Merle Goldman’s talk. He was very much self-educated at that time but then he went into college, studied medicine before going into political science; a route that

some Chinese leaders had followed in the past.

Dr. Wang Ping, who is teaching English at Macalester College, has been a wonderful writer, writing on many subjects but has been most renowned for her book, *Aching for Beauty: Footbinding in China*. But she has also won book awards for a variety of other books. So today she is covering, giving a very interesting talk I think, on women in China. But of course, you will see the exact title when she speaks.

One interesting thing is that she actually was one of those youths who were sent down to the countryside during the Cultural Revolution. She spent three years in a mountain village and again though, she is teaching right here in the United States. So in this, I think I actually can see how, in many ways, they show how China has changed indeed because let's see, at the end of the 1970s, none of them, including me actually, would have dreamed of being right here with this audience. And today each of them is a leading scholar in their area.

So let me turn to Dr. Lei Guang.

[Applause]

DR. LEI GUANG: Well thank you Dali and also thanks to Dan, Alex, Chris and Juliana and all the other organizers from the Chicago Society for inviting here to speak here. It is a great honor for me to share this podium with all these distinguished speakers.

My charge today is to talk about tensions within Chinese society, in particular about the rural/urban divide as it relates to the current Hu Jintao and Wen Jiabao administration's efforts. So I decided to pick a topic on which I have done quite some reading in recent months: the raging debate inside China on the so-called rural problems; the three rural problems. And I will explain to you momentarily what these three problems are, but let me first dwell a little bit on the issue of rural/urban divide. What I find interesting about this debate that is happening in China is that a lot of attention is being directed to the rural problems urban connections. Now for me, rural/urban divide is simply a shorthand expression for the myriad forms of inequality that exist between rural and urban citizens in terms of their life chances such as jobs, education, income, state-provided benefits and political access. It was, and still is, one of the most entrenched social divisions in China today. In some ways it eclipses class differences, gender inequality and ethnic divide, the usual sort of social cleavages that one finds in modern societies in other settings, as the most important form of social inequality in China.

Now social inequalities of course exist among real people or groups of people. But the rural/urban contrast is as stark, even when we take the people out of the pictures. Now here are two pictures; one you have the façade of an urban and modernized China, symbolized by the towering television antenna erected in Shanghai's Pudong development zone. At the lower right is the interior of a peasant house in the village that I grew up in. I took the picture right after a funeral a few years ago, throngs of villagers were gone, but you can still make out the [unintelligible] that villagers erected on makeshift platforms; a dirt floor, one decent table, four bare walls with peeling paint.

Now in a different sort of graphic way, similarly again, I take the people out of this picture; this is the way that the academics tend to present the problems. This picture, this graph, sort of presents

three kinds of information. One presents the rural/urban ratio in a number of areas; income, living expenditures and savings. And there are a number of things I would like you to look at. One is to look at the ratio itself; the rural/urban gap in all these areas. Take income as an example, rural per capita income, that is on the Y-Axis on this side, has been between...anywhere between 40% to 59% of the urban per capita income and that is according to, you know, official statistics that do not necessarily incorporate a lot of the other benefits that urban populations for example, receive as part of their “in kind” payment. And then living expenditures per capita never surpassed half of the urban expenditure. And the rural per capita savings were barely above 20% of the urban savings by early-2000s. That is the ratio itself, if you look at it very statically. That is what I’m talking about, the three lines that were in decline since early-1980s.

The second thing is look at the trend. The trend is that this rural/urban gap has become larger since the first half of the 1980s in all these areas. And I’ll call this, all this, while you can also look at the red line, that is the rural per capita grain production, measured by the total grain production by the rural population, has stayed more or less constant with a slight upward trend in the last 10 years. In other words, in terms of the grain production, peasants are producing at a constant, even increasing rate even though their relative welfare has been declining compared to the urban population. Now this is not to say that there has not been any absolute improvement of rural people’s livelihood since the reform. But relatively speaking, they have been left behind.

Now on March 28th 2000, Li Changping, a Party Secretary in Hubei Province, in a rural township in a rural province-I understand there are quite a few people from that province in this audience-wrote a letter to the then Prime Minister, Zhu Rongji and the letter was entitled, “Heartfelt words from a township Party Secretary”. Well in the letter he related his personal experience working in a rural township and wrote the by now famous three lines, “Peasants are really poor, rural life is extremely hard, and agriculture is in real crisis.” The so-called three rural problems were summed up very neatly and powerfully in these shorthand three sentences.

Now this very simple and rather powerful formulation of the deepening rural crisis confronting China today struck a chord with the general public. His book, which expanded on the themes which he had mentioned in the letter, became a national bestseller after it was published in 2002. His formulation raises the three entangled issues of income, peasant income, rural instability or disorder and agricultural crisis, which have come to be known as the three rural problems or *san-nong* problems in Chinese.

Now media reporting on the so called *san-nong* or three rural issues increased dramatically after 2000, as can be seen in this very rough number of articles that I counted on the topic from the leading authoritative paper, People’s Daily. After 2002 a majority of the articles in the People’s Daily start to associate *san-nong*...the striped bars refer to the number of articles that has the word, “*san-nong*” or, “three rural” in it. And the black bar refers to the articles that have the, “rural problems” words in it. So you can see that the number of articles have been increasing dramatically. Similarly the amount of scholarly analysis has increased. If you searched some of the electronic databases you will find that in the late 1990s there were a dozen or two-dozen articles that have the *san-nong* problems in the title and by 2004, the last time I counted, there were thousands. So *san-nong* also has caught the attention of the Chinese policy-makers at the highest levels. Zhu Rongji was reported

to have sent Li's case twice to the lower-level officials for investigation. Several corrupt officials in Li's county were removed on corruption charges.

In March 2001, the formulaic expression of three rural problems found its way into Zhu Rongji's report to the National People's Congress, where he declared that the problem of agriculture, rural society and peasants is a most important one concerning the overall situation of reform, opening up and modernization. The Chinese Communist Party issued the last three consecutive number one documents, which number one here also indicates the degree of importance the party attach to these documents on rural issues in 2004, 2005 and 2006. Here of course, the Party wants to replicate the kind of momentum that it had gained in early-1980s, when it issued the famous number one documents to start the rural reform, which proved to be in many ways quite a success.

Now the rise of the *san-nong* discourse reflects concerns from Chinese academics, officials and the general public about the plight of rural citizens, rural poverty and instability and justice. Now I can detect three important shifts in this latest discourse about rural crisis. The first is a shift of emphasis; from a traditional emphasis on food security to concerns with distribution, focusing on the plight of rural population, especially grain-producing peasants. Now for a long time the Chinese state regarded food grain self-sufficiency as of paramount importance. As a result, food production was at the core of the state's interest in rural areas. Even during the reform, concern with the food security has led the state to reverse course on several occasions on its procurement policies.

Now from early-1990s on, because of a number of things, most important of which was because several important influential economists, including one who graduated from this University, Justin Yifu Lin, started to voice opinions that the food grain shortage is not a national or a permanent problem for China, but rather it is confined to certain regions and is temporary and most importantly, it tends to be caused by the self-sufficient, kind of self-enclosed system of state mandatory procurement system. In other words, the key to resolve the food crisis is to remove the barriers that have been erected by these government procurement agencies and to let food travel from region to region. And it helped that in the mid-1990s China also experienced some bumper harvest in 1994-96, so that allayed the fears of a lot of the leaders. That, combined with a change in the climate opening led to this important judgment that now the grain shortage is going to be a thing of the past, that the country had reached an over-equilibrium in grain supply and demand, with a slight surplus in bumper harvest years and this is the sort of expression in Chinese called, [*Foreign Audio*]. Now this judgment says not so much about the state of China's agricultural production - it probably has not increased all that much - but it indicates an important perspective change; that from now on rural problems are going to be less about food, but more about the distribution.

