

THE NATIONAL ENGLISH LANGUAGE NEWSPAPER

# CHINA DAILY

## Meaningful reshuffle

For a country as huge and complex as China, there are too many variables to take into account if one wants to foresee even its immediate future.

But the country of 1.3 billion can also be quite predictable, if you keep an eye on where the Communist Party of China is heading.

No serious China watcher should ignore the on-going leadership changes at the CPC's local branches.

They are an essential reference for those interested in the CPC's, and the country's, future whereabouts. Some experts and Party insiders call them the third, Party-wide leadership reshuffle since the late 1970s.

In the mid-1980s, the CPC offered leading positions to people "revolutionary, young, knowledgeable and professional," in line with the just-started reform and opening-up. In the early 1990s, the Party embraced ambitious officials who were more comfortable with a market-economy environment and were capable GDP (gross domestic product) boosters.

The current round, too, parallels a major inner-Party concept change. This time, preference goes to those who are faithful to the Party's latest proposals of the scientific perspective on development, and social harmony.

Single-minded GDP chasers are out. Now is the time for those who can incorporate social and human concerns into development programmes.

The Party sees the current leadership recreation as a strategic opportunity to reshape itself and refine governance.

The most talked about aspect of the

realignment, which began earlier this year and will last till the middle of the next, is downsizing.

There are no universal and compulsory quotas. But many local CPC committees, which used to feature a secretary and a dozen or more deputy secretaries, have reduced their number of deputy secretaries to one or two.

Behind it is the Party's eagerness to improve its own leadership efficiency as well as co-ordination with the administrative branch of local governments.

The traditional CPC leadership line-up overlaps seriously with same-level governments. While a local government includes offices to take care of such local affairs as commerce, transportation and legal affairs, the local CPC committee usually has many deputy secretaries assigned to oversee the same areas respectively.

Foot-dragging is unavoidable when both Party and government authorities step into the same matter.

According to the new design, one of the two or three deputy CPC secretaries should be head of the same-level government. At the same time, several deputy heads of government can be standing members of the local CPC committee. Such cross-appointment is intended to reduce both the layers and links in local decision-making. If it does work that way, things can be much better.

Besides leadership restructuring, the CPC is bent on strengthening self-discipline in the same process. This is a historic CPC campaign of self-rejuvenation.

Let us hope the self-reform will bring the Party and our society a step closer to the good governance the CPC has so enthusiastically wanted to deliver.

## Power reforms take off

To ensure that China's economic growth will be properly powered, the power industry must speed up market-oriented reforms to raise its efficiency.

The State Council recently sounded such a clarion call by approving suggestions on deepening the reform of the industry from 2006 to 2010.

As a basic utility, electricity is closely related to both the development of the national economy and to the improvement of people's living standards.

However, for China, the importance of the power sector reform lies not just in meeting its growing demand for electricity. The reform also constitutes a crucial part of the country's long-term efforts to pursue a sustainable growth pattern.

During the 10th five-year period (2000-05), the country was once caught in a serious shortage of power supplies thanks to soaring industrial demand and inadequate increase in generating capacity. Widespread power blackouts in 2004 posed a bottleneck in the rapid growth of many businesses and caused great inconvenience to numerous households.

If the past is any guide, policy-makers should certainly pay more attention to increasing the power supply in line with the national economy's growth prospects.

Though the authorities have vowed to cool down economic growth for industrial restructuring, the Chinese economy is well predicted to stay on the track of fast growth in coming years. Hence, a further increase in electricity consumption is very likely, and more investment to expand generating capacity is needed.

While quenching the country's thirst for electricity, though, a more demanding and urgent task is for the country to set efficiency standards and enforce air pollution standards more rigorously for coal-fired power plants.

Coal fuels two-thirds of China's electricity production, and the country is now second only to the United States in the use of electricity.

The central government is keenly aware of the need for the power industry to boost efficiency — reducing costs and improving services. It is a sad fact that waste and inefficiency still contribute considerably to the current need for China to add many new power plants every year.

