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GOVERNANCE MATTERS

CHINA'S DEVELOPING WESTERN REGION

WITH A FOCUS ON QINGHAI PROVINCE

ACADEMIC DISSERTATION

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ABSTRACT

This study is about governance in contemporary China. The focus is on Qinghai Province, one of the twelve provincial-level units included in the western region development strategy launched in 2000 by the government of China. Qinghai, the subject of the case study, is not a very well-known province. Hence, this study is significant, because it provides new knowledge about the province of Qinghai, its governance and diverse challenges, and deepens one's overall knowledge regarding China.

Qinghai province is one of the slowest developing regions of China. My research problem is to analyze to what extent provincial development correlates with the quality of governance. The central concept of this research is good governance. This dissertation employs a grounded theory approach while the theoretical framework of this study is built on the "Three World's" approach of analyzing the three main themes, namely, the environment, economic development, and cultural diversity, and to support the empirical work. Philosophical issues in the humanities and contemporary theories of governance are brought in to provide deeper understanding of governance, and to understand to what extent and how characteristics of good governance (derived from the Western canon) are combined with Chinese tradition. A qualitative research method is chosen to provide a deeper understanding of the contemporary challenges of Qinghai (and China) and to provide some insight into the role and impact of governance on provincial development. It also focuses on the Tibetan ethnic group in order to develop as full an understanding as possible about the province.

The challenges faced by Qinghai concern in particular its environment, economic development, and cultural diversity, all of which are closely interrelated. The findings demonstrate that Qinghai Province is not a powerful actor, because it has weak communications with the central government and weak collaboration with its stakeholders and civil society. How Qinghai's provincial government conducts provincial development remains a key question in terms of shaping the province's future.

The question is how is Qinghai's government best able to govern in a way that is beneficial for the people. This study demonstrates that this is a significant question that challenges governance everywhere, and particularly in China given the absence of democracy. This study provides the ingredients for reflection as to how provincial government can be motivated to choose to govern in a sustainable way, instead of leaning on growth factors with too little consideration about the impact on the environment and the people.

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List of abbreviations

ADB	Asian Development Bank
EU	European Union
FDI	Foreign direct investment
GDP	Gross domestic product
HDI	Human Development Index
JICA	Japan International Cooperation Agency
OECD	Organisation for Economic Co-operation and Development
PRC	People’s Republic of China
RMB	Renminbi (Yuan)
SME	Small and medium sized enterprise
SOE	State owned enterprise
UNDP	United Nations Development Programme
WB	World Bank

List of vocabulary

governance	治理
good governance	善治
good government	良好的政府
government innovation	政府创新
incremental democracy	增量民主
transparent government	透明政府
accountable government	负责任的政府
efficient government	高效率的政府
service oriented government	服务型政府
legitimacy	合法性和发兴
rule of law	法治发志
human rights	仁权人权
civil society	民间社会的公明
harmonious society	和谐社会和谐能

1 INTRODUCTION

This study is about governance in contemporary China. It deals with the environment, economic development, and cultural diversity in Qinghai Province in the context of the Western Region Development Strategy (*Xibu Da Kaifa*). This chapter provides a brief introduction to the study, states the significance of this research, reviews previous research, presents the research problem, questions and aims, and finally outlines the structure of the study.

In recent past, China has been shifted from a socialist command economy to a market economy and from agriculture to manufacturing. From 1978 to 2007, China's GDP on average grew by 9.8 percent per year and now accounts for 6 percent of the world total, making China today the third largest and the fastest growing economy in the world. In 1999, the World Bank raised the classification of China to a lower middle- income country. Following its 2001 entry into the World Trade Organization (WTO), China has become fully integrated into the global economy. People's living conditions are improved as income levels have grown steadily. Between 1978 and 2007, urban disposable income per capita increased from 343.4 yuan to 13,785 yuan, while rural incomes grew from 133.6 yuan to 4,240 yuan – a more than six fold increase. The number of people living in extreme poverty in rural areas has fallen from 250 million to 14.79 million people.

In spite of this remarkable achievement, economic growth is unevenly distributed across different regions. At the start of its reforms, China implemented a coastal development strategy and, in consequence, the development of the central and western regions has been slower, producing disparities between rural and urban areas, and different regions' income levels, living conditions, and public services. The government has adopted strategies to develop the central and western regions, along with the traditional industrial base in the northeast.¹

The western region of China is a vast territory surrounded by eight countries. It is characterized by great geographical and cultural diversity with a concentration of ethnic minorities. In 2000, the government of China launched the western region development strategy to respond to the widening disparity in development between the coastal and inland regions. Hence, in recent years, Western China has experienced its fastest period of economic growth since the founding of the People's Republic in 1949, and the region is enjoying an average annual GDP increase of 11.42 percent, which is higher than the country's average of 9.64 percent. In spite of that, however, the region's GDP was only 17.8 percent of China's total in 2008.² Hence, the western

¹ World Bank, 2003 and 2008.

² The Blue book of the Western China, 2009.

region lags behind because of historical reasons, geographical reasons, and earlier government policies. Furthermore, the poor economic development of the west is much linked to poverty and the ethnicity culminating in the Tibet Question and the resistance of the Uyghurs.

Map 1: Map of China with provincial boundaries



Qinghai Province, located in the northwest of China, is vast in area, but small in population which includes many minority groups. It is one of the twelve provincial level units included in the plan to accelerate growth in the west. While focusing on the province of Qinghai, this study examines the environment, economic development, and cultural diversity in the province as the “results” of provincial governance to find out how the provincial government has succeeded in its task of governing. The fact that Qinghai remains one of the less developed provinces in China indicates that the government is failing to realize the expectations of the big push of the *Xibu Da Kaifa*. To find out the role of governance in the development of the province, this study discusses how governance is understood in both the western and Chinese tradition, evaluates how good governance is understood and perceived in the west and in China. Hence, Qinghai Province is studied in order to analyze its social-economic development which is intertwined with the geography, historical legacy, and ethnic diversity of the province, while evaluating the leadership of Qinghai to advance an

http://english.china.com/zh_cn/business/economy/11021617/20100320/15863006.html, accessed 20 May 2010.

understanding about the role and impact of the provincial government on the province's development.

Map 2: Qinghai Province



1.1 The importance of the study

Why this study? My previous study, a master's thesis entitled *The Western Region Development Strategy and its Impact on Qinghai Province (2005)* emphasized that it is essential to integrate economic development into social development in order to develop the province in a sustainable manner, while I concluded that the next step would be to focus on the role of the provincial government as one of the factors affecting the development of the province. Hence, this study is a continuation of my previous research to deepen the theme, and in consequence governance is studied because it is recognized and perceived as one of the most important issues for the development of society. In addition, this monograph, being a part of the multidisciplinary project *Ethnic Interaction and Adaptation in Amdo Qinghai (2005-2008)* of the Academy of Finland, headed by Professor Juha Janhunen at the World

Cultures' Department (previously the Institute of Asian and African Studies) at the University of Helsinki, is my contribution to current studies on Amdo Qinghai.³

This study is significant, because it provides new knowledge about the province of Qinghai, its governance and diverse challenges, and deepens one's overall knowledge regarding China. The focus is on the western region which has been the primary development target of the central government for last ten years, and on Qinghai, which is not a very well-known province. Perhaps partly for this reason, relatively little research has concentrated on Qinghai. To fill this gap, this study of Qinghai provides a great amount of new knowledge about the province in a comprehensive research covering important issues such as the environment, economic development, cultural diversity, and governance in the province. Furthermore, as China has become one of the most influential economies in the world, it is important to have a deeper understanding of China, and how it is governed as it aims to achieve a *xiaokang* (a basically well-off) society. Hence, this study is significant as it contributes to philosophical and theoretical discussions on governance and thus explores traditional accounts of governance to improve our understanding about one of the key questions in politics: how to govern? Moreover, this study is my contribution to China studies in the discipline of the humanities though my study as such cannot be considered a pure product of the humanities. My collected material, however, leans much on the traditional research methods of anthropology. In spite of the fact that my study deals with issues generally related to political economy, the paradigm of this study is not the neo-classical economic model that measures gross national product (GNP) per head, because in the neo-classical approach, the issues of the environment, the role of civil society, cultural identity, and human rights are for the most part ignored. Instead, in this multidisciplinary study the paradigm consists of two references, in order to provide a broader and more people-related perspective on development and governing issues, as demonstrated in the Universal Declaration of Human Rights and in the model of good governance, both of the United Nations. Hence, this study seeks to identify and analyze important issues concerning the development of the western region and the challenges faced by Qinghai Province while explaining the significance of good governance for sustainable development.

1.2 Previous research

Previous research, in connection with growth and development, regional policies, and provincial development, is reviewed below. Previous research on governance is discussed in chapter two and that on Qinghai in chapter six.

³ Amdo is the historical name of the Northeastern part of ethnic Tibet. The region is today administered within the composition of the Chinese provinces of Qinghai, Gansu and Sichuan. Since ancient time, the region has been a meeting point between Tibet in the south, Mongolia in the north, Turkestan in the west and China (proper) in the east.

1.2.1 Growth and development

Since the 1980s, foreign direct investments (FDI) have been heavily concentrated on the coastal provinces while central and western regions have attracted only marginal shares of foreign direct investments. In 2003, China overtook the United States as the world's biggest recipient of foreign direct investments (FDI). Hence, it is commonly accepted that economic growth and investments are important factors in the development of China.

Fujita and Hu (1994) argued that economic agglomeration is created through transportation, face-to-face communications and locations with geographical advantages. However, in my view, as their study focuses on the industrial sector in the coastal provinces, and therefore is not applicable as such in the western region that lacks such economic forces. In addition, many studies exploit the Solow (1956) growth model⁴ to demonstrate the economic fundamentals of growth, but in my opinion, the growth criterion as such gives too narrow a picture, because economics is just a part, albeit an important one, of the overall development of society. Therefore, my claim is that a more comprehensive approach is needed to explain growth and development. For example, many Gunnar Myrdal's (1898-1987)⁵ theories, approaches, and ideas of are still valid in my view. Myrdal was in opposition to dominant mainstream economist like those held by Solow, which only focused on economic factors and spread the belief that competitive market forces eliminate inequalities and bring about equilibrium. Myrdal argued that focusing solely on economic factors is irrelevant and misleading, because historical, institutional, social, and cultural factors also matter. In his *Economic Theory and Underdeveloped Regions* (Part I), Myrdal demonstrated that his approach can offer more realistic interpretations of economic and social processes than those provided by dominant approach. Furthermore, he proposed a "cumulative causation approach" to identify the economic factors that are responsible for phenomena such as social exclusion, racial discrimination, low income, the low level of education and limited professional opportunities, because in his view, the analysis of the sources of underdevelopment was restricted by orthodox economics.

⁴ Robert Solow (1924) is an American economist, was a Nobel Price winner in 1987 in Economic Sciences. Solow is particularly known for his work on economic theory of growth. Solow growth model is the framework of neoclassical economics, which is an approach focusing on the determination of prices, output, and income distributions in markets through supply and demand. See> Solow, Robert M. Reference.com. *Columbia Electronic Encyclopaedia*. Columbia University Press <http://www.reference.com/browse/columbia/Solow-Ro>, accessed 10 April 2008.

⁵ Gunnar Myrdal; a Swedish economist, sociologist, and public official. In *Asian Drama* (1968) he analyzed the social and economic factors affecting the governments of Asia. He shared the 1974 Nobel Memorial Prize in Economic Sciences. See>Myrdal, Gunnar. Reference.com. *Columbia Electronic Encyclopaedia*. Columbia University Press. <http://www.reference.com/browse/columbia/Myrdal-G>, accessed: April 21, 2008.