A second shift in this rural discourse is from what I call a compartmentalized to a comprehensive approach to the perceived rural crisis. Now this change stems from the realization that the rural crisis is multidimensional and that different aspects of the crisis are interrelated in complex ways. Single problems about rural income, agriculture production or rural disorder are not separate, but they must be addressed by comprehensive policies. To ensure agricultural growth for example, rural producers or peasants must be given incentives to stay in rural areas and in farming, so that means

we have to raise their income. And the prosperous peasants not only are productive producers, but they make a stable rural society; all these problems are interlinked and they are reflected in how the government thinks about the rural problems and in crafting policies.

And the third important shift, which in many ways is the starting point of this talk, bringing the city into the equation on rural problems. It is now widely accepted that the rural disorder, or these problems, may be felt or experienced in the countryside, but their causes, and in some cases their cures, may well lie outside of rural households and villages. So in this connection some people talk about sort of loosening the control over urban migration and allowing rural migrants to start seeking jobs in the urban areas. And Hu Wan Gang, quite an influential policy analyst from China, dubbed the problem of the rural migrants in cities as the fourth rural problem, stressing and highlighting the fact that China's new urban order is deeply implicated in its rural crisis.

On the question of redressing the rural/urban gap, two broad proposals have been put on the table; I'll be very brief about it. For the lack of a better term, I call one of them the "market integrationist" school and that is represented again by the writings of Justin Yifu Lin, who is the founding Director of the Beijing University's China Center for Economic Research. The other position's representative, in my analysis, is Wen Tiejun, a very influential policy analyst, formerly with the State Council and the editor of the rural edition of China Reform Journal. Now Yifu has been credited as the originator of the term, "Building a new socialist countryside" that has recently been adopted by the Chinese government to frame its latest policies. He has been a consistent advocate of using the market to break inter-regional barriers to the flow of labor and investment, especially between rural and urban areas. Now a couple of things that he said became quite influential and have almost become commonplace now in government policy contemplation.

One is that the generalized long-term food grain shortage is unlikely and it is a thing of the past, especially with China's entry into the World Trade Organization. One can even compensate for that through international trade.

A second thing in his strategy is that rural/urban modernization premised on the idea of the free flow of commodities and rural labor will create a virtual cycle of urban interaction. If you look at the Chinese countryside in 2002, you will find that the peasants or the rural population have a comparable income as the urban population back in the 1990s, a decade ago. But if you compare their consumption of durable goods, you find that the rural population consumed in 2000 only a fraction of the durable goods that the urban population consumed back in the 1990s. And that is despite the sharp decline of all these products. And what they found was that the rural population could not use these durable goods because of the poor development of the infrastructure; and if you don't have water and electricity or a stable electricity supply, you're not going to buy a refrigerator or a television set, although I see plenty of cases where people do that and they became a status item in their houses and not very useful. So what he proposed was to use the state money to start infrastructural projects; building roads and supplying electricity. That will, in itself, create rural employment and peasant income will rise and there is going to be an increase in demand for urban products and urban production will go up and employment – this proposal came at a point when the urban economy itself was in deep trouble - the employment will go up and that in turn will provide jobs to rural laborers and increase their income. So what he paints is a very, very op-

timistic scenario of urban/rural interaction.

Now the other perspective is what I call the “rural reconstruction” school, represented by Wen Tiejun. He dismisses the market as being inadequate for a number of reasons. One of the reasons is that he thinks that the land and the capital, especially land, the key factor in the production actually serves more than economic functions; it provides subsistence benefits and is really a guarantee of the peasant’s welfare. If we remove that, if you start to take land as a private commodity, it may lead to even larger scale problems. So in his view, preserving the family farm, that is to keep the household responsibility system intact, is very important, very crucial. And the market is inappropriate; that doesn’t mean that he favors the state intervention either and he argues that the state transfer of all these benefits, including reducing rural taxes, etc. is a drop in the bucket. It is not going to be helpful, it is inadequate. And also state agencies, especially these rural agencies that provide agricultural services, tend to be predatory and take a lot of profits from the hands of the peasants.

So what Wen proposes essentially is a sort of un-bridging of the rural and urban way, to start focusing on reconstructing the rural communities and focusing on building up viabilities of the rural society so that peasants have an incentive to stay. Now he does acknowledge that the state has a role to play here; that is by providing infrastructural investment, for example, in certain areas, although in a different way.

Now I have about two or three minutes so let me quickly wrap up here. Recently the Chinese government has announced that China has entered a developmental stage where industry should serve agricultural and cities; cities should support the countryside. Well the main thrust of the recent central policies on the so-called building socialist countryside seems to incorporate elements of both perspectives. On the one hand, the government tends to utilize pro-market policies to integrate urban and rural markets; on the other, it reaffirms it will not seek fundamental changes to the family farm system. In other words, the government is not yet ready to privatize the land.

In the meantime, realizing it has to show some quick results in dealing with rural crises; China has gone ahead and implemented several, what I think are quick-fix, policies. Recent repeal of agricultural taxes and the continuing reform of the household registration system are well-publicized examples. Now if these policies are followed up by further moves I would think that they probably have a good prospect of achieving long-term results. Implemented well, these policies may bring some tangible improvements to the rural economy and society but it is hard to see how they could begin to address the deep structural causes of the rural/urban dichotomy that has plagued China for decades.

So in the end, what Justin Lin has identified inevitably will happen; market forces will penetrate rural China more and more. Improved infrastructure will make it happen even faster. What Wen fears will happen is the dissolution of family farms. It may just not happen yet because the government recognizes value for social instability. It is interested in shoring up the household economy, at least in the short run. But I don’t think either development, more market penetration and the continuing stability of the family farm, is going to lead to narrowing rural/urban inequality. This is because the rural/urban gap is rooted in a more fundamental structural problem plaguing the rural areas: what I call an organizational deficit. It leads to an acute imbalance of organizational

power between rural and urban areas.

Now in other words, the gap is as much a result of the government's policies, the negative effects of which might be ameliorated by new policies, as it is a result of this fundamental power imbalance. So here I just point out the power imbalance, the organizational deficit that exists in both the formal political process and informal associational activities in country areas. Now in terms of the formal representation, I would just point out that in all the important government entities from the Party to the People's Congress to the Communist Youth League, you will see that the rural representation has been declining precipitously since the reform. And even the Communist Party organizations, which traditionally have relied on mobilizing the peasants in the countryside, have pretty much abandoned the countryside, with the membership declining and a lot of the rural party branches in disarray.

The second kind of organizational deficit is the lack of civic associations. Now here I cite a couple of examples; studies by others that point out that rural associations are fewer in number, have a smaller membership base and also are less likely to cater to local needs. And there was also a recent study by Scott Rozelle and his colleagues, saying that the number of professional associations or farmers' professional associations functioning was miniscule. And most importantly there is a lack of horizontal organizations, multipurpose organization that serve to represent the interests of the peasants.

Okay, finally, 20 seconds. So my broad conclusions come to two points. One is that redressing the urban/rural disparity requires more than the reduction of taxes, the redirection of resource flows, or the creation of unified urban market, rural/urban labor market; it requires going beyond family farms and village communities to create broader associational ties among the rural population.

Now secondly, above all, a fundamental change in rural/urban relations hinges on strengthening the capacity of existing rural organizations while forging new solitary associations that empower rural citizens vis-à-vis the urban interests.

Thank you for your patience.

[Applause]

PROFESSOR YANG: Next we have Professor Cheng Li.

PROFESSOR CHENG LI: Well first I want to applaud Chicago Society for organizing a first-rate conference on China. I believe that you are very young, but already a distinct organization, representing a profound sense of forward-looking in the American study of China. You represent the University of Chicago's great tradition of interdisciplinary research and represent and enlightened pursuit of international dialog. This is what I call the "Three Represents".

[Laughter]

PROFESSOR LI: Very much inspired by Jiang Zemin's Three Represents. Now my assignment in this panel is to address three interrelated, but not identical, enquiries. The first is to categorize Hu Jintao's leadership. The second is to define the new Chinese elite politics and the third is to

ponder the political prospects of China's future, especially the rise of Chinese democracy.