To enable itself to develop in a stable, healthy, coordinated and safe way, the power sector should step up reforms to improve the industrial structure and change growth patterns.

Yet, to bring into full play the role of electricity prices as an incentive for businesses and households to save energy and protect the environment, a market-oriented pricing reform should take centre stage in the coming reform of the power industry.

That is why the State Council has called for a "unified and open" electricity market, a price mechanism in line with the market economy and a sound market supervision system.

Only when electricity prices reflect supply and demand in the market and include the environmental costs, can both power plants and consumers be motivated to produce and use power efficiently and in an environment-friendly way.

## Protect old townships

Amid what we have achieved in urban development in the past two decades, we cannot but feel regret for the loss of, or damage to, a number of sites and buildings of historical interest.

With the wave of development beginning to sweep through thousands of small townships and villages, the protection of such sites has become a matter of concern.

We are actually at a crossroad: the mode of development we follow will have a strikingly different impact on the fate of these townships — if we choose to turn them into modern townships featuring skyscrapers and wide streets, they, as living history, will vanish forever; but if we choose to repair the old buildings, update their facilities but keep their original style, we will be able to preserve them.

Even as the future of these townships is faced with such challenges and opportunities, an official from the Ministry of Construction on Tuesday at a symposium on the subject listed the following difficulties: lack of awareness, lack of planning, the poor condition of the townships, a shortage of funds, and few necessary written records needed for their repair.

Of them, lack of awareness poses the most daunting threat to the preservation of these townships and villages.

Without the understanding that old

buildings, stone or wood sculptures, gardens, and lanes and streets function as living fossil of our past and a vehicle for passing on our cultural heritage to present and future generations, decision makers will quite likely see them as unnecessary or as obstacles to the construction of new townships or villages.

Without an awareness of the need for their preservation, decision makers may feign ignorance to defend their demolition.

Any of the other difficulties listed can also be used as a pretext.

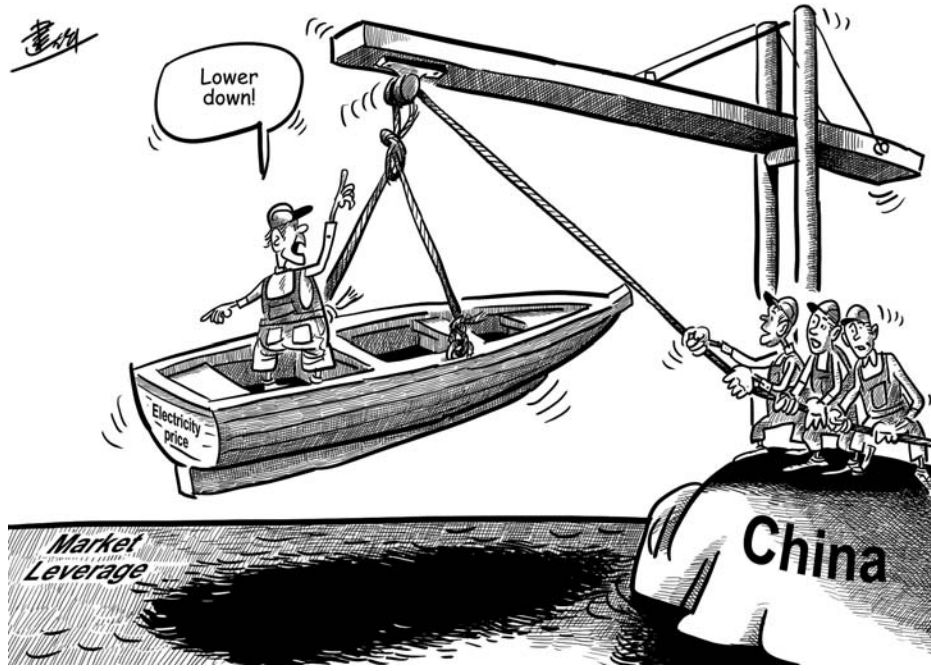
But if decision makers seriously consider this cultural heritage as worthy of preservation and are willing to make the efforts, all difficulties can be resolved.