1.2.2 Regional inequalities

Why do regions grow at different rates? Many theories explain regional inequalities. In neo-classical regional theories, the most frequently cited authors are Hirschman (1958), Myrdal (1957), and Williamson (1965), who argued that the concentration of growth in selected sectors or locations brings higher efficiencies before growth spreads to other sectors or areas. In addition, Myrdal and Hirschman believed that mobility may increase regional inequality at certain stages of development. Furthermore, Myrdal noted that market forces tend to draw economic activity toward areas possessing natural resources and infrastructure whereas Hirschman believed that economic progress can not appear everywhere at the same time and therefore the economy must first develop in one or several economic centers. Williamson suggests that regional inequality first arises during the initial stages of development and declines when it reaches more advanced stages. In my view, Myrdal's explanation for inequalities between regions of poor nations is also valid in China. According to Myrdal, when cumulative causation⁶ is present, regional inequalities are greatest because of the backwash effect. He asked: What happens when a less developed nation receives a stimulus to grow? He gives an example: The more ambitious and better trained workers will migrate from the poorer regions to the growth regions. Those who are too young or old to leave, stay in the poorer areas. At the same time, there is a higher rate of population growth in backward rural areas and this pushes down the average income per person. These effects, which Myrdal called as the backwash effects, tend to increase the poverty and thus sustain low levels of development in poor regions.⁷

Wang Shaoguang and Hu Angang (1999) divided China into three large geographical regions, East, Central, and West. However, the province is the unit of analysis in their study. They claim that the acceleration in capital investments has been the most important engine of growth for all the provinces of China. They criticized the inverted U-curve hypothesis, which is frequently associated with Gunnar Myrdal (spread and backwash effects) and Albert Hirschman (trickling down and polarization effects), who viewed economic growth as a seesaw process between leading regions and lagging regions. Furthermore, Wang and Hu argued that market forces tend to increase regional inequality, and therefore they call for government intervention, because "when government has no intention of reducing regional disparities in the country, regional gaps are unlikely to narrow."⁸ Hu Angang, at the Center for China Studies in Tsinghua University, has published several books and articles on state capacity (Wang and Hu: *China State Capacity Report 1993*), and regional disparities (*China Regional Disparities Report 1995*), which guided national decision making in the 1990s. Hu begins his study on the development opportunities

⁶ Cumulative causation is involved when the location of a new factory is the reason for more investments, leading to more jobs, services, and better infrastructure in the area, which would in turn, attract more investments.

⁷ Cypher and Dietz 2004, 174-175.

⁸ Wang & Hu 1999, 12-13.

and problems, by citing Mao Zedong: “Where do correct ideas come from? Do they drop from the sky? No. Are they innate in the mind? They come from social practice, and from it alone; they come from three kinds of social practices, the struggle for production, the class struggle, and scientific experiment. It is man’s social being that determines his thinking.” (*Great Transformations in China: Challenges and Opportunities 2005*). This is an example that demonstrates how a Chinese scholar approaches an issue, leaning on tradition while making sure that his ideas adhered to the prevailing ideology.

1.2.3 Provincial development

The research of David Goodman concerns social and political change in China while his study of provincialism and democracy in China took a look into the western region while he called for provincial-level and local level perspectives to assess the intent, the processes, and the potential impact of the campaign “Open Up the West”. He criticized Wang and Hu for ignoring the diversity of nationalities in the west and the influence of Chinese culture on the non-Han people (*China’s Campaign to “Open Up to the West” National, Provincial-level and Local Perspectives, 2004*).

Hans Hendrichske and Feng Chongyi complemented the work of Goodman. *Political Economy of China’s Provinces* (1999) edited by them, is a rich study on the changing role of the provinces, as it brings different provincial features and policies up for comparison. In my view, the emergence of a new political culture and the new forms of interaction between the public and the political leaders are vividly discussed while they also demonstrated how the leadership tries to mobilize public support by populist means and personal charisma (Shanxi) and how there was a campaign for a new provincial identity to win the support of the provincial intelligentsia (Jianxi). Furthermore, an interesting discourse on cultural identity brings to light the 1980s’ “cultural fever” across China, demonstrating how Han entrepreneurs emerged to commercialize the exoticism of rural minorities such as the Miao (Guizhou) and how that has led to the “cultural development” of local minorities and to “Hanified”, state-sponsored ethnic cultural commercialization. Tim Oakes drew a picture of Guizhou, which was confronted with the problems of regional rural poverty, which was most severe in the local minority areas. Andrew Watson and his co-authors Yang Xueyi and Jia Xingguo illustrated the effects of regional disparity in Shaanxi and demonstrated that there is a wide gap between the expectations of the provincial government and the central government. Bruce Jacobs analyzed how the competitive advantage of Jiangsu Province is derived from its position close to Shanghai. The main themes of Zhao Ling Yun and Hans Hendrichske were the strategy province and the provincial identity. Zhao described how the leadership of Hubei Province had to abandon its unrealistic economy strategy and settle instead on a more moderate strategy evoking the “Hubei spirit”. Whereas Hendrichske argued that one important reason for the relative backwardness of Tianjin city was the conservative outlook of

the leadership, which was not able to defend the interests of the city. In this study, Goodman found that the provincial identity of Shanxi Province stemmed from history while Feng Chongyi observed how a new cultural identity was created for Jiangxi Province.

1.3 Research problem, research questions, hypotheses, and limitations

Qinghai Province is one of the slowest developing provinces of China. Hence, my research problem is to analyze to what extent provincial development correlates with the quality of governance. In China, provincial government has a decisive role in the development of a province, because the provincial government has the power to affect on all levels of local government.

This study examines governance and investigates the impact of the provincial government in transforming Qinghai, in the context of the western region development plan. There are two main research questions, both with a set of sub-questions:

1. Why has Qinghai developed so poorly? Similarly to Gansu and Tibet, Qinghai has developed slowly, usually ranking as second or third, just before Gansu and Tibet.

In order to answer this question, the first set of sub-questions can be addressed to provincial officials in Qinghai, in order to analyze the quality of governance in Qinghai Province. The questions are: How have you protected the environment of the province. How have you developed the economy to benefit the people of the province. How have you managed the cultural diversity of the province? In other words how do you intend to develop Qinghai in a sustainable way?

2. How does the quality of provincial governance affect the development of Qinghai?

The second set of sub-questions is related to governance: How is good governance perceived in Qinghai? How is good governance comprehended in Chinese terms? Is good governance alone enough to develop the province in a sustainable way, and how and under what conditions can the provincial government effectively foster culturally sensitive local development?

To answer these questions, the concepts of governance and good governance are defined, and traditional Chinese political philosophy is explored to understand how “good governance” is perceived in China. This study attempts to combine the characteristics of good governance with Chinese tradition.

Given that provincial governance has an important role in provincial development, and therefore relations with the central government matter greatly regarding the province's development, my two hypotheses are: first, although the central-local relationship is important, Qinghai's government is weaker viz-a-viz the central government than that of many other provinces. The second hypothesis is that neither the universal notions of good governance, seen by the West as essential for the development of good governance, nor those characteristics of good governance to be found within Chinese traditional philosophies, act as guidelines for the Chinese government.

Due to resource and time constraints, this study, although dealing with governance in China, does not thoroughly examine local governance under the provincial level, although it would deserve closer attention. Neither, for the same reasons, does this study discuss Tibetan concepts of good governance and how that might affect governance in Qinghai or other provinces with a Tibetan population. Furthermore, this study makes no thorough comparison with any other provinces for example with Qinghai and Gansu, instead some economic comparison at the regional level is made.

1.4 Structure of the dissertation

This study consists of seven chapters. Chapters 1, 2, and 3 introduce the study. Chapter 1 is an introduction that briefly presents the issue while stating the significance of this research. Then, it reviews previous research in connection with regional development such as growth and development, regional inequalities, and provincial development. Furthermore, it presents the research problem, the research questions, the hypotheses, and limitations of the study, and finally outlines the structure of the study. Chapter 2 presents the theoretical discourse on governance including a theoretical framework that provides the philosophies, theories, and concepts that are intertwined with governance, both from a western and a Chinese perspective. Furthermore, the universal characteristics of good governance are defined and the ways in which the Chinese have interpreted good governance in light of tradition are examined. Moreover, there is an attempt to combine characteristics of good governance based with Chinese tradition. The methodology used in this study is presented in Chapter 3. It describes the research methodology, the research strategy, and the case study object. The data and methods used with the theory employed is presented, as well as the main sources of the data. The fieldwork in China is described and a constructivist/emotionalist interpretive framework explained.

Chapters 4, 5, and 6 present the findings of the study. Chapter 4 shows how China is governed now and what legacies it has inherited from Chinese tradition. It also discusses the impact of recent reforms while analyzing the contemporary challenges of governance that affect the future. In addition, it briefly presents the key players in the leadership. Chapter 5 gives an overview of the western region and analyzes its importance to China, identifies the reasons behind the development

strategy, and detects its impact on development while it also analyzes the challenges of the west. The case study object, the province of Qinghai is examined in Chapter 6. This relatively unknown province is examined to find out why it remains one of the most underdeveloped provinces in China. Earlier studies on Qinghai are reviewed and the gap identified, as well the history is probed. The results of governance that is the environment, economic development, and cultural diversity are examined as well as the provincial leadership of Qinghai.

Chapter 7 is the concluding chapter that presents theoretical implications, summarizes the findings and discusses what these findings mean. In addition, suggestions for further research are raised.

2 THEORETICAL DISCOURSE

The central concept of this research is good governance. The aim of this chapter is to provide, around the theme of governance, the theoretical settings that are illuminated by political philosophies, both from the Western canon and Chinese tradition. In addition, contemporary theories of governance are discussed, as well a model combining characteristics of good governance and Chinese tradition are brought to provide deeper understanding of governance.

2.1 Theoretical framework

This dissertation employs a grounded theory approach, a constructivist/emotionalist interpretive framework. As there is no grand theory⁹ to lean on, the theoretical framework of this study is built on the “Three World’s” approach of post-modern social theory, which is an array of theories and approaches drawing ideas from the anthropology, political economy, history and philosophy.¹⁰ It is used to analyze the three main themes here, namely, the environment, economic development, and cultural diversity, and to support the empirical work. Furthermore, the paradigms, models, and concepts of political philosophy are employed to clarify the topic of the study and to incorporate the literature review into the study. These various theoretical positions and hybrid combinations need critical lenses; hence a critical theory interpreted by Habermas (1929 -) provides a practical “rational-critical discourse” directed toward the examination of the governance in China.¹¹ A theory of rationality can be a reconstruction of the practical knowledge required for establishing social relationships. This reconstruction is essential to understanding the commitments of the reflective participant, including the critic.¹²

2.1.1 *Philosophies, theories, concepts, and definitions*

How has governance been understood by various thinkers and traditions? What are the concepts, models, and theories that play in governance analysis? What is

⁹ Grand theory is any theory that attempts an overall explanation of social life, history, or human experience. It is normally contrasted with empiricism, positivism, or the view that understanding is only possible by studying particular instances, societies, or phenomena. Source: Skinner 1985.

¹⁰ Heywood 2007: 32

¹¹ Habermas 1929.

¹² Calhoun 2002.

governance and how it is defined? Political philosophy is more concerned in power than of administrative organization. The sphere of government is the sphere of political power. All political life is about power: Who holds power? How do they achieve it? And what do they do with it? Hence, the fundamental questions of governance are: Who should rule? How to distribute power? How to govern?

Confucius (551-479 B.C.) augmented the ethical significance of rulers as “governing through benevolence” and “government by men,” thus the “superior man” represents the crystallization of all his thought on the subject of a government by men. In the meanwhile, Plato (429-347 B.C.) was seeking the ideal society ruled by the virtuous, whereas in his *Ethics* Aristotle (384-322 B.C.) pointed out that justice is not simply a state of mind or a moral virtue, instead justice (*dikaiosune*) has to do with the rightness and wrongness of our actions (*Ethics* 1129).¹³

Max Weber demonstrated that bureaucracy is powerful when it is based upon legitimate power and organized in a rational way according to formal rules whereas Manuel Castells (1996) points out that the information society is marked by a rise of networks and a network economy, and that real power is to be found within the networks’ interactions. In addition, in his analysis in *Subject and Power* (1982) Michel Foucault assists us in asking questions about power and its origins, its basic nature, and its manifestation.