Now as all of us know, analyzing the Chinese leadership and predicting China's future is not an easy job. As the old story goes, ask five China experts, you will get five different answers; six if one of them went to Harvard.

[Laughter]

PROFESSOR LI: Well I'm sorry for the audience in this room who went to Harvard; but it is a compliment.

[Laughter]

PROFESSOR LI: Now these three enquiries are important because the top leaders' influence on the country's future trajectory is evident in China as well as in the United States and elsewhere. Whether China will play a more constructive or destructive role in the 21st century depends on many factors. Arguably the most important determinant is the ongoing transformation of China's political system.

Unfortunately both the mass media and the [unintelligible] community in the West have been underestimating or mischaracterizing Hu Jintao. Even worse, we have been very slow to grasp the changing nature of Chinese elite politics. Many predictions made by China watchers have been proven wrong. For example, three recent major events - China's accession to the WTO in 2001, the Chinese political succession in the 16th Party Congress in 2002 and the SARS epidemic in 2003 - were all seen as formidable [unintelligible] factors. According to some China analysts the first event would lead to a Chinese peasant revolution and a breakdown of the country's state-owned enterprises. The second would spark a vicious power struggle and the third would devolve in China-Chernobyl. Of course, none of these predictions came true.

Misperceptions and misjudgments are particularly evident in the assessment of Hu Jintao and his leadership, which is the first point I would like to discuss this morning. For several years, especially during his last official visit to the United States as PRC Vice President in 2002, many China analysts characterized Hu Jintao as an incompetent figurehead or an ineffective leader who would long be under the shadow of Jiang Zemin. Some analysts call him a "mysterious leader who is famous for being unknown," quoted by Financial Times. But within two years this incompetent figurehead has quickly moved out of Jiang Zemin's shadow and mostly pushed him aside. I think Conan O'Brien of the NBC Late Night Show, as we discussed last night at the dinner table, could learn a great deal from Hu Jintao in order to take over from Jay Leno of the Tonight Show in two years rather than four years.

Most remarkably Hu Jintao's policy orientation is by no means mysterious. He has outlined a new vision for the country and has in fact, already changed China's course of development in accordance with his own perceived populist mandate, as I will explain in a few minutes. More recently, especially during Hu Jintao's visit last week, many China analysts in the United States characterized him as a conservative hardliner who rejects real political reforms. This assessment, in my view, is also wrong. Hu Jintao is very much interested in political reforms but these political reforms will be incremental over time and manageable in scale.

Now let me share with you a story. The state leaders of five UN Security Council members are each driving a car and they all come to an intersection. President George W. Bush turns on his right-hand signal and turns right, not surprisingly. Prime Minister Tony Blair does the very same, what else can he do? However, French President Chirac does not want to follow President Bush; instead he turns on his left-hand signal and turns left. Russian President Putin does the same. Now Hu's turn, now I don't mean W-H-O, but H-U, Hu Jintao's turn. Now on his cell phone he calls Deng Xiaoping in heaven, or in hell, depending on what you call it. He asks Deng Xiaoping, "Two leaders have turned right, and two have turned left. What should I do?" Deng Xiaoping replied, "Turn on your right-hand signal, but turn left."

[Laughter]

PROFESSOR LI: Now ever since he took the top leadership post in China, Hu Jintao has demonstrated his political wisdom and skill by making major policy moves while deliberately confusing some potential critics, both at home and abroad. Now here are some examples. First, Hu Jintao presents himself as a populist leader who represents the interests of Chinese people, but his main political agenda is to consolidate what the Chinese call the "inner-party" democracy, which is a democracy enjoyed only by Party elites and not by the general public.

Another example. Hu Jintao said repeatedly that China would not follow the model of Western democracy, but at the same time he invited Chinese scholars to lecture at the Politburo study session on Western culture, social welfare systems and political institutions, including multi-party systems. Now these study sessions were inconceivable only a few years ago because they would have been criticized as a spiritual pollution and the bourgeoisie liberalization within the Politburo.

Now the third example. Under Hu Jintao's initiatives, the Chinese authorities decide to enhance the transparency of the decision-making process. Party and the government agencies have been encouraged to make information, especially statistics about social protests and industrial accidents, like Professor Goldman mentioned earlier on, more accessible to the press and to the public. But at the same time, Hu Jintao has not allowed expressions of discontent in what he perceives to be sensitive issue areas. During the past two years several editors of newspapers and magazines were fired and their media outlets were banned.

Now the last example. Under Hu Jintao's watch, China has adopted a so-called anti-succession law. This is a harsh form of intimidation of Taiwan and the threat to use force has caused much criticism in the international community. But at the same time, Hu Jintao's warm reception of Taiwanese opposition party leaders during their recent visit to the mainland suggested a new war across the Taiwan Strait can and should be avoided. This new way of so-called Chinese "panda diplomacy" has dramatically reduced tensions across the Taiwan Strait.

Now Hu Jintao's confusing signals make sense if we consider two factors; first, the most daunting challenge for him is arguably not a specific one but a general test to see whether he has the leadership skills required to achieve the best possible balance between China's contradictory needs and concerns. The new leaders need to accelerate the market reform required by China's growing integration into the global economy, but at the same time should use policy mechanisms, as Lei Guang just mentioned, to assist vulnerable social groups, particularly peasants. They need to broaden the

power base of CCP by recruiting entrepreneurs into the Party. But they should not portray the CCP as an elitist Party that represents only the interests of the rich and the powerful. They need to show the Chinese public that the new leadership acts firmly to protect China's national interest. But at the same time, they must smother arrogant and ultra-leftist, ultra-nationalist views of the country.

Now the second factor of the confusing signals lies in the fact that Hu Jintao's power has limits. As a new top leader who has had no revolutionary experience, no economic expertise, no foreign policy credentials and no strong military ties, Hu Jintao did not have much political capital when he came to power. He has been surrounded by leaders in the Politburo who do not belong to his faction and who are suspicious of his new initiatives. Therefore Hu Jintao has to constantly adjust his position to avoid making too many enemies. To a great extent, Hu Jintao's seemingly contradictory policies and the political moves are determined by new sectional politics in today's China.

Now this leads me to the second part of my presentation. In my view, one of the most important changes in the present-day China is the emergence of a partnership within the Chinese Communist Party which is characterized by checks and balances between two informal and almost equally powerful coalitions within the leadership. These two factions compete with each other for power, influence, and policy initiatives. Yes, they also cooperated with each other to prevent things in the country getting out of control. I call this phenomenon, "one party, two factions," which may pave the way for the emergence of a Chinese democracy in the not-too-distant future.

Now let me very quickly explain the formation of the two coalitions and their policy differences. The difference between these two coalitions is reflected not only by their leader's distinctive personal careers and political associations, but also in the socioeconomic groups and geographical regions they represent. Now one coalition might be called an elitist coalition, led by former Party Chief Jiang Zemin and now largely led by the Vice President of the PRC, Zeng Qinghong. The core faction of this elitist coalition is so-called "Shanghai gang" or "Shanghai Mafia." Now, like their patriots [phonetic], Jiang Zemin and Zeng Qinghong, many rising stars in the elitist coalition are also princelings, children of high-ranking officials. The examples include the Minister of State Development and Reform Commission, Ma Ka, the Trade Minister, Bo Xilai, and the Governor of the People's Bank, Zhou Xiaochuan. Many have advanced their careers in the areas of finance, trade, foreign affairs, information technology, and education. Some are returnees from study overseas, so-called "Sea Turtles". Now these leaders often represent the interests of entrepreneurs, the emerging middle class and economically-advanced coastal regions, the so called "China's Blue States".