However, important as such awareness is, that alone is not enough. We must have a legal and administrative mechanism to make sure that local decision makers will put the preservation of townships or villages of historical interest on their work agenda.

Eighty representatives from such townships or villages released a joint statement at the symposium calling for concrete efforts for their protection.

This suggests that residents in these townships and villages are willing to protect the cultural heritage left by their ancestors.

With concrete efforts, we will be able to preserve them well for later generations.



LI JIANHUA

## No conflict between markets and socialism

By Robert Blohm

The "Resolution on Major Issues Regarding the Building of a Harmonious Socialist Society," released at the end of the Sixth Plenary Session of the 16th Central Committee of the Communist Party of China was reaffirmed two weeks later in President Hu Jintao's speech commemorating the 70th Anniversary of the People's Liberation Army's legendary Long March.

He likened the Long March to persevering in constructing China's modernization as a market economy that maintains socialism's "core values."

These declarations illustrate how China has joined and may now lead a historic global dialogue on two key questions, whether there is a contradiction between the economics of capitalism and socialism, and on the nature of the "civil society."

On the first question economists engaged in a raging debate throughout the decade preceding WWII and the Cold War, and since forgotten, known as the Lange-Lerner or Lange-Taylor dispute, led by University of Chicago's Marxist economist Oskar Lange who became a post-war finance minister of Poland.

Lange claimed there is no contradiction because the same scientific "general-equilibrium" mechanism of allocating goods according to prices was used by both systems. The only difference, he said, lay in how the prices were set, whether by informed central planners or in a decentralized "discovery" process that, it has since been observed, enables mistakes of multiple decision-makers to cancel each other out.

British mathematician and economist Frank Ramsey already mathematically proved in the 1920s how one and the same solution was achievable as a central "command optimum" or as a "decentralized equilibrium."

Italian socialist Vilfredo Pareto (of the "Lausanne School") of general equilibrium's discoverer, Leon Walras earlier suggested the two fundamental theorems of general equilibrium, namely that everyone is best off in a competitive market equilibrium, the second one requiring an appropriate starting distribution of wealth for a competitive market to guarantee everyone is best off.

The other question addressed by the Central Committee and President Hu, involving the nature of "civil society," grew out of the French Revolution of two centuries ago and the concern of how private behaviour can be sufficiently socially compatible and how voluntary it can be.

Even such a champion of free-market capitalism as Milton Friedman has affirmed the paradox of how a minimum set of commonly agreed and followed "rules of the road" are required for a market-economy to work, the fundamental idea of a transaction being based on trust and on confidence in the system.

As philosopher-physicist Mario Bunge has said, there is no freedom in a lawless universe.

Accordingly, the focus of socialism in China's market economy is increasingly on developing "spiritual education" and maintaining a "core system of values" that at the same time enables "creativity and enterprise" that themselves are not the product of a specific set of rules, in other words on developing "civic virtue" and pre-empting cynicism.

This is similar in many ways to the public debate on "values" in the United States following decades of moral relativism.

I disagree with the Asian Development Bank's interpretation that the Central Committee's resolution, now reaffirmed in President Hu's speech, signals a shift of emphasis away from economic growth and toward (re)distribution of wealth.

Nevertheless, the residual welfare-state social-democracy of Europe, begun by 19th century German Prince Otto von Bismarck, may be encouraging China to make such a shift.

As I explained in my editorial of March 23rd in the People's Daily after the National People's Congress met, it is a natural development of China's market economy to achieve a second economic miracle by moving production and growth "inward" to thereby urbanizing rural areas (where income is already rising faster than the cities) and away from the coastal cities that increasingly become net consumers.