Legitimacy transforms power into authority. The concept of legitimacy (from the Latin *legitimare*, meaning “to declare lawful”) broadly means rightfulness and differs from legality in that authority does not necessarily guarantee that a government is respected or that its citizens acknowledge the duty of obedience. Weber (1978) viewed legitimacy as meaning a *belief* in legitimacy, that is, a belief in the “right to rule”. In most modern states, legal-rational authority, as defined by Weber, is linked to legally defined rules that are attached to an office rather than a person as in traditional or charismatic authority, while he also recognized a darker side of this type of political legacy, namely, that the price of greater efficiency would be a more depersonalized and inhuman social environment typified by the spread of bureaucratic forms of organization. Significantly, as highlighted by Beetham, the key features of the legitimating process, the existence of elections and party competition as well the existence of constitutional rules broadly reflect how people feel they should be governed.¹⁴ Orthodox Marxists considered legitimacy as nothing more than a bourgeois myth. Hence, governance is a broader term than government, as it requires political power, bureaucracy, and control to “deliver the goods” (*output legitimacy*), to run the tasks of administration, to control the system to prevent abuse and corruption. Whereas legitimate power is accountable and makes decisions according to the rule of law and democracy (*input legitimacy*).¹⁵ In contemporary China, the Communist Party exercises legitimacy through the threat of force and by bargaining

¹³ <http://classweb.gmu.edu/rcherubi/ancient/index.htm>, accessed 20 May 2010.

¹⁴ Heywood 2007: 219 - 222.

¹⁵ European Consortium for Political Research 2004: 156-7.

with the government body. Government power, although it has been decentralized, is confined to the party.

The word “governance” derives from the Greek verb κυβερνάω [*kubernáo*], means to steer and was used for the first time in a metaphorical sense by Plato. A definition of governance can refer to a method, or system, of government, or management, used by government, which is a body exercising of authority, or control.¹⁶ Hence, the concept of governance is not new. The French man de Montesquieu (1689-1755), outlined his ideas on how government would best work in his book *On the Spirit of Laws*, published in 1748. He classified governments as either moderate or despotic and provided the typology of three forms of government: republican, monarchical, and despotic. He links his key idea of the separation of powers between the legislative (the parliament), executive (the king) and juridical (the justice system) to the balance of interests in a constitution. He strongly criticized despotism, not only as a type of government found in works of both Plato and Aristotle, but as a symbol of political corruption which threatened every type of government.¹⁷ In *Asian Drama* (1968) Gunnar Myrdal analyzed the social and economic factors affecting governments in Asia. Since then, governance has become an umbrella concept for a wide variety of phenomena such as public management (Hood, 1991), the coordination of sectors of the economy (Campbell et al., 1991; Hollingsworth et al., 1994), public-private partnerships (Wettenhall, 2003), policy networks (Rhodes, 2007), public information technology and e-government (Garson, 2006) and corporate governance (Macey, 2008, Williamson, 1996). Hirst (2000) distinguishes five versions of ‘governance’, whereas Kjaer (2004) offers a systematic assessment of current debates around the concept of governance. “Good governance” as a reform objective is promoted by the World Bank and the IMF (Leftwich, 1994).

Recently, there has been an increase in studies on Chinese politics and governance. Both Chinese and western studies concern China’s reforms focusing on the political and economic significance of decentralization from various perspectives. Roderick MacFarquhar brings together a collection of essays by leading scholars to analyze the politics of the People’s Republic of China from 1949 to the mid-1990s in *The Politics of China: The Eras of Mao and Deng* (1997). It includes detailed account of interactions among the top leaders and their proxies in Beijing, and touch on events as the 1965 campaign against the historian Wu Han and his drama “Hai Rui Dismissed From Office,” which initiated the revolution, Lin Biao’s 1971 coup attempt, which ended with the deaths of Lin Biao and his family in a plane crash in Mongolia, the 1976 Tiananmen crackdown on the mourners of Zhou Enlai, the 1973 campaign, “Criticize Lin, Criticize Confucius” (in which Confucius served as a proxy for Zhou Enlai), and the 1975 attack on “empiricism” (the accusation leveled at Deng Xiaoping) while many questions concerning political elite remains.

In addition, *Chinese Political Culture 1989-2000* (Hua Shiping, ed. 2001) presents not only the diversity of Chinese political culture, but also the historical and

¹⁶ Heywood 2007: 6.

¹⁷ Boucher and Kelly 2005: 219-234.

contemporary factors that contributed to this culture. Furthermore, Anthony Saich covers many aspects of Chinese government and public policy in *Governance and Politics of China* (2004) providing a basic understanding about contemporary Chinese politics. Dali Yang examines in *Remaking the Chinese Leviathan: Market Transition and the Politics of Governance in China* (2004) a wide range of government reforms, analyzes how China's leaders have reformed existing institutions and curbed corrupt practices. He argues that in spite of the fact that China has undertaken significant reforms to improve economic governance, it remains open, however, whether these reforms will lead broader government reforms and political change. Moreover, Kenneth Lieberthal, an adviser to the US State Department and the World Bank, illuminates the elite in power, their propaganda, and coercive systems in *Governing China: From Revolution through Reform* (2004). It is a comprehensive introduction to Chinese politics, history, and political economy. He rightly argues that China will remain authoritarian in the foreseeable future, even though it has made enormous economic advances. In *Village Governance in North China: 1875-1936* (2005), Li Huaiyin takes a micro perspective to interpret village/state relations in the province of Hebei before 1900. Carter and Mol emphasize the importance of how to implement environmental policies in their *Environmental Governance in China* (2007), which provides an overview of contemporary environmental reforms in China.

The discourse as to what is good governance also emerged in China with Pei Minxin's *Political Volatility and Good Governance in East Asia* at the Third Asia Development Forum in 2001.¹⁸ In addition, in November 2008, Governance & Corporate Social Responsibility was the main topic at the First Liangzhu Conference in Hangzhou, where I found a refreshing attempt to gain amore comprehensive perspective on governance, presented both by international and Chinese scholars, although in China there is a tendency to restrict discussion to reforms of the public administration, instead of exploring what is the essence of good governance.¹⁹ An example of the prevailing approach is *Good Governance in China - A Way Towards Social Harmony: Case Studies by Chinas Rising Leaders* (2008) edited by Wang Mengkui, a former President of the Development Research Center of the State Council, and Chairman of the China Development Research Foundation in China. The book contains 36 papers, selected from nearly 300 case studies and presented as part of the Leaders in Development Executive Program. It covers a wide range of issues, such as institutional reform, urban construction, social governance, crisis management, resource and ecological environmental management, education and public health, and economic reform and development, but in my view it lacks a discussion on how governance affect the ability to deliver services to the public whilst at the same time promoting their economic and social rights. The book, no doubt,

¹⁸ Pei 2001 and 2002.

¹⁹ As the chair of the conference Zha Daojing, Director of Centre for International Studies of Beijing University noted in his concluding remarks. I presented my paper *China's Western Region Development: Governance Matter in Qinghai Province* 1.12.2008 at the 1st Liangzhu Forum.

provides an official account of China's own thinking on its governance and public administration.

The government is one of the actors in governance. In his *Governance, democracy and Development in the Third World* (1993), Letwiche²⁰ distinguishes three levels of governance: first, the narrow managerial level, which is concerned with public administration and the juridical system; second, a broader level, which focuses on legitimate, with a democratic mandate and a clear separation of powers; and third, a systemic level, which goes beyond government to include more broadly economic and political power, the structures and rules governing their production and distribution, or, in brief, a system of political and socio-economic relations.²¹ In addition, as pointed out by Heywood, governance can also refer in its widest sense to the various ways through which social life is coordinated,²² whereas government is as one of the institutions involved in governance that has the authority and the power to enforce laws, regulations, as well as to rule and control. Furthermore, Kooiman leans on the idea that modern societies are complex, dynamic and diverse. Thus the government must be able to govern: public-private interactions in community, diversity in the representation of organizations, ethnic experiences in social relations (exclusion, discrimination), and identity.²³ In consequence, Jan Kooiman's theory of interactive government focuses on the interactions between governing actors within social-political situations. Kooiman argues that interaction is a "linking pin" between societal attributes and governance qualities, and thus the quality of governance is decided by governing interactions.²⁴ Thus, he focuses on actors and their relations. The actors can be individual citizens, governing entities, or governing situations. Moreover, Kooiman examines governance by analyzing how governing actors relate to each other in a particular interactive governing situation,²⁵ how actors and agencies come to form networks, what holds them together, what determines their choices, and how they influence political decisions.²⁶ In my view, the interactive governance theory plays a dominant role in demonstrating how to govern in a diverse and complex society, and therefore his interactions approach is central for addressing the diversity, complexity, and dynamics of modern societies.

How are we to understand what governance means in China? In order to approach governance in China it is necessary to take a look at its political philosophies and ideologies, which still have an impact on political thinking and on ideas regarding how to govern. Pre-Qin, the Confucian, Mohist, Legalist, and Taoist schools, were the major schools of political thinking, each having their own thought and learning. The "government of men" was a component of the thinking of Confucians and Mohists. A main idea of Confucianism is the cultivation virtues and

²⁰ Letwiche 1993.

²¹ Howell 2003.

²² Heywood 2007:6.

²³ Kooiman 2005: 152, 194 – 96.

²⁴ Ibid: 4-5.

²⁵ Ibid: 3- 4.

²⁶ Rhodes 1997: March /Olsen 1989.

the development of moral perfection. Confucian gentleman (*junzi*), the “superior man” combines in one person, both the perfection of his ethical nature and the possession of office, and, in consequence, could bring about beneficial results by cultivating [his person], regulating [his family], rightly governing his state, and making [the world] tranquil and happy. This was the ideal held by Confucius. Mo Tzu, too, in his discussion of government, emphasized the worthy man who was effective in action. Both schools looked at the man as the instrument of government although they differed in their theoretical conception of the man to whom they would entrust government. The idea of “government by laws” was presented by the Legalists who held punishments and laws to be essential for the government. The Taoists turned away from laws and regulations, ridiculed benevolence and righteousness [symbolologically Confucian virtues], renounced wisdom, and advocated the limitation of desires. They esteemed neither virtue nor ability, as their ideal was a government of “the natural” [or “the spontaneous”] and of “inaction.”²⁷ Table 1 illustrates the content of the thought of these four schools and how each school produced its own distinctive theories as presented by Kung-chuan Hsiao.

Table 1. Content of the thought of Four Schools

	Polity	Principle	Ideal governing methods
Government of men	Confucians – the “Superior man” [<i>chün-tzu</i>]	Jen – “broadly extending succor to the masses”	Nourishing and teaching
		“Establishing others; advancing others”	All the realm turning to the benevolent ruler
	Mohist – the “worthy” [<i>hsien-jen</i>]	Universal love	Elevating the worthy. Agreement with the Superior.
		Mutual benefit	Condemnation of Offensive Warfare. Economy of Expenditure. Governing equable; people in piece.
Government by law	Law	Laws, methods, and power.	Clearly articulated laws, strict regulations. Severe punishments, heavy penalties. The strong state, the

²⁷ Hsiao 1999: 40-43.

			supremacy of ruler.
Non-governing	The Tao	Non-action	Eradicate interference and anxiety. Rely spontaneously on nature.
			Small states with few people. An age of “perfect virtue”.