Now the elitist coalition occupies more seats on the Politburo than the opposing coalition. The other coalition can be identified as a populist coalition, led by President Hu Jintao and Premier Wen Jiabao. The co-faction of the populist coalition is the Chinese Communist Youth League, the so-called Tuan Pai, T-U-A-N P-A-I. Tuan Pai referred to the officials who work in the National Provincial Leadership in the Youth League in the early-1980s, when Hu Jintao was in charge of this organization. Four front runners for membership on the next Politburo, Liaoning Party Secretary Li Keqiang; Jiangsu Party Secretary Li Yuanchao-actually he will be in New York next week-and Director of the CCP United Front Department Liu Yandong and Sanshi Par-

ty Secretary Zhang Baosun. Also the deputies, Hu Jintao's deputies in the Youth League in the early-1980s, which means they had 20 years of close ties. The populist coalition occupied about 70 seats on the 356-member Central Committee of the Party, about 20% of this very important decision-making body. And it is not very likely their membership will most likely increase further in the 17th Party Congress next year.

Now like Hu Jintao and Wen Jiabao, leaders of the populist coalition often come from less privileged families and less developed inland regions or China's Red States; I would rather call them China's Yellow States, the yellow earth. Now leaders of the populist coalition usually have humble family backgrounds and are more effective in addressing the concerns and the needs of the population at the grassroots level. You know, mobilization and propaganda, etc. Now one interesting phenomenon is that in each of the five most important organizations or institutions in China, whether the party, the military, or the state, the top two positions are filled by one leader from each of the two coalitions. President Hu Jintao, Vice President Zeng Qinghong and the Premier Wen Jiabao versus Vice Premier Huang Ju, the "Shanghai Mafia"; I won't go into further detail.

Now the leaders of Hu's coalition are much more popular in the party elections. Hu Jintao and Wen Jiabao lost the [unintelligible] of few votes, but the 10th National People's Congress. But the "Shanghai Gang" members, including Jiang Zemin because he also ran for the CMC chair in 2003, Zeng Qinghong and Huang Ju, they all lost about 200 or 300 votes, 10% to 15%, you know, out of 3,000 delegates.

Now let me talk very quickly about the policy differences; maybe I should skip that and talk about major changes depending on the foreign trade through domestic demand from the interest of entrepreneurs to vulnerable groups; from coastal development, like Shanghai and Shenzhen to inland development and northern development such as Chong Ching and Tianjin, etc. Now if there is one foreign leader who has really inspired Hu Jintao, it is not Gorbachev, but it would probably be FDR, Franklin Roosevelt; this is the reason Hu Jintao quoted him in his speech for the National Committee. This is part of the reason why many Chinese scholars characterize Hu Jintao's economic and socio-political program as China's New Deal.

Now this leads me to the third and last main point; the implications of China's "inner party" partnership and the prospects for China's transition to democracy. Factional politics is called...I'm sorry, of course, this is because I am self-educated; sometimes I have trouble to express...

[Laughter]

PROFESSOR LI: Now factional politics of course, is not unique, not new to China. What is new is that factional politics take place at a time when strong men politics, as characterized by in the Deng or Mao era, came to an end. The strong men politics in decision-making has been replaced by collective leadership in which the top leader, such as Hu Jintao, is no more than the first among equals.

What is new is the fact that these two coalitions cannot be simplistically characterized in ideological terms such as liberals versus conservatives, pro-market or anti-market or reformists and hardliners. The populist coalition may be less market-oriented, but it is likely more interested in political

reform. The elitist coalition may be more interested in the market economy and foreign trade, but it is likely more resistant to political reform. These two coalitions represent different regional and socioeconomic interests and diverging policy initiatives. Both have valid socioeconomic concerns. Now each faction has its own strengths that the other faction does not have. Based on my recent study looking at Hu Jintao's protégés, 22 Tuan Pai members, ministers, governors, party secretaries, none of them has had experience in foreign trade investment banking, none of them. So they have to share power with the "Shanghai Gang." Now to a great extent, both coalitions share common purpose to ensure the survival of the CCP at home and retain China's status as a major international player abroad. This makes Chinese bipartisanship sustainable. In my judgment, this one party, two factions formula will remain the dominant feature of Chinese elite politics in the next 10 to 15 years. Then they will face whether the Party will split; whether that split will be violent or peaceful. I tend to be more optimistic.

Then, very quickly, to conclude my presentation with an anecdote which was once told by Song Defu, former Fujian Party Chief and a close friend of Hu Jintao. Two men are traveling together in a dense forest. When they stop to set up camp, they suddenly see a tiger racing towards them. One man takes the time to put on his running shoes, while the other man laughs and asks, "What is the use of wearing these shoes? Can you run faster than the tiger?" "No, I am not faster than the tiger," the other man replies, "but I want to run faster than you."

[Laughter]

PROFESSOR LI: Now at the time of rapid socioeconomic change in the PRC, perhaps any political leader or political coalition should learn how to run faster than the others.

Thank you very much.

[Applause]

PROFESSOR YANG: Well now you know why Professor Cheng Li is one of the finest scholars in terms of observing the Chinese leadership; although I see some other futures for him as well.

[Laughter]

PROFESSOR YANG: But let us turn to Dr. Wang Ping.

DR. WANG PING: Thank you everybody and again thank you to the Chicago Society and the students who did such a great job. I'm very impressed and I think you are the future of the world.

I'm going to talk about women in modern China. I found this ad, it's a bridal ad I found on the Internet which fits pretty well as to what is typically thought about Chinese women and the ad says basically is all Chinese women are seriously seeking to marry a Western man, 10 to 30 years older.

[Laughter]

DR. WANG: It shows that all the girls are good Chinese ladies; they have respectful jobs and have never been involved in nighttime businesses. They do not engage in intimate relationships without

a commitment. In general, these Chinese brides are respectable, trustworthy, honorable, sensitive and caring and they are very pleasant and very clean and legendary beauties and to become angry is a violation of Chinese social customs. So basically, the Chinese woman is kind, selfless, hardworking, virtuous, family-oriented, obedient, sexy, exotic; basically of virtue and definitely not a bitch.

[Laughter]

DR. WANG: So what is the truth behind this myth? Before 1949, pre-Mao, when people think of the tradition of the Chinese woman and they immediately will think about foot-binding. And it is very true, foot-binding, as a way to discipline women, train women to be good daughters, good wives, and good mothers. And if a woman could endure the extreme pain of foot-binding she can be very strong, she must be very disciplined and morally good.

This is a northern family, a typical family; you can just see the three generations of women and the little girl with bound feet, watching the family around the stove, on the bed. And the stove is connected to the bed as a way of heating up the house through the cooking. So it is very energy efficient. And the other girl is on the cover of my book *Aching for Beauty* and she is very ready to enter the marriage market. And this area is pre-Mao: it is around 1920. In 1949 you can see women began to fight side to side; they were Chinese revolutionaries, Communists; and there she is, Xiang Jing Yu, a martyr, a revolutionary martyr who actually studied in France and then returned to China with Cai Chang and other, earlier revolutionary women and was then arrested in the twenties and was executed; she was tortured and executed in public. *Hong san yang si jun*

This is from *hong san yang si jun*, which means the Red Army, Women's Army and from Ba Lei revolutionary ballet during the Cultural Revolution and a typical image. Here is Mao's era, from 1949 to 1970 and this image I took from *Women of China* magazine and it is in 1957. It is a very good example to show Chairman Mao Zedong's famous line, [Foreign Audio], "Women can hold up half of the sky" and the "Women can do what men can do". And she is a worker wearing the unisex uniform, working on the bridge doing a man's job. During this era, in 1950, through marriage law, women won freedom to marry and divorce for the first time. And through land reform, women won the right to own property and land and women won the right to vote in 1953. And in 1958, seven million women were employed; 10 times more than in 1949 and with equal pay, at least that was the theory. In 1966 there was rapid growth of women leaders in government and model workers. Here the women's images, the one, Zhao Mengtao is a model worker from *fang zhi chang*, a textile factory. And this woman is a peasant, a model worker and those are like *quan guo lao muo*, they were both national model workers. And this is an image of this woman reading Mao's work at midnight, while her son...it's hard to see, it's her son or husband sleeping, okay.

Here, this period basically is Iron Maiden, from Lotus, foot-binding to Iron Maiden. And this Cultural Revolution, you can just see in the pre-cultural revolution and Cultural Revolution from *hong xiao bing*, the little Red Guard, to *hong wei bing*, Red Guards.