What government need do is facilitate this already-occurring process, more than initiate it or direct it. While the US, Europe and Japan struggle with how to adjust their systems to efficiently incentivize the provision and use of social services nationally, China has the opportunity to address this issue from the start and to lead.

China's explicit policy goal of a "harmonious society" expressed in the Central Committee's resolution and President Hu's speech is practically universally shared. It is not a rejection of Marxist dialectics based on contradiction and struggle (class conflict) in the revolutionary stage.

Even the early 20th century's Viennese market philosopher-economist, Josef Schumpeter, borrowed revolutionary Marxian dialectics in describing markets as driving a process of progressive

"creative destruction" among contending enterprises and ideas.

"Harmonious society" is rather a reflection of the post-revolutionary stage where Marx foresaw even a reduction in the role of the State.

China's market economy is growing from a relatively level playing field starting-point for participants, without a historically entrenched wealth-concentrated class structure (or a caste system like India's), and a generally universally literate, educated and healthy population (especially relative to India).

Even the beacon of market capitalism, The Wall Street Journal, has published editorials by American free-marketers recognizing the huge one-time gains by socialist revolutions in terms of universal education and health, which Pareto's second theorem would suggest can be starting points for great market economies.

The "Chinese characteristics" recognized in the Central Committee's resolution and President Hu's speech, are not an exception to the objectivity and universality of the scientific-method they espouse.

Besides logical consistency, the essence of scientific method is to check theory against objective reality, and find more powerful universal theories and arrangements to explain and accommodate the specific circumstances.

My philosophy professor, Raymond Klibansky, was the first to publish in the West in 1958 an essay signaling China's explicit ideological rupture several years later from the Soviet Union, an essay written by his friend, Beijing University philosopher Feng Youlan.

This essay identified the centrality of Mao Zedong's essays, "On Practice" and "On Contradiction", and was included in a volume distributed for UNESCO by Italian publisher Mario Casalinì but overlooked by Western policymakers.

"Chinese" in this case means a tendency to "reality check," as we would call this in today's terminology.

And no one who has studied Max Weber, the German father of scientific sociology a century ago — whose last book my professor edited for Weber's widow — fails to see in Chinese the "work ethic" that Weber identified as the fundamental driver of a market economy. That work ethic is evidenced in the refusal this summer by university graduates in Beijing to accept any unemployment insurance payment to them!

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## Doing the right thing, the wrong way



RAYMOND ZHOU

In recent weeks, small groups of young people appeared on downtown sidewalks in Changsha, Beijing and other cities, holding placards with the words "free hugs" and offered embraces to any passer-by who would care for one.

Calling themselves "the hug league" (*bao bao tuan*), they said they were inspired by an international news story of a similar type and intended to promote human contact in the face of growing alienation in urban China.

Judging from media reports, the result has been less than warm and fuzzy. Onlookers were more often puzzled than exhilarated. Some saw them as "crazy."

The "free huggers," if they can be so called, have inadvertently touched some cultural nerve. In my opinion, they are doing the right thing in the wrong way.

We Chinese, with the exception of some ethnic minorities, are not the touchy-feely type. Contrary to what is shown in our sentimental movies and television shows, we rarely run into each other's arms and cry our hearts out when the occasion calls for background music.

We are raised in a culture of emotional restraint. We mark our meetings and departures with a wave of hand and a handshake of light touch. Not so long ago, even young lovers cuddling in public places were considered "imprudent."

But that does not mean we are immune to the wonderful feeling of human facility. I remember my mother was visibly moved when I, in my adult years, held her hand for the first time while walking her across a busy street in the US. The circumstance made it more natural.

Think of it, even the handshake is a practice introduced from the West. The traditional Chinese greeting is to hold one's own hands. In the old days, physical contact between the sexes was strictly taboo. Doctors had to feel the pulse of female patients by means of a thread.

In a sense, the "free huggers" are blazing a trail by making the bear hug an acceptable form of human interaction in our society, free from sexual innuendoes.