The first school, called “the government of men” belonged to the Confucians and the Mohists. The second, called “government by laws” was presented by the Legalists, whereas the Taoists were the representatives of the ideal government of “the natural.”²⁸ Kung-chuan Hsiao sums up the impact of the political thought of the various schools. Confucian thought, leaning heavily on the historical backgrounds of the state of Lu, served as the imperial orthodoxy for two thousand years. Taoism was the enduring source of protest in times of national degeneration and harsh government. Legalism contributed to the unification of Ch’in (Qin) and thus helped to establish the new authoritarian government whereas Mohism went back and forth between the tides of old and new and was incompatible with both, making it difficult to apply in the world that confronted it.²⁹

The essence of Chinese political philosophy is in Chapter II of Analects, the title of which is “on governance or administration” (in Chinese : 为政第二) Confucius says:

“子曰：“道之以政，齐之以刑，民免而无耻。道之以德，齐之以礼，有耻且格。”

It means in English: to govern by means of making statutes and applying penalties to all citizens equally. They may escape punishment but still do not have the sense of shame. To govern with good virtues and applying rituals to all equally, they have a sense of shame to reach a high standard of behavior. Professor Zhang from Renmin University emphasis that this is the most authoritative interpretation of the Classics as it is the Original statement of Confucius himself. The emphasis is on virtues and rituals and especially, rituals are the essence of Confucius theory and preference.³⁰

Interestingly, European philosophers were keen on Chinese philosophy and Lieberthal says “even the philosophers of the European Enlightenment considered China’s intellectual strengths and virtues as ideal”.³¹ The Enlightenment in Europe

²⁸ Ibid: 41.

²⁹ Ibid: 60.

³⁰ Zhang Yongfan, discussions in Beijing 22 September 2009.

³¹ Lieberthal 2004: 5.

and advocates such as Voltaire (1694-1778) and John Locke (1632-1704) opposed the absolute authority of the Catholic Church. Voltaire advocated the “natural rights” of human beings and sought an “ideal society” whilst he was also keenly interested in the political systems of monarchs, and particularly in Chinese culture and its influence upon other nationalities. In consequence, following the publication of a series of Jesuit reports about China, Voltaire wrote about China in his *Lettres philosophique* and in *Essai sur les Moeurs et l’esprit des nations*. For him, Chinese emperor was an “open-minded” monarch that he had hunted under the autocracy of Louis XIV. Hence, he adhered to the Confucian doctrine which turned into the principle of “natural religion”. A similar discovery was made by François Quesnay (1694-1774) regarding China’s Autocracy. He was called the “Confucius of Europe”, because he propagated, within the Confucian doctrine, China as a model in terms of its agriculture. In 1756 Louis XV decided to hold ceremonies on the occasion of ploughing and harvesting, on Quesnay’s suggestion.³² The German philosopher and mathematician von Leibniz (1646-1716) was also influenced by the Jesuits. In his book *Historie de l’Empereur de la Chine*, which was published as a supplement to the second edition of his *Novissima Sinica* (Contemporary China) in 1699, Leibniz expressed a deep admiration for Chinese culture and he set it up as a model of ethical standards for Europe. Later, after he had read *Confucius Sinarum Philosophus* by Philippi Couplet, Leibniz began to consider himself a follower of Confucius.³³

Twentieth-century Chinese philosophy went from westernization, through a reconstruction of traditional philosophy, to the triumph of Marxism. In the late nineteenth century and especially in the twentieth century, the works of Darwin, Spencer, and others were translated, and most western doctrines were introduced, each with its own particular advocates. Thus foreign theories were adopted such as Marxism, Communism, and Darwinism, and these were frequently expressed in conjunction with the rejection of traditional Chinese values.³⁴ This adoption of western theories revealed to the Chinese new philosophical vistas in metaphysics, logic, and epistemology (the theory of knowledge). The general tone was scientific, positivist, and pragmatic. Of all the Western systems, the most influential was Pragmatism, introduced and promoted by a Chinese philosopher and essayist Hu Shih (1891–1962), a leading liberal intellectual in the May Fourth Movement (1917-1923)³⁵, and a key contributor to “Chinese liberalism”, which resulted from the introduction of translations of John Stuart Mill, Herbert Spencer, Immanuel Kant, Jean Jacques Rousseau and other writers during the period of Western presence towards the end of the Qing Dynasty (1644-1911). In the “polemic of science versus life” in the 1920s, leading Chinese intellectuals debated the question as to whether or not science could form the basis of a philosophy of life. The debate served to question the supremacy of Western philosophy, which, as understood by the Chinese, was regarded as essentially

³² Shen 1997: 266-7, 275.

³³ Shen 1997: 270.

³⁴ Airaksinen 2005: 26.

³⁵ Hu 2010.

scientific as opposed to metaphysical. In contemporary China, Marxism is the official philosophy. From the mid- 1920s, Marxism gained increasing support in China, and by the time of the establishment of the People’s Republic in 1949, it had gone through a Leninism phase to Maoism.

2.1.2 Good governance

Recently, there has been growing interest in governance, because governance is seen as fundamental to address rising inequalities, environmental deterioration, and other societal issues. The link between governance and development has stimulated demand for monitoring the quality of governance. Current theories of governance address the problems of the transformation from centralization to decentralization and from governance to good governance. In consequence, the focus has shifted from bureaucracy to markets and networks and from central government to local governments while investigating the patterns of public-private partnerships and e-governance. These theories, however, although widely applied, do not actually solve the question about how to govern. The approach of good governance is proposed in response to various challenges facing the government hence the concept of good governance is the focus of this study. The concept of good governance as defined by the United Nations (UN) sets out the universal qualities that define good governance as demonstrated in Figure 1.



Figure 1: Characteristics of good governance.

According to the UN, good governance is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law (see Appendix 3).³⁶ As pointed by the UN, good

³⁶<http://www.unescap.org/pdd/prs/ProjectActivities/Ongoing/gg/governance.asp>, accessed 4 September 2010.

governance is an ideal which is difficult to achieve at its totality, but it should be sought to ensure sustainable development and to respond to the needs of society.

Again, notions of good governance stem from political philosophies, starting from Socrates (470 or 469-399 B.C.), who explained to Crito why he must remain in prison and accept the death penalty, marking the birth of the social contract that Thomas Hobbes (1588-1679) further framed as the social contract theory between individuals and the state. He also claimed that the legitimacy of the government was to be derived from the people or society over which power is exercised (*Leviathan* 1651). Both John Locke (1632-1704) and Jean-Jacques Rousseau (1712-1778) were proponents of his influential theory. Locke advocated constitutional government and argued that citizens had the right to resist in his “appeal to heaven” (*Two Treatises on Government* 1689),³⁷ whereas Rousseau, influenced by the French Revolution, emphasized the supremacy of the “general will” of the people and the notion of an interior self. Furthermore, Alexis de Tocqueville (1805-69) developed the basic liberal values and theories of social capital and civil society in his study of *Democracy in America* (1831). In the twentieth century, Jürgen Habermas (1929 -) amended the idea of the public sphere and traced new forms of public interaction (*The Structural Transformation of the Public Sphere* (1962 trans 1989) from the intimate sphere of the family to parliamentary debates, whilst also pointing out that a “good society”, as he calls the public sphere, is an arena in which individuals participate in discussions about matters of common concern, free of coercion or dependencies. Hence, although Habermas has been criticized, for example, for down playing women in his discussion about democracy, he has illuminated the idea of participation as one of the characteristics of the contemporary notion of good governance.³⁸

Today, good governance is a concept that has been widely adopted by international organizations such as the World Bank (WB), the Asian Development Bank (ADB), the Organization for Economic Cooperation and Development (OECD), and the European Union (EU). Most donor organizations and financial institutions set the notion of good governance as a prerequisite for their aid and loans as demonstrated in a number of studies by these agencies, such as *Governance in China* (OECD 2005), *Governance, Investment Climate, and Harmonious Society: Competitiveness Enhancements for 120 Cities in China* (World Bank 2007), and *The Role of Public Administration in Building a Harmonious Society* (Asian Development Bank 2005). In addition, in 2008, the World Bank defined governance as follows: “Governance consists of the traditions and institutions by which authority in the country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them. It also published *Governance Matters 2009, Worldwide Governance Indicators, 1996-2008*, compiled by researchers of the bank, covering 212 countries and territories, with six dimensions

³⁷ Boucher and Kelly 2005: 183.

³⁸ Giddens 2006: 119.

of governance: Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption.³⁹ Furthermore, the Asian Development Bank has set out four basic elements of good governance—accountability, predictability, participation, and transparency—and emphasizes the need for flexible, country-specific approaches in the publication of the bank *Governance and Sustainable Development: The Asian Development Bank Perspective (2008)*.⁴⁰ Whereas the OECD has propagated good governance in public management, business and government relations, and social policy. In addition, good economic governance is considered as one of the so-called “second generation reforms”, consisting of reducing wasteful public spending and investing instead in health, education and social protection, promoting the private sector through regulatory reform, reinforcing private banking, reforming the tax system, and creating greater transparency and accountability in government and corporate affairs. This usage stresses the political, administrative, and economic values of legitimacy and efficiency and thus “marries the new public management to the advocacy of liberal democracy.”⁴¹ The criticism claims that the international institutions promote the restricted approach towards good governance. For example, Leftwich claims that the World Bank has adopted the narrowest interpretation of governance that is limited to public administration and the judicial system.⁴² Santiso suggests that the focus of the bank is confined to the economic dimensions of governance while he argues that neither democracy nor good governance is sustainable without the other. Thus, Santiso suggests that one should concentrate on the issues of power, politics and democracy.⁴³ However, as Jessop points out, good governance itself should be the aim of governments and international institutions.⁴⁴

2.1.3 *Harmonious society and Confucian virtues*

In East Asian societies politics is shaped by Eastern philosophy while governance derived from the Western canon is based on the ideas of democracy and human rights. Therefore, good governance may be subject to different interpretations in China. In China, governance has been shaped by various philosophical schools and traditions and is affected in by the social and moral teachings of Confucianism. Since the communist party came to power in 1949, Marxism, and its Chinese interpretation in the form of Mao Zedong’s thought, has been the essence of the ruling ideology. For Mao, the most important thing in Marxist philosophy was the theories of the class struggle and of the proletariat dictatorship. When Deng Xiaoping regained power in 1976 following the death of Mao, the core of his theory was based on the idea of

³⁹ www.govindicators.org., accessed 1 September 2009.

⁴⁰ Moktan and Nicoll 2008.

⁴¹ Rhodes 2000: 57.

⁴² Leftwich 1993.

⁴³ Santiso 2001.

⁴⁴ Jessop 1998.

“emancipating the mind” and “seeking truth from the facts” as well promoting the idea that “people could actually evaluate all social policy and social administration and judge between right and wrong and between good and bad.” In 2002, during the Fourth Plenum of the Central Committee of the Sixteenth Communist Party, Hu Jintao announced the intention to create a “Harmonious Socialist Society” (*Shehui zhuyi hexie shehui*) and in 2005, this idea was proclaimed as the driving ideology of the Chinese Communist Party (CCP). At the Seventeenth Congress of the Chinese Communist Party in October 2007, Hu Jintao’s “scientific development concept,” which includes the “harmonious society,” was adopted as part of the Constitution of the Communist Party of China and as such entered its official ideological canon.⁴⁵ The Communist Party of China (CPC) stressed its own core role as being critical for the building of a harmonious socialist society while it also advocates “enhanced ideological and moral qualities fostering a sound moral atmosphere and harmonious interpersonal relationships”. Indeed, it seems that by propagating these new concepts, the government wants to suggest an ideological continuity with Socialist China based on Marxism-Leninism, Mao Zedong’s thought and Deng Xiaoping’s theory with Chinese characteristics while at the same time integrating elements of Confucian tradition into the “harmonious society.”

Has the concept of the “harmonious society” been introduced to counteract the loss of ideological orientation since the introduction of “reform and opening-up”? Or has it been introduced merely to serve the supreme goal of the Communist Party, which is to maintain the stability of the regime?⁴⁶ Does the concept of the “harmonious society,” which draws both from the Marxist/Maoist traditions and the elements of classical (Confucian) philosophy, provide any grounds for the establishment of good governance in China?