Here is a contrast of this little girl with foot-binding and during the Cultural Revolution, *hong xiao bing*, little Red Guard writing *da zi bao*, the big posters. And while the women's status; when Mao and the government tried to lift the women and equalize the difference between men and women

on the status; a women's status in political and financial terms. They also, at the same time, tried to wipe out the difference between the rural and urban during that period. And here is an image in 1966, the two girls in the countryside and you can't really tell...I asked a lot of people, you know, which one is the peasant girl and which one is the city girl? Everybody guessed it wrong. So most people will probably think this girl is the city girl, right? And actually, she is the city girl. So you can really see almost no difference between the city and the rural. And after educated [unintelligible], there is such a thing as actually one of Chairman Mao's policy to wipe out the difference, you know, between the city and the countryside.

In the economic reform period you can just see the gradual change of woman, back to the tradition, the feminine side, family side, value put on femininity and family and also women in science. And so this Women of China magazine is an official magazine which has a Chinese version and an English version and this apparently is the English version in 1980. This is a *lao muo*; she is a *lao muo* again, the model worker and here, usually in the past, you can see the model worker only working in the worksite. And here is the family with her son and her husband; the gentle mother, okay. And here is a girl imagining the future in science. This is in 1990, the woman designer, fashion. This is very obvious, the Pond's Cream ads in 1925 and the Pond's Cream in 1991, which during the Cultural Revolution would have been unimaginable; an explosion of ads and advertising.

And now the combo of beauty, brains and business; here is the combination of Iron Maid and supermodel and they are as hard as steel inside and they look as gentle as "Hello Kitty" and you probably know some of them. And this is the most beautiful woman Mr. Lilley talked about, and Zhang Ziyi in the movie and a super movie star and another super movie star; these are all the 10 top richest women in China. And this is from a magazine and this is a business woman.

And so just quickly, the values are changing and here is this woman; everybody wants to get into business. A lot of women, including country women, get into business to become entrepreneurs. And then the family values and also marriage values very much changed. And here is *sheng kou liu*, one is to get married is a mistake; to have a child...yeah, is an accident. To divorce is awakening and to be single is a total enlightenment and to go without a lover is a big loser. And here is the cultural emphasis on the youth and appearance here and this is *kong jie*. And if you go to Chinese Airline you don't see anyone old or ugly. It's all beauties, stunning beauties there. And they laugh at other airlines they call *kong nai*, the Grandma, Miss Grandma they all call it. But they laugh at them and *pang da shou*. This is an ad for the corset, like instantly you put them on your body will change. You become a beauty. Basically during the economic reform there's a rising middle class, white-collar and very well educated. The middle-class women can choose their career. They are more financially independent. But the rural woman is like really [phonetic] falling behind. And the figure of migrant workers, I have seen many different figures and status, so I'm not sure if it's 120 or 125, 100, 250 million. So I just picked the big one. And if there's a mistake, please forgive me, okay. And I've been, for the past three years I've been working on the Chinese migrant workers and a lot of photos are taken by me. And this is the fence, the factory sweatshops; they like to hire women to work and with very low pay and no benefits and often they are fenced in. They have no freedom to go in and out and 40 million peasants lost land.

Here's the picture of Shandong Province where I, where my father was born and you can see the

office building in the background. And this is actually my Aunt, her two sons and this is her home. They used to be all farmer and now nobody is farming because they don't have land anymore. You know, he works in the government. And he tried to do all kinds of things as entrepreneur and all failed. And two weeks ago he died of a stroke in his forties and so this is her home. And this is an empty stove. Broken family and empty village. All the children, their families, their parents are gone in the cities working and there is a rift between rich and poor, urban and rural. And 27 million children are unable to attend school, 10% of China's school age children. Girls attend at much a lower rate than boys. More girls drop out in Junior High and there are a lot of abandoned girls, which we all know. And the China traffic in to maid and sex service. And the corruption and the bankrupt parents, peasants and so some limericks and I don't have time to read English actually so I'll just read one, [Chinese audio], describing how the cadres the leaders will just come to the countryside you know just all the meetings like sleepy heads and when they return they are all drunk.

An elderly woman in economic reform and the rural women really fare the worst. I really don't have time to go in to the numbers but one thing is their income is the lowest and they have no housing insurance and often because they are not financially independent they depend on their children who a lot of them abandon them, so they take their own lives. In China the suicide rate, women's suicide rate is much higher it's 25% higher than suicide rate in the world. And there in 2004, 250,000 people took their own lives. And women were more than half, which is 25%. And there was a, sorry there is a mistake, typo on this number, money spent on poor peasant woman's health care annually is 80 yen. It should US\$10. It's growing old, the images of peasants, the women are standing up and Chinese women through 1,000 [phonetic] years foot binding they are really strong. And it's not true that they never get angry. They do and there are quite a number of female, all-female detective agencies trying to investigate men, unfaithful men. And yes, okay this is social morals.

There are six million sex workers according to the World Health Organization. And so [Chinese audio] this is all the scenes, photos [Chinese audio]. The survival menu for sex workers is no stealing, no robbing; make sure you hold a Communist leader in your bosom [phonetic]. But the prostitution is from high to low; from the senior officials to the migrant workers. But they are standing up and the women are organizing demonstrations to fight for the lost land. And they formed their own detective agencies. And also a lot of women are choosing to stay home in the village and involuntary strike which is causing a lot of factories severe labor shortage. But I say labor shortage is cheap labor shortage. They are no longer selling their labor cheap. I will read a poem. This woman I interviewed in the city of Yunchan [phonetic]. And she shines shoes. And Yunchan is a booming town in Zhejiang Province where all the heavy metal industry set but also is a city of injury and death since.

She shines shoes at the metal city of Yunchan. "No I'm not from this town; the locals are too rich for this kind of thing. Only peasants shine shoes on streets. You are right I'm from Jeung-she [phonetic] a poor village in the poorest province. My husband is here too pulling a rickshaw. My kids, the boy is working in some factory, I don't know where. Haven't heard from him in a year. He wanted to go to college but couldn't afford finishing high school. He cried so when we, when he had to quit. He was number one student since the first grade. Very smart boy. I cried too, but

what could we do? We make nothing from the soil. Had to pay taxes for everything. The crops, the house, the birth control and the school. Even for the pigs and chickens we raised. We worked hard all year and ended up owing money to the government. I escaped here three years ago; make a yen for each pair of shoes. On a better day if I'm not caught by cops I can make 30 yen that's, 9,000 yen a year. Barely enough for to pay for the college. And we have to live, that costs money. It's fate, some are born into money, to go around in Mercedes and live in mansions. Others are doomed to labor, 'til their last breath. I started working since I learned how to stand. I'm 37, have lost all my teeth. You're crying it's nothing, I'm strong, never sick, thank heavens. I roam streets rain or shine. Saving money for my daughter; a junior in high school. Her teacher said if any peasant child can go to college it will be her. We're all saving money, even my boy. She's our only hope to get out of this grime."