But cultures don't evolve overnight. Many women who opted to join those of the same gender. "It's hard to get rid of the old notion that man and woman should not have any physical contact," they explained.

As one can see, the gist of the matter is to associate tactile sensations of this type with the warmth of human connection without creating unnecessary overtones of intimacy.

In the late 1970s when China was coming out of its self-wrought cocoon, some feared that social distance would lead to sexual harassment. But the awkwardness was soon overcome as more and more people came to accept dancing with partners who were not their spouses as a perfectly normal form of recreation. Still, some people are more comfortable with partners of their own gender as one can witness in those dance-a-thons in public parks, which are often misunderstood by Western observers.

In China, it has no homosexual tinge at all for a teenager to walk hand in hand, or hand on the shoulder of, a buddy of the same sex. But the overwhelming Western opinion is reshaping perceptions and more people realize that this is considered a public display of gay love and therefore begin to cringe from it.

In this environment of changing social mores and etiquette, how people act could be the working of many factors, including their personality. Some offer bear hugs to everyone they know while others would shiver at the prospect of medical personnel touching them with a stethoscope. The line between what is proper and improper often shifts with the sands of circumstances.

Offering hugs to strangers on the street is too radical a step to have any meaningful impact on our customs. If anything, the huggers should start with their loved ones.

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## Mutual benefits key to Sino-African co-op

Co-operation between China and Africa is set to enter a new stage of stable benefits, says a commentary in Oriental Morning Post.

World Bank President Paul Wolfowitz on Thursday told Financial News that his organization would work with China to promote Africa's development, and China, as a contributor of experience and resources, would play a more and more important role.

The Beijing Summit of the Forum on China-Africa Co-operation (FOCAC) is being held in Beijing since Wednesday. A day earlier, a US\$8.3 billion contract for the construction of a railway line in Nigeria was signed between the country and China as a special gift to the summit.

The FOCAC and large-scale trade and economic co-operation began in 2000. This Beijing Summit aims to upgrade the co-operation level, to reach the Beijing Consensus on a new type of strategic partnership featuring political equality and mutual trust, economic win-win co-operation and cultural exchange, and to plan for further co-operation between China and Africa.



In view of this, the 48 African countries that have diplomatic relations with China have all sent their high-level delegations to Beijing, most of which are led by their presidents or premiers. This is an unprecedented diplomatic activity for both China and Africa, a continent of more than 800 million.

The communication between China and Africa has a long history. It has also been half-a-century since New China estab-

lished diplomatic relations with Egypt in 1956. But Africa is still faraway and hazy in the eyes of many business people and local governments. For the common man, Africa still remains in history or geography textbooks.

Yes, Africa is still a poor continent; its GDP per capita is only about one-third that of China. But since the late 1990s and especially in the new century, Africa has broken away from the negative impact of political chaos, ethnic conflicts and natural disasters. The African economy has grown at an average 3.5 per cent in the past few years.

More importantly, with the end of national independence movements and 30 to 40 years of institution building, many African countries have built up democratic political systems with their own characteristics. A basic market economic system has developed in most African countries. Now Africa has the institutional and market base to develop its own economic potential.

China's accession to the World Trade Organization has thrown up historic opportunities for trade and economic co-

operation with African countries. The rapid expansion of communications has urged both parties to deepen their understandings over mutual needs.

China and Africa have strong mutual complementarities in economic structures. Africa has rich resources and a huge market potential and is in need of initial funds, technology and projects.

China's industrial products, mature primary and medium-level technologies, complete industrial plants and skilled technological teams suit the demands of many African countries.

When the first FOCAC was held in 2000, co-operation was restricted to a few billion dollars. The volume is expected to exceed US\$50 billion dollars this year. The development of China and that of Africa can only benefit and promote one another.

Mutual benefits are one premise of long-time cooperation. The co-operation between China and Africa is a global example of a win-win situation. It can be expected that the Beijing Summit will be a new starting point for the all-round strategic co-operation between China and Africa.