Taylor claims that the emphasis of the CPC on political and social harmony is an initiative for good government, which have been pursued within China since the Warring States Period (475-221 B.C.), when the highest level of such harmony was called *taihe* (“the supreme peace”), which was part of the Confucian thought of *da tong* (“harmony”).⁴⁷ In addition, according to Xu, the six virtues (*de* “excellence” in moral power that influence others) defined by Confucius are *ren* (benevolence, humanity), *yi* (righteousness), *zhi* (wisdom), *xin* (faithfulness), *jin* (reverence), and *yong* (courage), bring about a harmonious society.⁴⁸

2.1.4 Combining good governance with Chinese tradition

China has had a system of government for thousands of years. Seldom has Chinese society been harmonious although it has been a goal since Confucius, who tried to educate leaders in becoming gentlemen. Now, the Chinese government seeks a

⁴⁵ Heike, 2007: 1-7.

⁴⁶ Wacker and Kaiser 2008.

⁴⁷ Taylor 2008.

⁴⁸ Xu 2004.

Harmonious Society which appears to have been attached to elements of Chinese classical thought, although officially this is denied. Actually, in my view, the virtues of Confucian can provide some guidance on how to govern China today. Nevertheless, good governance has many virtues of Confucianism, as demonstrated in table 2.

Table 2: Characteristics of good governance and Confucian virtues

Characteristics of good governance	Characteristics of good governance	Confucian Virtues
Consensus Oriented	Accountability	<i>ren</i> benevolence & <i>yi</i> righteousness
Participatory	Transparent	<i>jin</i> reverence & <i>yong</i> courage & <i>yi</i> righteousness
The rule of Law	Responsive	<i>yi</i> righteousness & <i>zhi</i> wisdom
Effective and Efficient	Equitable and inclusive	<i>zhi</i> wisdom & <i>xin</i> faithfulness (trustworthy)

My interpretation is that consensus oriented and accountability as characteristics of good governance, require governance that is shaped by the Confucian virtues of *ren* and *yi*, thus being well intentioned (benevolence), devoted, and ethical (righteousness). Participatory requires freedom of expression and transparency, which can be achieved through Confucian virtues of *jin* (wisdom and respect of others), *yong* (courage), and *yi* (the sense of righteousness). To follow the rule of Law so that the views and voices of minorities and vulnerable groups in society are heard in the decision-making process requires the Confucian virtues of *yi* (righteousness) and *zhi* (wisdom). Good governance is equitable and inclusive whilst also being effective. Hence, it has the Confucian characteristics of being *xin* (trustworthy), possessing *zhi* (wisdom), serving people and providing resources efficiently.

My attempt to show that there is some similarity between the characteristics of good governance and Confucian virtues may be regarded as oversimplified. However, this combining of good governance and Confucian virtues aims to provide ingredients for reflection and for learning from different cultures although it obviously does not respond to all society's needs regarding its government. In consequence, the ideals of good governance such as the separation of powers, democracy, human rights, and the

rule of Law, remain a challenge for the Chinese government in its search for a harmonious society.

3 METHODOLOGY

The theoretical framework of this study strives for modern political analysis, which shifts attention away from the formal and structural aspects, to a larger context that considers the impact of the policy process and the actual behavior of political actors, calling for holistic approaches to political and social understanding. Indeed, the study of governance in China requires one to understand Chinese society, not only from a Western cultural perspective, but also on its own terms, and this is particularly true for Qinghai with its cultural diversity. Therefore I had to consider what research methods to use and how to collect the data. Thus, I have chosen a qualitative research method to provide a deeper understanding of the contemporary challenges of Qinghai (and China). Qinghai Province was chosen as the case study in order to provide some insight into the role and impact of governance on provincial development while it will also serve like most case studies, to focus on a specific group.⁴⁹ This study focuses on the Tibetan ethnic group in order to develop as full an understanding as possible about the province.

3.1 Data and methods

In qualitative research, a study usually includes multiple types of data, and a mix of methods. My research method combines methods and different types of data from multiple sources, as, according to Patton (2002), this methodological triangulation strengthens a study by combining methods. Different data sources offer deeper insights into the phenomenon under study, and as he points out studies that use only one method or one type of data are more susceptible to errors related to the particular methodology used.⁵⁰

3.2 Research data

This study employs several types of sources, including qualitative and quantitative. The qualitative data comprises interviews and observations that are achieved through the techniques of the ethnography studies. The quantitative data includes data in relation to economic development. My data collection, based on the grounded theory which is a theory developed from data (Glaser and Strauss 1967, the Discovery of

⁴⁹ Silverman 2005:127.

⁵⁰ Patton 2002: 248.

Grounded Theory), was used as a “process of data collection for generating theory as it emerges.”⁵¹

In 2003, I began to collect material on Qinghai and the development of the western region, first for my master’s thesis and then from 2005 to the beginning of 2010 especially for this study.

My methodological challenge was to collect relevant and reliable data on China in China. It soon became apparent that provincial governments in China are even less studied than the lower-level local governments, which have been in focus due to grass-root democracy experiments. In addition, studies on Qinghai were and still are relatively few in number as I discovered at the library of the Chinese University of Hong Kong, which is known as one of the main sources of academic literature in China. The search engine of the library listed much fewer items on Qinghai than of other provinces in China, and it appeared that available literature on Qinghai produced by Chinese scholars in Chinese was not in the scope of my research as it was largely about archaeology in the region, the history and linguistics of ethnic groups and it did not have the answers to my questions.⁵² Nevertheless, many prominent Chinese scholars write in English about my topic and their publications are available internationally.

My research data comes both from Chinese and Western sources and has been obtained from libraries, the internet, and various documents received during meetings with scholars and government officials. My research data has made extensive use of articles and books, government papers, official statistics, newspapers, country reports, project programs, and project reports. Various types of documents from the World Bank (WB), the Asian Development Bank (ADB), the United Nations (UN), the European Union (EU), the Organization for Economic Co-Operation and Development (OECD), and the Japan International Cooperation Agency (JICA) have been important sources for this study in identifying different elements of governance and its results for analysis. I also used Google to search for material. It was an efficient tool to obtain the latest research material (articles, conference papers and information on other sources) and sometimes the only way to access material. Much of Chinese material relevant to this study in the form of government documents, conference papers, government webpages, and articles written by Chinese scholars, is available both in Chinese and English. Likewise many documents from international institutions are also available in Chinese.

It appears that the internet is changing the methodology of studying, particularly concerning new topics and fast-changing situations. The available material on the internet is rich, as increasingly researchers, observers, and writers distribute knowledge, also about China. Hence, it is very important to judge correctly what material is reliable and relevant for one’s study. Another issue is Chinese rhetoric, no matter in Chinese or in English that makes reading and interpretation – at least challenging. For example, the provincial level data, increasingly available on the

⁵¹ Glaser and Strauss 1967 and Siitonen 1999.

⁵² I visited the Chinese University of Hong Kong 5.1.-18.1.2009.

official webpages of the various provinces, is inconsistent and always heavily built on the ideological rhetoric. I also found that it may take quite a while to be aware of what is going on in the area of your research topic. For example, the Tibetan Plan, which was published in mid 2009, came to my knowledge by chance during a meeting in Beijing in September. I was lucky to get information about it with guidance to Chinese webpages⁵³ thus allowing me to access the topic and to obtain more details about it.

3.3 The fieldwork

Anthropology as a discipline emphasizes the importance of ethnographic fieldwork to study a particular social and cultural environment where the researcher is normally required to spend a year or more. It stresses the social and cultural context in studying a society which must be understood on its own terms and from the inside.⁵⁴ The variety of methods used by anthropologists combine formal techniques and unstructured participant observations.

The aim of the fieldwork was, however, to overcome the problems of ethnocentrism (tendency to interpret or evaluate other cultures in terms of one's own), a task insisted upon by both Franz Boas and Bronislaw Malinowski. Furthermore, Boas developed the principle of cultural relativism (all cultures are equally valid and must be understood in their own terms) whereas Malinowski developed the theory of functionalism as guide to produce non-ethnocentric studies of different cultures.⁵⁵ I found that the theory of functionalism supported my fieldwork as it stresses the importance of interdependence among all behavior patterns and institutions within a social system, although the functionalist approach has been criticized as an ideology that pays little attention to conflict and simplifies the relationship between individual agency and the structures of social action.⁵⁶

My fieldwork was based on a non-probability method of snowball sampling. The non-probability method may or may not represent the population well, and it will often be hard for us to know how well we have achieved this. Although, probability or random sampling methods over non-probabilistic ones are often preferred as they are considered to be more accurate and rigorous. However, given my research circumstances it was not feasible, practical or theoretically sensible to conduct random sampling. As for my sampling approach, I already had specific predefined groups in mind to reach. Then I had to identify someone in those groups in order to

⁵³ Qinghai: 宋秀岩就贯彻落实国家支持青海藏区政策做重要讲话 (Song Xiuyan support to implement the state policy made an important speech in Tibetan areas in Qinghai). <http://www.qh.gov.cn/html/31/103481.html>, accessed 1 October 2010.

Qinghai News: 宋秀岩就贯彻落实国家支持青海藏区政策做重要讲话, (Song Xiuyan support to implement the state policy made an important speech in Tibetan areas in Qinghai). 25.12.2008. <http://xz.people.com.cn/GB/139197/139212/141084/9126929.html>, accessed 1 October 2010.

⁵⁴ Eriksen 2001: 6.

⁵⁵ Eriksen 2001: 6-8, 13-14.

⁵⁶ <http://www.reference.com/browse/functionalism>, accessed 07 April 2008.

ask them to recommend someone they knew who could help my research. Although this method hardly leads to the most representative of samples, there are times when it is the best method available. Snowball sampling was especially useful for me as I was trying to reach populations that were hard to access.

The fieldwork is commonly perceived in terms of visits to one's study area. I have witnessed how China has been transformed during the last few decades. My first visit to China in 1986 with a group of Finnish business executives exploring the markets in China was hosted by the Chinese government, which was keen to find joint-venture partners to modernize its backward industry. Deng Xiaoping had opened the doors to foreign investment and by 1984 over 2,000 companies had invested in China, although only one from Finland by this time. The two-week trip from Beijing through Shanghai and Guangzhou to Hong Kong revealed the diversity of the country and the disparities between the cities, and included visits to factories, schools, hospitals, demonstration homes, lectures on the economy and culture, banquets with high rank officials and speeches. That was quite a comprehensive introduction to an emerging China that had been quite unknown to me up to then. My visits to China continued in the form of business trips. In December 1999, I visited the provinces of Shaanxi, Sichuan, Yunnan, and Guizhou in Western China. In January 2000, I began East Asian studies with focus on China at the University of Helsinki. In order to obtain information about my research topic I visited Northwest China five times: in February and November 2004 to Qinghai, in October 2006 to Qinghai and to Gansu, in April 2007 to Qinghai and Gansu, and in September 2009 to Qinghai. During my study exchange at Peking University from September 2004 to January 2005 I had an opportunity to learn about China in situ.

My fieldwork in China included interviews and discussions with scholars, government officials, other executives, and business leaders. Interviewed entities, from 2004 to September 2009 were:

Academia

- Peking University
- Tsinghua University
- Renmin University
- The Chinese Academy of Social Sciences (CASS)
- Qinghai Normal University
- Qinghai Normal University Teachers' College
- Lanzhou University
- The University of Northwest China
- The Chinese University of Hong Kong
- Waseda University, Tokyo

Central government

- The Office of the Leading Group of Western Region Development

- The Ministry of Finance
- The Development and Reform Commission

Other organizations

In Beijing

- The World Bank
- The International Financial Corporation
- The Asian Development Bank
- The United Nations
- The Delegation of the European Commission to China
- The Japan International Cooperation Agency (JICA)
- The China Tibetology Research Center

In Tokyo

- The World Bank
- The Japan External Trade Organization (JETRO)
- The Japan International Cooperation Agency

Provincial and local governments

In Qinghai

- The Development and Reform Commission of Qinghai Province
- The Office of the Leading Group of Western Development of Qinghai Province
- The Foreign Economic Cooperation Division Qinghai Provincial Department of Commerce
- The Qinghai Province People's Government Technology Operation Office
- The Qinghai Investment Promotion Bureau of Qinghai Provincial People's Government
- The Economic Cooperation Division of Qinghai Provincial Department of Commerce
- The Qinghai Economic and Trade Development Government Office

In Gansu

- The Office of the Leading Group of Western Development of Gansu Province
- The Development and Reform Commission of Gansu Province
- The Xiahe County Government Office
- The Party School at Xiahe
- The Tax Office at Xiahe

Businesses

- The Xining National and State Level Economic and Technological Areas
- The Qinghai Sheng Sanjiang Group Co., Ltd.