Report on the child prostitution by Xio Ming [phonetic], "A child prostitute is also called a babe. She wears lace lingerie, she, thighs [phonetic] already enticing. Her mother is even prettier but she is the gazelle of all the sisters. Men love such a babe. And she loves to gaze at herself in the mirror. Another child I saw, she's 12, thin, dirty an entire world has filled up her eyes, leaving no room for a single tear. Her father is a young peasant but his hair has turned gray in the passed three months, as he walked from city to city searching for his babe. Three months, almost 100 days and more than 300 men, not an easy figure for a child. She couldn't understand why these old, ugly, filthy men climbed on her stomach. She had no idea why her body became lighter and emptier. Why some parts were missing. She didn't know as a pretty babe she's not supposed to have a brain. At night she adds in her math book the number; 300 men who have no name or address. But together they become one body that devours her. And the number, like the shingle [phonetic] on the old grave evaporates before the sunrise. Reading the newspaper I tell myself I must not write the poem for this. Must not turn this into poetry. Must not hear the words or grind my teeth to chew out the disease, the surgery and the number that heaped upon a 12 year old. Poetry, bandage, photo, memory are scratching our eyes. Numbers are useless. No one cares about the damage. These are just daily facts that ruin someone's life quietly. Her 12-year-old body is nothing but a used photo. When she stands next to other children you can't tell she's missing an ovary. My eyes pick her up as a piece of news, with tons of other information that controls our pleasure as a consumer. They sweep us by just as the news about the babe. Hot minds of information, global perspectives have erased a girl's humble pain like a giant rag. We've read it, the paper crumbles, then trashed into a dark steel can." Thank you. [Applause]

PROFESSOR YANG: Well we've, certainly had some very thoughtful speeches and images presented. And let me take the privilege of being the moderator to ask some questions. And for Wang Ping obviously this is captured visually and emotionally, really sort of the dramatic changes for women. There is one statistic that suggests by the year and 2020 or so China would have a surplus of 20 to 40 million marriageable men. How would that affect the status, the positions of women in China, because of this powerful trend? Professor Cheng Li was talking about the clash between the elitist and the populist visions and the coalitions. Could you elaborate a little bit on that? Both of us heard President Hu Jintao say in Washington that there's no modernization without democracy. Would he be using something like this in this political clash that's going to come? For Dr. Lei Guang, you emphasize the rural issues. But isn't also true though that if you talk about

farmers around the world, every country you can see, the farmers are not doing well. Is China really unique except for the size of the population in the countryside?

DR. WANG: I'll go first? Okay. It is because of the shortage of women. It can make this problem of women's body as a commodity even worse. The child traffic actually is getting very serious in China. And the boys were trafficked, kidnapped and sold to families who want a boy. And the girls actually were kidnapped and sold either as maid service or sex workers. Then, meanwhile a lot of girls going to, you know either maid service or sex workers and leaving, making the problem even more serious. And so I just recently read an article about how, you know, women are becoming more precious. And it has the two sides, the more they become a commodity you know in a way the worse their situation becomes.

PROFESSOR LI: Okay, two questions: one, I would not characterize the situation between two coalitions as a clash. It's a competition. And, but again the relationship is both co-operative and conflictual. And the bottom line is both of them realize they are in the same boat. So they want to make the so-called one party, two factions sustainable. But the policy differences are quite clear. Just to give one example. Now we talk about GDP growth, talk about you know 8 or 9% growth rate. But Hu Jintao and Wen Jiabao are not so much concerned about the growth rate. They think the growth rate is too high. They want to cool down. They want to switch from single-minded emphasis on GDP growth to greater concern with social cohesion. To social fairness, so these kind of things. So in a way that is still, they had another policy called macro economic control policy has been you know adopted for the past three or four years. Basically try to cool down Shanghai fever. Cool down the coastal development. But the Shanghai leaders still have different views. You see that the Shanghai leaders actually criticized the Chinese government. You put so much resources, capital, money to North Eastern China.

It's like it's a black hole because of this lack of entrepreneurship, this new, the real market. Or there's severe corruption et cetera. They're different views. This investment is not worthwhile, not to go with the market you know logic. But the, the top of the certainly think [phonetic] that your development, Shanghai's development, not really based on market. So this is a kind of tension. But the same time they also to co-operate. Now the conflict between these leaders, sometimes open but often it's you know behind the door. Although if you go to China to talk to any taxidriver they would tell you who belongs to which faction. They would give you lots of very nice stories, some of them probably true. This is to tell you it's not completely a [unintelligible] pack. Now the question about, about democracy, I think the Hu Jintao's remark is really surprise. It's very much like a Wei Jingsun's remark. You know it's the fifth modernization [phonetic] without democracy or other formalization will not lead to you know good future. This is really a very interesting remark.

But on the other hand I think that he means what he says. He wants to pursue China's democracy. It's not a multi-party system at the moment probably not even in the 10, 15 or 20 years down the road. Now his plan is quite clear, four things, one is what I just described with party democracy to legitimize a little bit the checks and balances within the party. Secondly is the grassroots election as Professor Merle Goldman mentioned earlier. The local elections gradually going up you know township even county [phonetic]. And probably also, not too distant in the future even equal provincial competition. The area is new overall. And you see a lot of development in this area

where also for the elaborator just in one minute. Finally is the rise of NGO's or civil society. And civil society NGO previously is kind of a quote unquote "Western Conspiracy". But now they still worry about the so-called color revolution [phonetic]. But at the same time the number of NGO's increased dramatically according to official number last year is 280,000 real NGOs, not GNGOs, not government NGOs but the NGOs. And including 6,000 foreign NGOs in education, in media, in aid, women's rights and environment etc. That's a really remarkable development.

Now particularly talk about democracy, two things in relation with Hu Jintao himself, look at his close advisers. Some of them receive education in the West including Sha Yong; he is another director of a Secrecy Bureau. He studied at Harvard, two years as a visiting scholar. He's the expert of human rights, wrote ten books about human rights. He became a very close advisor to Hu Jintao. The second person is Yu Keping who taught at Duke University and also university of Berlin. His expertise is civil society NGO. And this will tell you a lot about Hu Jintao's you know mindset of thinking.

Now the other issue is you look at the Hu Jintao successors, possible successors. It is still not very clear, but we do see some you know contender, really contenders. Most of them are not trained in engineering; not technocrats, but they are lawyers. Li Kechang is a lawyer, [unintelligible] is a lawyer. Anyway it's these that got the degree in law. You know you can dispute whether they are a real lawyer or not. But they probably will want to promote this area because this is the area they can excel in. They are not good in their economics or market economy. But this is the area, they're good at it and they probably want to, want to have a legacy. So this is all encouraging development. So [unintelligible] both is, in a way it's unreal but of course you can see that democracy is not easy for China and leaders are sometimes scared but it's in despite all the problems they still want to move the direction now into new propaganda, want to legitimize this so called Chinese democracy.

I think we agree the Chinese democracy well it has unique characteristics, Chinese characteristics. Just like a Chinese economic you know development. But of course at the same time should have some universal things, such as constitutionalism, such as political choice, such as independence of media, such as institution of checks and balances. But these are all happening or making some solid progress.

DR. GUANG: Okay, I guess the point of Professor Yang's question is if the rural-urban disparity is generalized problem across all countries not unique to China. I agree to some extent because there's huge literature on the rural/urban divide and on the issue urban-biased policies pursued by countries around the world, especially developing countries. But I think the way that it manifests itself varies from country to country, from context to context. In some countries we might see an outcome of urban-biased policies that actually are in the interest of certain rural elites. For example the more powerful rural lobbies are the landlords; landholding elites, against the interest of rural laborers. In that kind of context where you see class differentiation based on land ownership you'll see a different kind of urban bias. Now in the case of China we so far, we are not seeing much of that kind of class differentiation based on land ownership yet. We do see an increasing income in equality in the rural areas. But much of that inequality is caused by all farm or non-farm related income sources.

Now because of that and I'll just point out that even in, in, in other developing countries where

the land is privately owned and then there's a skewed distribution of land, we also tend to see that the peasants or the villagers as a whole are disorganized because of their size, because of the way they work and the production system is organized compared to the urban. Now in the Chinese case there are a couple of things that are I think quite unique, one is that the state still plays a huge role in both organizing the rural and urban political economy and one might still hesitate to say that there is, there has now emerged in the urban areas powerful interest groups. But we have heard from some of the presentations that indeed such powerful groups have emerged. But even short of that we might, just want to distinguish between the ordinary urban citizens and the state bureaucratic apparatus. Because the state bureaucratic apparatus in China that are mostly based in the cities or towns are among the most organized political groups in the country. In contrast to that you don't see much of that happening in the rural areas. So, so that is one aspect I think that is unique in China.

