

ANNEXE

DIALOGUE WITH CHINA ON HARMONIOUS SOCIETY: GOVERNANCE, PARTICIPATION AND SOCIAL COHESION

4 – 7 November 2010

Summary of working group discussion and suggested action points:

Extending Public Participation in Decision Making

The group considered five priority areas where public participation could make a key difference in the next five years:

1. There was a low level of belief among people in China that they could influence the decision making process, especially given the increasing complexity of policy issues and limited implementation of freedom of information legislation. However, the internet was becoming an ever more important source of both official and unofficial information. The two crucial questions to consider were: Do people have the right to influence policy? Can they do it?
2. It was important to recognise that commenting on policy is not the same as direct participation in decision making about policy. Many people in China believed that “no one listens to us”. Therefore, the challenge for both government policy makers and local people was whether, and how, to move from passive to more direct participation.
3. In order for direct participation in decision making to grow, it would be necessary to increase both the transparency of the decision making process and the amount of information available relevant to decisions that were to be made. The increasing tendency to decentralise government spending offered an important opportunity to increase direct participation in decision making. However, it was necessary to resolve two key questions: Who should participate? Who should identify the issues to discuss?
4. The issue of the level at which some form of public participation in decision making could best take place had not been resolved. Many people were focused on issues at higher levels of decision making; however, local decisions at village level linked to the immediate concerns of individuals were often the level at which

influence was most likely to be effective, especially in tackling corruption and vested interests. There was a need to move from individual experiments to national norms, creating a framework of capacity building which many different local governments could follow.

5. Although consultative democracy could be viewed as more appropriate to China's existing political system than electoral democracy, it was not clear to what extent consultation in itself could substitute or complement other forms of democracy. After consultations had been held, the impact of those consultations on specific decisions needed to be apparent in some way. In this context, effective implementation of the rule of law was crucial in order to establish a framework in which consultation was seen to work.¹

How can China best guarantee resource supply in the face of domestic, regional and global challenges?

1. Priorities in response to domestic challenges:

- To establish institutional predictability in the form of a Ministry for Strategic Resources, supported by effective tools for monitoring pricing mechanisms, as well as increased protection for intellectual property rights with proper legal enforcement;
- To bolster technical innovation and international cooperation to ensure better technology for finding new reserves and more sustainable exploration techniques;
- To increase international cooperation in high tech, encouraging more business based partnerships; and
- To improve consumer education about energy pricing.

2. In response to regional challenges, China can succeed in becoming a global power if it avoided regional conflict. Therefore, the highest priorities should be to establish and sustain good regional relationships through:

- Enhanced dialogue, especially on topics of potential conflict;

¹ For further comments on participation see paragraph 27 to 29 of the main report; and for further comments on the rule of law see paragraphs 32 to 39 of the main report.

- Regular communication within the collective infrastructure, especially the Asian Development Bank in Laos;
- Confidence building measures with the ten member nations of the Association of Southeast Asian Nations (ASEAN);²
- The de-politicisation of resources to the extent this was possible when there was inevitably competition for limited resources: and
- The construction of pipelines locking China in with Russia and its Central Asian neighbours.

3. In response to global challenges, the group recommended:

- Diversification of suppliers;
- Handling issues of contested space by international cooperation where possible;
- Targeted joint work under UN auspices;
- A focus on international treaty regimes;
- Fulfilling environmental protection requirements in overseas ventures; and
- Allowing more flexibility in RMB appreciation.

The Nation and the Regions: Achieving the Right Balance

1. The group noted that this was a large and significant topic in which isolated policy recommendations were unlikely to be successful; and there was a prior need to understand the options that were now available to national, regional and local policy makers within China. Certain provinces such as Beijing and Shanghai had levels of economic development comparable to European countries such as Poland, while other areas such as Hunan and Shanxi were comparable to developing countries such as Morocco.

2. A key issue was the importance of holding the country together bearing in mind that there had been times in the past when China had broken up because individual provinces had declared independence. Issues to be addressed included the

² See the ASEAN website at: www.aseansec.org

treatment of ethnic minorities in periphery regions and improving quality of life in the northeast belt. There had been substantive protests in northeast China in the 1990s, but China did not unravel as had happened in the USSR. Recent anti-Japanese demonstrations in Xinjiang were in an area that had been badly affected by an earthquake and so reflected dissatisfaction with domestic political events and corruption. It was important to remember that the Communist Party in China was very different from that of the USSR, because the Chinese revolution had begun with initiatives in the countryside, in contrast with the urban-led revolution in the USSR.

3. There is considerable economic and territorial openness in China about the relationship among the various provinces, as well as the relationship between the central government and the provinces. The CCP can and does redistribute resources from richer to poorer provinces. There is a genuine effort to make sure that no one province becomes too rich and that provincial administrators, who are unable to tackle corruption, will be replaced. At the same time, attitudes reflected in the saying, “The mountains are high; and the Emperor is far away,” tends to undermine the legitimacy of the central government role.

4. Many of China’s present and future national leaders have risen to prominence through their competence in the provinces. Various new forms of association and contact between the regions are now springing up. Many of these significant initiatives have been developed by local and provincial administrators determined to resolve specific economic and social problems. The rule that no provincial official should serve more than two terms of office, that is, eight or ten years, leads to wide experience for many officials, as well as an important centripetal force holding the nation together.

5. There was a need for a substantial reform of the *Hukou* system; and this was beginning to happen.³ In the midst of many policy proposals on mobility and migration issues both the central and local governments needed to ensure that migrants had access to basic welfare services.

³ See Paragraphs 30 and 31 of main report, “A Nation on the Move: Future Perspectives on Rural and Urban Flows.”

6. The question was raised and discussed: How can those of us who live outside China contribute to this ongoing process of achieving the right balance between the centre and the regions? The group offered the following policy options:

- Investing in projects based in the new regional hubs;
- Using the regional development policies of the European Union and their mechanisms for working with a number of different entities;
- Learning from the UK experience in managing devolution;
- Twinning of cities and regions
- Exploring new relationships between the centre and the provinces which might lead to new forms of federalism.

7. It was important to acknowledge that China itself would decide how to tackle specific social and economic problems. At the same time, it was clear that there had been comparative failure in some of the integrative policies in the ethnic minority regions, especially Xinjiang and Tibet. The hope was expressed that in formulating future policy, the Chinese government would take greater note of the particular social and cultural needs of the indigenous population and give real opportunity to them to direct their own affairs. The experience and mistakes of the United Kingdom in Northern Ireland, as well as the European Union experience of regional development could be relevant. The group also expressed the hope that there would be dialogue with the Dalai Lama on issues relating to the development of Tibet, and that fully democratic institutions would develop in Hong Kong at the earliest opportunity. In these as in other issues, such as the future of Taiwan, forbearance and understanding were essential.