- The Qinghai Gelatin Co., Ltd
- The Arura Tibetan Medicine Co., Ltd
- The Qinghai Cesar Tibetan Pharmaceutical Co., Ltd
- The Golden Solar Energy Co., Ltd
- The Qinghai Hucais Printing Co., Ltd
- The Western Mining Company Co., Ltd
- The Nida Xining New Energy Development Co., Ltd

Other

- Three international NGOs in Qinghai and one in Beijing
- People from the Chinese media
- Tibetan and Han students.

The fieldwork questions are in Appendix 1 and the list of interviews are in Appendix 2. Usually, at such meetings several people from different levels of the organization concerned were present. Hence, I have interviewed and discussed various issues in relation to my research with 150 people in total, and some of the organizations two, even three times. Initially, I used a questionnaire, but soon discovered that this method did not work very well, because people became uneasy with a formal type of question sheet. Therefore, I changed my strategy in order to be more sensitive to each situation. I mainly used a discussion approach with open-ended questions, which I had formulated in my mind before each meeting, followed by questions which were prompted by the discussion. I found that the most important thing was to build a degree of trust between the interviewer and interviewee, so that what was said, and particularly when something was said off the record, remained confidential and thus ensured the interviewees's anonymity. Meetings with government officials were conducted more or less unofficially, in their offices, at university premises, in restaurants, seminars, and even in a public cafeteria outside their office.

My research in China was complicated and time consuming because of need to set up meetings officially and "unofficially," and because of the suspiciousness I encountered as my topic seemed to arouse political sensitivities. In most cases, I needed to rely on friends and a network of contacts that I had built up little by little over the years. In China it is also essential to be attached to an official organization, if one is to gain access to government institutions. In my case I was fortunate to have Peking University (BeiDa) as my sponsor. Even then, requested meetings were often refused. The classic explanation provided almost everywhere was that the person concerned, was "out of town," but in my experience this happened particularly often in Qinghai. Several people tried their best to help me to arrange meetings, but it was obvious that there were limits to their ability to open doors in other provinces. Sometimes, this was because the person "did not know whom to contact." Nevertheless, once when I was in Qinghai for a meeting that I had struggled to arrange by myself with a local *peitong* (*informant*), who by chance was an old friend of a government official, the host told me that he knew that I was coming, because he

had received a call from Beijing. The call was from the same person at the central government in Beijing who had told me that he did not know whom to contact in the province. The following conversation with the official at the central government before my visit to Qinghai highlights the problem.

Me: Do you know, which organizations can provide me more information?

The official: You should contact Ministry of Minority Affairs, Foreign Affairs Department, and Qinghai Provincial Government.

Me: Could you help me to get in touch with these organizations?

The Official: I do not know anybody in these organizations, so I cannot help you, you must try by yourself.

Me: I am quite surprised to hear that you do not know anyone in other organizations than of yours. But you must understand that it is very difficult for me as a foreigner trying to contact somebody. Can't you really help me?

The Official: Sorry

Occasionally, however, when I could refer to a “friend” of an official, I succeeded in setting up a meeting simply by sending an email. During such meetings, I usually asked for data and documents relating to the issue in question, soon discovering that the information was “unavailable.” For example, in Qinghai when I asked about the province’s plans, as part of the 11th Five-Year Plan, at first the official told me that such plans were not yet available, and we continued our discussion. Then, when I was about to leave, the official turned to open his bookcase, took out a document and handed it to me, smiling. This was the 11th Five-Year plan of Qinghai. Thus, he wanted to show me that he was sufficiently important to allow me to see the plan.

I met people through different channels, officials and friends of friends. Business people I met usually through officials, but one businessman I met on a plane from Beijing to Xining. I had many opportunities to visit various companies in Qinghai, both Tibetan and Han owned companies, small and large ones. These company visits were most valuable as I got information from their perspective about collaboration with the government as well as about relations between companies and the government, regulations, and preferential policies, and I could see the nature of their personnel and how they treated their workforce. I also saw the impact of the western region development plan. For example, three companies making Tibetan medicine are now in tough competition, not only amongst themselves locally, but also with those companies which are coming to Qinghai from the eastern part of China. Consequently, as there are many so many people picking these medicinal herbs they are getting fewer and therefore the people have to climb upper to the mountains to find the herbs. Also companies making solar equipment were facing competition from newcomers. One of these companies was run by Tibetan entrepreneur who had

responded to the competition by expanding his business focus and opening the first ever Tibetan nightclub in Xining, which I had also an opportunity to visit, although at daytime. A large government-owned company that I visited together with a government officer was actively seeking new technology from Sweden while training their personnel. A medium-sized printing company was carrying out its own “social responsibility,” according to its young manager from Hong Kong. In his words it was about placing priority on the training of personnel, paying above-average salaries, and arranging accommodation. Overall, the image of the companies in Qinghai and of their leaders was that they were trying hard to cope with the harsh conditions of the province, and although the western region development strategy has brought more competition, it has also pressured them to develop their businesses in order to survive. They have diverse problems to solve. For example, obtaining a skilled workforce locally is a problem, according to a businessman from Tianjin. He was also concerned about the clean environment of Qinghai and how to preserve it, because a pollution free environment was a prerequisite for his company.

I was able to reach Chinese scholars through my academic network, seminars, and by contacting them directly by email both from Finland and from within in China. I met many distinguished scholars from leading universities like Peking University, Tsinghua University, and Renmin University, as well as the Hong Kong Chinese University and the Chinese Academy of Social Sciences who were without exception informative and cooperative. They replied to my emails in a Chinese way “please give me a call when you have arrived in China.” So organizing, scheduling, and confirming meetings in China had to be done in advance in Beijing. One most informative and comprehensive experience was, however, a two-day trip to the Gannan Tibetan Autonomous Area in October-November 2006 with a group of five people in a small van. One professor of the Northwest Minorities University in Lanzhou, who was conducting research on the grasslands of his original homeland, organized the trip. I had met him the previous year at a conference in Shanghai. On the way, we also visited the government office of Xiahe county, its Party School, and Tax Office, and in the evening we had a dinner with high rank county officials. Travelling in these circumstances, in a small van in a heavy smog of cigarettes, we became quite open with each other to exchange views on almost everything. The combination of travelers was interesting, including one Tibetan who was married with a Muslim, one Muslim who laughingly encountered pigs running through the allies of Labrang Monastery, two Hans, a driver and the “interpreter”, and me, a Finnish PhD candidate. Along with various government people we met several Tibetan friends of the professor from different walks of life, a doctor of Tibetan medicine, an artist, his even more famous father, and Tibetan monks.

In Qinghai there are many international non-government organizations. I had discussions with the managers of the Bridge Foundation, Trace Foundation (twice), and Plateau Perspectives. Although I tried I did not succeed in meeting any Chinese NGOs, (or GONGOs which are “government organized non-governmental organizations.”). I was wondering how these international organizations helping poor

Tibetans in remote Tibetan areas actually operate in China? I learned that there are over 200 international NGOs in China and some 20 in Qinghai,⁵⁷ thus NGOs are quite important in complementing inadequate poverty alleviation, health care, and education services of local governments and were therefore somehow accepted. Nowadays, the registration of NGOs with the ministry of Agriculture is obligatory. In my discussions with government officials about the role and impact of NGOs in development, they usually said that although NGOs were doing important work in helping the poor, they were also causing “trouble,” but did not provide any further explanation.

I met media people by chance in seminars and we also arranged meetings after seminars to continue our discussions. I also discussed and interviewed many other people, both Tibetans and Hans, with whom I had prearranged meetings or by chance through friends and their friends. Interviews with Tibetan students gave me insights to their lives. All were from nomadic families, selected from the middle school by the NGO to study at the university. Some were granted a scholarship for an English program, so they studied English, economics, science, world literature, Tibetan ancient literature, and Chinese grammar. After graduation they experienced difficulties to find a job. I asked them what should be the top priority in development of Qinghai? One of the students said that it would be necessary to establish a school committee in the nomadic township in order to improve education, and to encourage parents to send their children to school. Another student said that he would set up training projects to advise how to start a business like a repair shop for trucks, motorcycles, mobile phones, TVs, and radios, and how to run a restaurant. One student had a longer list: “education free of charge for everybody, the rights of women to be protected by law, and improving sanitation. I also spent an unforgettable day with three young Tibetan women, going around and talking about their lives.

Interviews were conducted with Chinese scholars, journalists, and students (with few exceptions) in English, although I have studied both Chinese and Tibetan at university. Some government officials urged me to bring an “interpreter,” or had someone in their office prepared to interpret. Quite often it appeared that the interviewee did actually speak English. I realized that officials used interpreters for various reasons, depending on the individual. Firstly, it was a way to exhibit the high rank of the official, as happened once in a central government office in Beijing, although soon after we started discussion, the official began to speak, with a smile, in English. Secondly, an interpreter might be used, because the person was too timid to use English. Soon after our discussion began he “warmed-up” and demonstrated that he could speak English, at least a little. My efforts at “small-talk” in Chinese paved the way for a more confident atmosphere, and then I was regarded as a “specialist on China.” I found that sometimes government officials were also keen to hear the opinions of an outsider, and they would ask for my “advice.” For example: “How

⁵⁷ I visited China Development Brief in Beijing 24 April 2007. See also: <http://www.chinadevelopmentbrief.com/dingo/Province/Qinghai/1-35-0.html>, accessed 10 September 2010.

should one approach foreign investors,” or “ what would be an alternative to resettling nomads in order to protect the environment,” and “how should one carry out the resettlement so that it would not cause too much trouble.”

I needed local informants, however, not only to interpret, but also to explain the background of issues unfamiliar to me. Although, an informant is a must for a foreign researcher in China to conduct research, the fact is that one informant cannot represent society as a whole. Therefore, and also for practical reasons, I had many informants, randomly selected: friends, or friends of friends. They were all important in helping me with their own particular knowledge and skills. I myself was in a sense a “scientific instrument” and I put my personality, knowledge, and skills to work. The high degree of personal involvement also meant that I often returned from the field quite exhausted.

3.4 Analysis and interpretation

Critical Theory is rooted in the philosophies of Kant and Marx. The term “critique” was used in Kant’s *Critique of Pure Reason* and in Marx’s *Das Kapital*. Max Horkheimer sought to explain what was wrong with contemporary social reality, defining critical theory, whilst seeking to identify the actors required to transform society (*Traditional and Critical Theory*, 1937). Later, Critical Theory took up the question of the limits of democracy as an ideal of human freedom “to liberate human beings from the circumstances that enslave them.”⁵⁸ Since Critical Theory aims to improve society, it has been present in postmodern theories, presented by many social scientists such as Pierre Bourdieu, Louis Althusser, and Michel Foucault.