The second thing which is maybe not unique but certainly is something that we see as a trend is that there has been an organizational decline over the reform in the rural areas which weakens the capacity of the rural population to press their demands, to articulate their interests. And that trend is more troubling than the actual situation itself. Now maybe in the end, I mean the government is trying to do something about it. The government is trying to repeal the taxes and lessen the burdens but from my perspective these are stopgap measures unless the rural peasants are allowed to organize not even politically but allowed to organize even for professional groups or to build cross-village or cross-regional ties. And you are not likely to see any fundamental change to this rural/urban situation in the near future.

PROFESSOR YANG: Thank you and we can, we are open for questions. We'll follow the rule from yesterday so each person is limited to one question and, please, no follow-ups.

QUESTION: This question is for all the panelists, last summer I was in China and I spoke with, in was in Shanghai and I spoke with several construction workers other workers from the rural and migrant workers who had moved to the urban centers. And many of them voiced concerns about corruption with local officials. And let me read a few quotes, "People like us suffer from the dirty corruption of local party officials. They collude with the rich who want to make even more money off us little people. What can we do?"

PROFESSOR YANG: Can you, can you ask the question?

QUESTION: I will, I'm almost there. And then there is also some of them went to petition locals at the, at City Hall in Tian Jin. "I once went to petition the city however when I got to city hall I saw so many soldiers with big guns that I did not dare to enter and they, some of them refused entry for me." And my question, how is China's leadership addressing this, this disdain of local party officials on the lower end by the, by the smaller people, by the regular people? How are they addressing this kind of corruption because one of the people told me that they now consider the Communist Party no different than the corruption concerning the nationalist party in 1949?

PROFESSOR YANG: Yes which, which of you would like to get started.

DR. GUANG: Start with the leader.

PROFESSOR LI: First of all corruption is not just a Chinese product and in today's world it sadly happens in many parts of the world. Secondly, what you describe is true; it's already become part of Chinese culture. Wen Tiejun is a person who also has some official status. In his one of his recent speeches he said 90% of Chinese officials are corrupted. This is a person who works for the State Council, at the development office, and it was very courageous the way he said that. And early on about 10 years ago, maybe earlier, Cheng Ying a prominent Chinese leader said, "If China does not deal with corruption, the country will be gone. If China does deal with the corruption the Party will be gone."

So probably it just tells you the dilemma. On one hand you should deal with corruption because you do not know when the revolution will occur. On the other hand you do not want to alienate the very force you want it to depend on. That's another contradictory need or concern. Having said that based on my judgment I don't think a corruption issue is the most serious one at the moment in China. If we look at some of the the major locals early on, they actually tried to fix corruption, which then became the more and more difficult. Of course it's debatable. It's difficult to say whether it's really reached peak or not. But my judgment is that on another hand it's often quite difficult and the punishment of it so severe; execution. This is another human rights issue. But again corrupt officials you know they got like US\$5,000 would be in jail for about 10 years and this kind of things.

Now I think that why I say this is not the most disturbing thing, is because the Chinese also do not to really complain of corruption that much. I think we have some different observation, not just of very much like you said you know if a person doesn't have lover there is something wrong with that person. If official is not corrupted there is something wrong with the official. So they think it's quite common, no. And also some of our propaganda also reading false image that it's a universal and also that it's because these people are smart. And of course we disagree with this concept. But they give some kinds of things that only these people smartly know how to get money. And to a certain extent intellectuals look at other parts of society and also get a lot of problems. Lawyers.

PROFESSOR YANG: Sorry I have to cut you off here. But, yes, go ahead.

DR. WANG: Well I'll just say a few words. I think that the corruption is very much related to the infrastructure embedded that allows corruption to go rampant without anything to check on the corruption. And so and I think the power of utilizing the small people the more they demonstrate the more they speak out right, the unrest will force the government to reform the infrastructure to stop the corruption from the roots. You know all the execution punishment is just you know nipped, just like nipped the head, not the roots. That's my comment.

DR. GUANG: Okay I just want to say one thing. I, I don't have empirical evidence about how widespread corruption is and in my mind that doesn't really matter that much. And I think also that I'm an optimist, I believe the most of the people who join the civil service or their government are decent people. They want to be good on their, on their commitments. Now, the perception that there is such a widespread corruption does matter. What that perception interestingly raises for me is that these people who complained about corruption must have a standard to judge these corrupt officials by. Now where do these standards come from? From a couple of sources, one is from the past days that they romanticize probably in a very nostalgic fashion that things were

not like this before. The second source, which interestingly is actually from the central government. All these corruption charges were directed at the local officials and very few people actually attempted to elevate this to the level of the entire Communist Party. So that raises the interesting question that maybe there is a widespread perception but the way that they seek to address these corruptions tend to reinforce the power of the central government and actually in that sense is a more conservative, reactive response to the contemporary Chinese problems than we tend to think. We tend to think that you know if there are a lot of people feel that if there are is that they are going to be state revolutions.

QUESTION: This question is addressed to Professor Li. You say that the Beijing consensus is gone, you mentioned this elitist and populist issue looming. This first question you have already mentioned about this.

PROFESSOR YANG: You can only ask one question, sorry.

QUESTION: Yes, directly following that, the succession crisis is the most important in any authoritarian government. What is the two term limit consensus that President Hu will step down in 2012? Is that firmly in hand? And if that is true, in the next year's Party Congress who are the most likely? Is it the system of like a cardinal voting for a pope that's the Chinese way of democracy. That's the self-perpetuating appointments for its future.

PROFESSOR YANG: Cheng can you answer the succession question.

PROFESSOR LI: Well the first one, the Beijing Consensus, is not about domestic policy it's about the way of developing China's economy and whether other countries can learn from that. This is the Beijing Consensus developed by my friend Joshua Ramo. Now your question about I agree with you that it's not following institution lines. But the term limits for president and for premier are not for the party chief, not for the CMC. But that's a norm. If he tried to change that he will face tremendous pressure from others. So I don't think he can change that. So in my view that by 2012 and 2013 he will step down from his positions. Now his possible successor is not entirely clear. It's largely based on negotiation and compromise. And probably Hu Jintao's people will have the secretary of the party, the president; the elitists will have the premier. This is not the next meeting but this will really talk about 2012. Now the leading candidates you know you mentioned two Li's, Li Qiang and Li Yuanchao and maybe the other side will be Wang. So these are the contenders. The interesting things is you also should let other facts in to accept that person. So in a way it's not really a secret that much. On the one hand, they really try to train them for a long time. I think Li Yuanchao's upcoming trip to New York is an effort to let him to be exposed to an international audience and the elites, etc. By the way, Li Yuanchao also studied at Harvard for a year as a visiting scholar. Actually, quite recently, just a few years ago. So I think it's based on compromise, negotiation that is the norm.

QUESTION: Dr Wang, given that China has sustained economic growth for quite a while and is expected to do so in the next decade at least, how do you think this will affect women's roles and status in China?

DR. WANG: Right, I think and I'm quite positive even though all the numbers are pointing to

the devaluing of women and status during the economic reform. But I think the status, the high status was kind of artificial; it was not backed by economic, financial foundation. But now even though the woman's status is down I think they are trying to fight back from the bottom. So half of this abandoned here you know when they say you know China as a lion, I say don't forget the women they are also lionesses. That's the true awakening. When they awaken just be aware of the awakening of lionesses in China. And they are very, very strong and tenacious. So I have a lot of faith in them. Thank you.

QUESTION: Hi, my question is to Dr. Wang. And I'm glad you are here adding a culture sense to this conference. We have heard a lot of economic issues, political issues. Of course whenever China comes up the first phrase that comes up in most peoples' mind is "Made in China" and the second one is the Communist Party. My real problem with that is not really much people especially here understand China as a culture but as a legend with 5000 years of history. The reason that I have thinking about this is to come up with the incident that happens in the MIT [phonetic] which Dr. I think it's Dore [phonetic] post visual arts exhibition which has about China and the Japanese war from Japanese side, which has this very graphic detail of pictures of a Chinese soldier getting beheaded. And –

[Interposing]

PROFESSOR YANG: May I ask the gentleman to ask the question.

QUESTION: Yes, the question is coming up. The reason I think behind it is it's not really that Dr. Dore is not sensitive to it. But he practically I guess knows not much about Chinese culture and its history that is going with it. I have a sort of blog to talk about Chinese culture with a lot of Chinese bloggers writing in Chinese; I try to translate them in to English but a lot of the sense is just lost in the translation. So in the things you have been writing very successfully about the Chinese culture –

[Interposing]

PROFESSOR YANG: Please, please

QUESTION: So.

PROFESSOR YANG: You already had your chance to make your statement I think can you please ask the question?

QUESTION: Yes, this is the question. What's your take as how we can introduce our culture, ordinary life, into the American society or in to other side of the world so that people when they see and hear China they actually have a sense of imagining a people of a culture, not just "Made in China." Thank you.

DR. WANG: Well I think even that "Made in China" is also a culture and once people become aware that everything they wear, everything they use is made in China, it's like real culture. What we should do is like this conference, and also writing and poetry and academic papers to erase that "Made in China"? What is behind Made in China? This is exactly what this conference is for, to

raise awareness and to bring culture of the people who actually made the projects. And what that means, you know.

PROFESSOR YANG: Yes, the next please.

QUESTION: My question is primarily for Dr Lei. You mentioned that part of your proposed solution to the Shandong problem is foreign professional organizations. But one of my observations in recent years has been that it seems like the Chinese Communist Party is very nervous about any organization, political or non-political. So do you see that forming a professional organization already or is this just wishful thinking that won't be realized beyond the Hu Jintao administration?

DR. GUANG: Well it is true that the Communist Party is wary of the organizations. Organizations you know are double edged, they can on the one hand sort of help to channel grievances and actually facilitate the government policy implementation. On the other hand they may become a real basis for organized political resistance. I think the government is aware of that. But if you read the latest party document that's packaged in this ideal building of a "new socialist countryside" you'll see that a lot of emphasis has been put on building what the Party calls the intermediary farm organizations. Of course when the Party says that they primarily mean are more economically-based or commercial-industrial cooperations. This idea of [Chinese audio] as a way of sort of lifting the rural economy and other proposals, for example, one proposal that was raised by a political scientist in China, Professor Yu Jianrong, of reviving the general purpose of *nong hui*.

The peasant association has not received as much notice. I think that reflects the ambivalence on the part of the government. But I think the government realizes that it cannot let this thing go on because it faces its own problems. First of all, in the absence of organizations, widespread peasant resistance is already very, very serious. And it also starts to see that a lot of the party organizations, local grassroots organizations are in total disarray. So it has to do something about it and it may fear possible consequences from empowering the rural organizations but it may not have another way out. So that's my sense.

PROFESSOR YANG: Because we started a tad late so we can go a little bit late. We can probably take two or three more questions but no more. I regret that's the situation.

QUESTION: I had a question for Dr Wang. In my brief stint as an ex-pat in Beijing I was surprised at how kind of open and liberal and strong willed young women were. More so than my classmates who are primarily from Korea, Japan and India. And I was also, but I was also dismayed at how some of my female co-workers described inequalities in their private relationships. And I was wondering how do you see the future role of Chinese women in both public and private spaces?

DR. WANG: Right, well inequality between man and woman I think is everywhere. Again, it's like corruption, it's not just a Chinese problem. And it's in different aspects and it comes out in different ways. And, and the industrial boom kind of put the woman's problem on the global level. And made it more public. And the Chinese woman's problem also became the world woman problem. To make woman stronger and more equal is also a global effort I think. I think there's a lot of effort to globalize this, woman's empowerment. And I hope that there's more effort to get in to it.

And I think to get more girls into education is extremely important. On one of the slides this girl carrying a child is from Baliunchang. She is nine years old, she lost her mother. She is taking care of two of her nephews and nieces since she's four. She wants to go to school, so I'm raising money to send her to school. So this kind of little effort from all of the world is very important I think.

PROFESSOR YANG: All right I've just been told that there can only be one more question, sorry.

QUESTION: This question is for Lei Guang about the complex rural situation. I'd like to mention a statistic that presents a different picture than you did of the rural economic disparity and this is from a three-inch thick book published by Hong Kong Shanghai Banking Corporation, the third largest bank in the world which knows something about China. They have pages of statistics by province and there may be 50 categories; two basic categories are average individual income in the rural area versus in the urban area. And then it's both before and after tax. In every province without exception the after tax income average individual in the rural area is higher than the urban average after tax income. And in many of the provinces the before tax income is higher in the rural than in the urban. I have asked top professors at various schools, many of them just dismiss that and say this is wrong. Burt Swanson Professor Emeritus in the agriculture school at the university of Urbana-Champaign suggested that it might be, well first of all, half of Chinese industry, which is not understood is in the rural areas. Historically and presently.

He thought it may be because of second jobs both in these industrial plants in the rural areas plus the service industry, that the farmers are holding two jobs. So my question really is do you have any reason to believe those statistics, number one. And number two I do know that China Academy of Science in the rural area has launched a major effort to gather what they see is correct empirical data on what the facts are in the rural, mainly in the farming area? Do you see that continuing? Do you think it's important? Is there a problem with the data, a serious problem?

DR. GUANG: It's important to preface my remarks by saying that the rural areas have seen tremendous improvement in terms of the number of people who have been lifted out of poverty and also general improvement in their material lives, their mobility, etc. But the data that you describe really surprise me. There might be some possibility to that data if let's say he's talking about urban and then immediate rural areas, the Chinese suburban areas and if the general conclusion is across all provinces the rural per capita income is higher than the urban I'm really surprised. I would like to see the methodology with which they came to that kind of conclusion. There have been numerous studies from government sources and from independent surveys by the Academy of Social Science Scholars involving scholars from this country, using independent sampling and analysis surveys that show that the disparity is real. And not only real but is increasing. In since the early, since the first half of the 1980's, so I would really be curious about the methods with which, that these banking people have come up with. It is –

[Interposing]

PROFESSOR YANG: I think we have to.

DR. GUANG: Okay I'll just stop it there.

PROFESSOR YANG: Okay well maybe I can give each of you 20 seconds to make a final statement if you wish. Otherwise we will just have to move on.

PROFESSOR LI: Well recently this one phrase frequently appears in Chinese media called the “Chinese Dream.” It’s the idea to lead a middle class lifestyle; good education for our children, have a car. But at the same time that would cause a lot of concern in this country. The concern is about the energy and environment. Because the slogan for the first auto industry is called “Let every Chinese family own a car”. So this translates to the American audience getting very scared.

But the point is, this Chinese dream is very much inspired by American dream. You can see the same things, middle life, middle class lifestyle, etc. So this reminds, someone said if the American dream is for America only, it will remain our dream and never be our destiny. China of course, will choose its own destiny. But I think that we should welcome China becoming a prosperous stable nation. But at the same time we should also say China’s development should be universally concerned because environment and energy are universal problems. So we should not let the Chinese dream become someone’s nightmare, but at the same time we should really encourage the country to move along with the world to become one of the most prosperous countries. This is not a small thing. This is really a fascinating development. There’s a theme of this conference rise of China, we should welcome the fact of change, so that the shared dream, this is what our intricate slogan called “One world, one dream”. Thank you very much.

[Applause]

DR. WANG: Well I want to say th Chinese women are very, very strong and that they can be obedient but they also can be tigresses [speaks Chinese]. But in a good way, in a good sense. I have a lot of hope as I said and that’s I think all I have to say, yes.

PROFESSOR YANG: Thank you.

DR. GUANG: I just would like to encourage people, although you know in Wall Street terms I’m bullish on China to start to see a pluralistic China, to see China as made up of different parts. There are two Chinas, three Chinas. And to move beyond the façade and we often see in the media and also when we visit these metropolitan cities, global cities in China to start to delve more deeply in to the Chinese society and start seeing the tensions and the problems that are, that are cropping up. And as part of that I hope that, that the government, it’s broadly moving in the right direction, but will also further its effort in building up the organizational resources in the rural areas so that these people be empowered and, and through that to improve their welfare.

PROFESSOR YANG: Well thank you and please join me in thanking our panelists.