Michel Foucault (1926-84) famously claimed that we need to “cut off the king’s head” and examine the ways that power produces discourse.“⁵⁹ The discourse is central to his thinking of power and control in society, and the key to understanding the operations of power is to attend to the ways that specific practices of institutions, namely surveillance and disciplines—surreptitiously undermine some forms of power and reorganize others.”⁶⁰

In this study, “critical theory” as opened by Jürgen Habermas (*Knowledge and Human Interests*, 1937) is employed to interpret and explain the literature.⁶¹ In addition, in order to analyze the interviews and observations, I have combined the models of Constructionism and Emotionalism (Silverman 2005, quoting Gubrium and Holstein, 1997). I have done so because sometimes, especially at the beginning of meetings, “interviews” with bureaucrats were fulfilled of ideological jargon and some

⁵⁸ Held 1980. Horkheimer 1975.

⁵⁹ Foucault writes of there being a need to to cut off the king’s head in political theory, to catch up with the actual political changes which were wrought by the literal cutting off the King of France’s head in 1773. Kelly 2009:39. See also: Foucault 1975, and Faubion 2000:122-123.

⁶⁰ <http://science.jrank.org/pages/10820/Practices-Practice-Discourse-Michel-Foucault.html> >Practices - Practice and Discourse: Michel Foucault , accessed 15 February 2009. See also: Foucault 1971.

⁶¹ Bohman and Rehg 2009.

people were reluctant to convey opinions other than those set by the official doctrine. Consequently, I found that interviews and discussions needed more observation on my part of the interviewee’s actual behavior. Therefore, my research model aims to analyze the interviews and observations from the field by combining two models of analysis: the Constructionist model and the Emotionalist model. These models are outlined in table 3 and demonstrate how the constructionist model looks at what people actually do, whereas the emotionalist model reflects their perceptions, meanings and emotions. This combined model enabled me to obtain a broader understanding of the links between what is said and what is not said, and how the interviewees showed and were controlled by power through their behavior.

Table 3. The two models used to analyze interviews

	Constructionism	Emotionalism
Focus	Behavior	Meaning
	“What is said”	“What is not said”
Aim	Understand how phenomena occur	Understand the perspective of the actors and their interactions
Data	Interviews, discussions	Observations: diary, photos

Furthermore, my approach consisted of two versions of functionalism, that of Malinowski with its focus on individuals and that of Radcliffe Braun with its focus on social structure, as I sought to understand Chinese society on its own terms: what connotations and meanings good governance carries in China; and how these are bound to the culture and historical roots; and what are the values and rationale of the terminology today, in connection with Chinese political rhetoric. Then, how the analysis is interpreted, is essential. Interpretation has its own concerns as well limitations. No matter how objective a researcher seeks to be, such objectivity does not exist as every individual has his or her own set of values, which have an impact on how he/she views the world. For this reason, being a practically oriented critical researcher, my approach in the terms of social inquiry adopts a “dual perspective” (Habermas 1996) explaining empirical descriptions and giving (practical) proposals for change. To examine governance through the analysis and interpretation of interviews, discussions, and documents is a challenging task. To understand

governance, as represented in different documents produced by the government, involves analyzing not only what is written, but also what tone, language, and manner are adopted and how this is linked with power and authority. In the same way, being situation sensitive is needed when meeting people. For example, I noticed how the seating arrangements and the offering of cigarettes at meetings between officials and non-officials reflected and reinforced the hierarchy. Hence, how official and non-official groups of people interact among themselves illustrates what kinds of social capital and power are associated with their relations. Furthermore, conducting interviews in diverse environments (government, business, academia and “on the road”) and with people with different backgrounds, education, and socio-political position meant that it was also important, how one puts the question.

How is good governance understood at the local level of government? In October 2006, I interviewed the two leaders of the Party School at Xiahe County in Gansu. The first leader was Han (female) and the second was Tibetan (male).

“What does good governance means for you? “ I asked them. The Tibetan answered: “Firstly, loyalty to the Party. Secondly, the ability to do one’s job (competent in terms of knowledge and skills), and thirdly that no corruption prevails.” The Han added: (good governance means) “ Everything for the people.” I asked: “Which comes first, loyalty to the Party or doing everything for the people?” After a moment of embarrassment came the answer: “Loyalty to the people”. I asked: “What do you think of the definitions of the UN regarding good government, such as accountability and transparency”? He looked at me in bewilderment. We have never heard of it...”

Then, in 2007 at a government office in Qinghai, I raised the same question: “What is good governance? What does it mean? The official, obviously having been a part of the administration reform, said that “good governance means the shift from managing things to provide good and efficient services, finding solutions for problems and give guidance.” “How have you implemented this change in Qinghai?” I asked. “ It hasn’t been (implemented), but I have to start (the change) with myself.”

A few days later in Gansu, one government official defined what good governance means from his point of view:” Firstly, to govern so that the government gets support from the people and there are less protests. Secondly, to protect vulnerable groups, and thirdly, to serve society, for example, by conducting general guidance about how to enter the marketplace, and fourthly, it means clarifying the role of the government.”

These three examples demonstrate how good governance is perceived by people at local government level. I found that the approach to good governance at local level in northwestern China was quite pragmatic. No one spoke about Confucian values, instead good governance was perceived in practical terms, administrative reforms were perceived in terms of efficiency and capacity building.

Indeed, various ideologies such as liberalism, conservatism, socialism, communism, and traditional approaches towards governing and exerting control have

ideas about how to govern. Traditional approaches are being replaced by new forms of governance, contemporary approaches based on ingredients from tradition and new ingredients such as participation and transparency pave the way for governing whilst respecting multiculturalism and taking ecological concerns into account. With an emphasis on ideas respecting difference, equity, human rights, the rule of law, and civil society, whilst decision makers in government, the private sector, and civil society organizations are accountable to the public, as well as to institutional stakeholders.

My chosen methodology, including the choices concerning how to collect and analyze data was essential to my research and to the whole process of the fieldwork, preparing the field visits and being “out there.” Generating the “facts” from interviews and discussions was valuable to my research. As Ikeda, citing Silverman (1993; 1997), points out interviews signify something very distinct whether the researcher’s orientation is that of positivist, emotionalist, or social constructionist. I found, however, positivist orientation with standard protocol, standard questions, the technical construction of questions, and recording machine was not appropriate for me, nor was emotionalist orientation assuming that the truth comes out of the interviewee or constructionist orientation with an assumption that pre-existent “truth” or “real subject” is outside the interview. Instead, I was concentrated on what was said and how it was said, and as Silverman (2001) points out to find the best combination of “what” and “how” according to research questions.

I found that combining interviews and observations, in interaction with other data, was useful. In the meetings, I usually made notes and afterwards I wrote them up. My photos from the field have greatly helped me to memorize the events while have also added much more information. I have reflected on what information a photo gives and how truthful a document it is. As Beiler has pointed out the viewer has to know the reality to understand what the truth is.

Based on my earlier visits in China as a business manager I encountered many problems. Hence, I was quite aware of the complexity of the research environment, because of diverse issues such as local government in Tibetan areas, the participant’s social status, ethnic background, and cultural norms. Therefore, I learnt how to ask questions in different ways, how to be situation sensitive, what people thought or experience about something and just listen to their narratives which often gave a rich data. However, all of this requires one to be practical and analytical in justifying, analyzing, and explaining the data. I found that my theoretical framework, chosen to support my empirical work, gave opportunities for different approaches depending on the situation, while critical theory provided necessary criticism for this examination.

4 GOVERNANCE IN CHINA

How is China governed today? How was China governed in ancient times? What governance reforms has China adopted and what reforms are on hold? What are the contemporary challenges of governance? In this chapter, the aim is to seek answers to these questions and therefore governance in China is highlighted both in its traditional form and with respect to the governance system of today in order to provide some understanding about the role and impact of governance on society.

4.1 Administrative division of China

It is a great challenge to govern a complex country with such a diversity of land, climate, and population. The vast land area has topographic and climate variations that shape the way people live and how they make their living. The population of more than 1.3 billion people is spread out across the country, with most still living in the countryside although increasingly moving to the cities.

China has had several levels of administrative divisions since ancient times. The People's Republic of China has 23 provinces, 5 autonomous regions, 4 centrally administered municipalities and 2 special administrative regions, all directly under the Central Government. Currently, there are five levels of local government: the province, the prefecture, the county, the township, and the village.

The Provinces 省: Anhui 安徽, Fujian 福建, Gansu (甘肃), Guangdong (广东), Guizhou (贵州), Hainan (海南), Hebei (河北), Heilongjiang (黑龙江), Henan (河南), Hubei (湖北), Hunan (湖南), Jiangsu (江苏), Jiangxi (江西), Jilin (吉林), Liaoning (辽宁), Qinghai (青海), Shaanxi (陕西), Shandong (山东), Shanxi (山西), Sichuan (四川), Yunnan (云南) and Zhejiang (浙江).

Taiwan (台湾) is claimed by the PRC, but governed by the Republic of China (ROC).

The Autonomous Regions (自治区): Guangxi (广西壮族自治区), Inner Mongolia (内蒙古自治区), Ningxia (宁夏回族自治区), Xinjiang (新疆维吾尔自治区), and Tibet (西藏自治区).

The Municipalities (直辖市): Beijing (北京市), Chongqing (重庆市), Shanghai (上海市), and Tianjin (天津市).

The Special Administrative Regions (特别行政区): Hong Kong (香港特別行政區), and Macau (澳門特別行政區).

Map 3: Administrative Divisions of the People's Republic of China⁶²



The country is divided into provinces, autonomous regions and municipalities directly under the Central Government. A province or an autonomous region is subdivided into autonomous prefectures, counties, autonomous counties and/or cities. A county or an autonomous county is subdivided into townships, ethnic townships and/or towns.⁶³

Autonomous regions have large populations of ethnic minorities and, like provinces, an autonomous region has its own local government and in theory, more legislative rights. In practice, however, they only have the right to appoint the governor from the local minorities, whereas, the Party Secretary, who is Han Chinese, has the real power in all autonomous regions.

⁶² http://commons.wikimedia.org/wiki/File:China_administrative.gif, accessed 9 February 2010.

⁶³ <http://www.china.org.cn/english/features/China2004/106448.htm>, accessed 9 February 2010.

4.2 Governance legacies

To understand how China is governed today, it is important to take a look at how China was governed earlier, because tradition has played a role in the governing system, from ancient times to today.

4.2.1 Traditional governance

In the ancient era, during the Shang dynasty (1600 B.C.-1046 B.C.), the Shang kings used “oracle bones” to perform divination to their gods and ancestors. The welfare of the state and its people depended on how the kings maintained harmonious relations with *Shang Di* (Lord Above). The Zhou Dynasty (1045 B.C.-256 B.C.) lasted long time – through its political and military control. The Zhou Dynasty (1046 B.C.-256 B.C.) is divided into the Western Zhou and the Eastern Zhou. During the Western Zhou (1045 B.C. -771 B.C.), the Zhou kings, who called themselves “Sons of Heaven” continued to offer sacrifices to their ancestors. They held nominal power but only directly ruled over a small royal demesne centered on their capital while they granted fiefdoms over the rest of China to several hundred hereditary nobles. The Eastern Zhou dynasty (771 B.C.-221 B.C.) began when non-Chinese nomads assassinated the King during one of their attacks. The capital was moved eastward from Haojing to Luoyang and because of this shift, historians divide the Zhou era into Western Zhou and Eastern Zhou. The Eastern Zhou is further divided into the Spring and Autumn Period, and the Warring States Period. The Eastern Zhou period is also designated as the period of the Hundred Schools of Thought with various schools of historical Chinese intellectual thought. The four main distinct schools were Confucianism, Mohism, Taoism, and Legalism, which contributed to social, philosophical, and political change, all of which played a large part in the decline of the Zhou dynasty.

The traditional system of governance in imperial China originates from the Qin dynasty (221 B.C.-206 B.C.). The imperial system with a centralized bureaucratic apparatus lasted two thousand years until the early 1900s, surviving the rise and fall of successive dynasties, largely because the Chinese believed that their civilization was superior to any other. The centralized government structure has roots in traditional China. In theory, the Emperor governed, guided by his Confucian education. The court included the empress and her family, as well concubines and eunuchs,⁶⁴ who attended the emperor’s personal needs, while competing for important positions, and

⁶⁴ The practice of using eunuchs in Chinese courts had existed for more than two thousand years, and by the mid- 15th century eunuchs, numbering tens of thousands, controlled the administration, and decided appointments and promotions for central and provincial posts. They exercised military power as commanders of the palace guards, and controlled economic life through their responsibility for the imperial workshops and foreign tribute and trade. History recounts two famous eunuchs: Zheng He who at the height of Ming expansion led seven maritime expeditions that surpassed all others, and Wei Zhongxian (Wei Chung-hsien) who tyrannized the court and administration with his secret service so that it contributed to the fall of the Ming dynasty.

even on occasion trying to seize the throne. Senior scholars advised the emperor on ceremonial matters, wrote official histories, and supervised his Confucian education.

Confucianism became the official political ideology of the early Han dynasty (202 B.C. – A.D. 220) and remained the “state religion” until the latter part of the 20th century. The Confucian values of loyalty and filial piety were aimed at unifying the population in obedience to state.⁶⁵ In the political arena virtues provided an ideological format and equipped the rulers with standards to judge behavior and thoughts. In Confucian politics, Heaven was supreme and the Mandate of Heaven was the will of the people, by which the legitimacy of a government was given and confirmed. Confucius (551-479 B.C.) was a thinker spoke and political figure who spoke about how an individual should live and interact with others, and about forms of society and government. He spoke for the values of morality and dignity in private life and in government. In Confucian teachings, the education of oneself was a central point in becoming a noble person (*junzi* gentleman). A gentleman was expected to demonstrate virtues (*de*) and loyalty (*zhong*) to the sovereign, and filial piety (*xiao*) to his parents. Confucius’s political philosophy was rooted in the belief that a ruler should learn self-discipline, govern his subjects by his example, and treat them with love and concern. The way to maintain and cultivate ‘virtue’ was through the practice and enactment of *li* or ‘rituals’—the ceremonies that defined and punctuated the lives of the ancient Chinese aristocracy.⁶⁶ Confucius said “he who governs by means of his virtues is like the pole- star: it remains in its place while all the lesser stars do homage to it” (*Lunyu* 2.1). However, a ruler who fails to fulfill his duties is regarded as one who has lost his virtues which in turn causes him to lose power and thus the ability to govern. Hence, Confucius believed in the power of moral example, thus the ruler was to be a moral example who exerted benevolence in governance while acting with self-restraint and modesty. Moreover, Confucianism became the state ideology, and governance, influenced by the political thought of Confucius, was constructed in a hierarchical way to support the absolute rights of rulers over their subjects, similarly of husbands over their wives.⁶⁷ The mastery of Confucian doctrine, *the Four Books and Five Classics*, became the basis for the state examinations and was restricted to male candidates, which led to government service.

During the Ming dynasty (1368-1644) the system of governance matured. The emperor was a supreme autocrat. Administration of the empire on his behalf was entrusted to Confucian-indoctrinated scholars who were selected for service in competitive recruitment examinations. The government bureaucracy included Six Boards, corresponding to contemporary ministries: the Board of Personnel appointed the civil service; the Board of Revenue collected taxes; the Board of Rites supervised the examination system, state festivals, and government-sponsored schools; the Board of War appointed military officers; the Board of Punishment provided the court system; and the Board of Works was in charge of building, irrigation, and salt – a

⁶⁵ Spence 1999: 59-60.

⁶⁶ Riegel 2008.

⁶⁷ Spence 1999: 59-60.

government monopoly. A seventh entity was the Censorate that criticized the other organs of government, including the emperor.⁶⁸ The Censorate, however, had no real power, but by pointing out the moral superiority of the emperor, they made the Emperor correct his behavior.⁶⁹ Hence, the civil service dominated the government to an unprecedented degree as hereditary nobles or military officers did not seriously challenge the bureaucracy while eunuchs often disrupted the dominance of the civil service. During the final decades of the Ming dynasty, rulers were secure in their control of everything they wished to control, and no other group in society rivaled the status of civil officialdom as the natural leaders of society.⁷⁰ Certainly, today's phenomena of a strong civil service, a centralized bureaucracy, government censorship, and "punishment" stems from Chinese history.

4.2.2 *Western influence*

The Qing dynasty (1644-1911) was established by the Manchus.⁷¹ Although, they made up less than two percent of the population in China, they ruled by a Chinese style a highly authoritarian and centralized, Sino-Manchu empire. Their power was based on the efficient military "banner system"⁷² under which the entire population – including captives, slaves, and serfs – was registered, taxed and mobilized. Banners were dispersed in small numbers in banner garrisons around China and along its borders.⁷³ The Opium Wars (1839-1842, 1856-1860) that forced China to open up to the world, marked the beginning of modern Chinese history, foreign penetration, and the "Century of Humiliation"⁷⁴ for the Chinese who had to struggle against an

⁶⁸ Dreyer 2006: 29-30.

⁶⁹ Lieberthal 2004: 13.

⁷⁰ Hucker, 1998.

⁷¹ The Manchus were Jurchens from southeast Manchuria, descendants of the Jin who had ruled northern China in the 12th century. With Chinese support they made Korea and Mongolia vassal states. See: Paludan 1998: 190-191.

⁷² The banner system was used by the Manchu tribes of Manchuria (now Northeast China) to conquer and control China in the 17th century. The banner system was developed by the Manchu leader Nurhachi (1559–1626), who in 1601 organized his warriors into four companies of 300 men each. The companies were distinguished by banners of different colours—yellow, red, white, and blue. In 1615 four more banners were added, using the same colours bordered in red, the red banner being bordered in white. <http://www.britannica.com/EBchecked/topic/52088/Banner-system>, accessed 7 September 2010.

⁷³ Paludan 1998: 194.

⁷⁴ Before 1840, China was closed to the outside world. Western merchants were forbidden to have any contact with the Chinese, except in trade through the "Canton Trade System". Why did China impose such limitations? Two main reasons were present. The first reason was that China's foreign policy at that time was dominated by its sense of superiority. The second and the most important reason was that the Manchu rulers in China were afraid that foreigners would learn of China's weaknesses and that the Chinese would collaborate with foreigners. The Opium wars, from 1839 to 1842 and from 1856 to 1860 culminated in a trade dispute and diplomatic difficulties between China under the Qing dynasty and the British Empire. Britain forced the Chinese government into signing the Treaty of Nanjing and the Treaty of Tianjin known as the Unequal Treaties, which included provisions for the opening of additional ports to foreign trade, for fixed tariffs; for the recognition of both countries as equal in correspondence; and for the cession of Hong Kong to Britain. The British also gained extraterritorial

aggressive and arrogant imperialist power that forced China to sign unequal treaties.⁷⁵ Nonetheless, in the meanwhile, Chinese officials and intellectuals started to rethink the political system of China. Western influence increased, and works on Western government and history, brought by missionary groups coming to China, came to be known. In the 1870s, the slogan “take Chinese learning for the base and Western learning for practical use” illuminated the selective modernizing approach of China. It was politically attractive as it sought to preserve the superior qualities of Chinese culture while importing foreign technology to make China strong.⁷⁶ In the late 1890s, Kang Youwei (1858-1927), a Chinese scholar, noted calligrapher and prominent political thinker, and reformer of the late Qing Dynasty with a group of Chinese intellectuals studied and translated texts and “concluded that Western secrets of wealth and power consisted not only of technological knowledge but included political theories that China should emulate.” Kang noted that China lacked an organ that exercised deliberative power, thus he suggested creating an embryonic cabinet, including a liaison bureau, which would prepare the way for a true national assembly arguing that only through institutional modernization could China regain its autonomy and its rightful place among nations. Although the Hundred Days’ Reform of 1898 was short lived, ending in a *coup d’état* by powerful conservative opponents led by the Empress Dowager Cixi, the idea of a constitution, which ensured and augmented national power, spread.⁷⁷

In 1919, the May Fourth Movement marked a watershed whereby Confucianism was dethroned to make way for “science and democracy”.⁷⁸ The May Fourth Movement was an anti-imperialist, cultural, and political movement which grew out of student demonstrations in Beijing on May 4 protesting the weak response of the Chinese government to the Treaty of Versailles. These protests marked an upsurge of Chinese nationalism. Nevertheless, in spite of its modernization efforts, the Qing dynasty collapsed and the Confucian order that had served for almost two thousand years as a base for social ranking, career mobility, and prestige shaping attitudes toward authority, was discarded.⁷⁹

The overthrow of the monarchy in 1911 initiated a Republican era in China. Chiang Kai-shek and the Nationalist Party (The Kuomintang) ruled China. Uncertainty and advice from abroad led to an experiment with representative government and autonomous political parties based on Western models. Soon, however, due to fears of intense party competition end in internal strife led to the experiment being rejected as premature and unsuitable for Chinese conditions. A Parliament was still desired, but

rights. Several countries followed Britain and sought similar agreements with China. Many Chinese found these agreements humiliating and these sentiments are considered to have contributed to the Taiping Rebellion (1850-1864) and the Boxer Rebellion (1899-1901). When Japan was victorious in the Sino-Japanese War of 1894-5, the *coup de grâce* was delivered in 1911. [The downfall of the Qing Dynasty in 1912 put an end to dynastic China.

⁷⁵ Garver 2002: 5-6.

⁷⁶ Spence 1999: 24.

⁷⁷ O’Brien 1990: 13.

⁷⁸ <http://www.answers.com/topic/chinese-political-thought>, accessed 24 February 2009.

⁷⁹ Garver 1993: 4-5, Lieberthal 2004: 26, and Dittmer 2009: 178-180.

one that would foster cooperation and harmony by concentrating power instead of dividing it, and thus drawing the nation together.⁸⁰ In the early 1920s, the founder of the Kuomintang, Sun Yat-sen, turned to the Soviet Union for advice on party organization and tactics. Furthermore, he proposed the five-Yuan system⁸¹ that outwardly resembled a separation of powers, but owed more to traditional Chinese notions of a unitary state. In 1928, three years after Sun Yat-sen died suddenly, Chiang Kai-shek formed another government based on Sun's ideas, but without Sun's leadership the five-Yuan system did not function, because the state institutions had minimal autonomy under a Nationalist government based on the principle of a party dictatorship. In consequence, Chiang postponed the transition to constitutional democracy indefinitely. In the face of pressure from Japan and regional militarists, Chiang Kai-shek argued that it was necessary to construct a farsighted government free from constitutional restraints.⁸² A National Assembly was established in 1938. During sessions, members occasionally attacked and embarrassed officials but seldom persuaded the government to change its conduct, and as O'Brien points out "the sharpest questions were reserved for the weakest ministers" and "the members rarely exercised budgetary powers or the right to approve important policies". The Communists, who took part in the National Assembly, often abstained or boycotted sessions. Chiang's government, although unable to govern local elites or fight off foreign aggression, developed important structures and routines during China's first experience with a one-party state and use of a legislature.⁸³

4.2.3 From Mao Zedong to Deng Xiaoping

After 1949, a new regime developed partly as a reaction to the mistakes of the Kuomintang, partly as a continuation of historical and cultural factors. The CCP repealed all the laws of the Kuomintang and abolished both the Legislative Yuan and the National Assembly. Later, the CCP built an even a more effective one-party system albeit based on a different ideology and different policy priorities. The communists had learnt that under the conditions of foreign intervention, revolt, and civil war, power had to be shifted to an active and united executive.⁸⁴

⁸⁰ O'Brien 1990: 15.

⁸¹ The five power constitution was a system of government proposed in 1905 as the means through which democracy could be implemented in China after the overthrow of the imperial regime. It provided for a central government composed of five yuan, or branches, of government. There were to be legislative, executive, and judicial yuan. The last two branches, the examination yuan, which was to administer the selection of candidates for the bureaucracy, and the censorate, or control, yuan, which was to check up on the honesty and efficiency of the government, were traditional Chinese administrative components. Sun hoped that these divisions would help safeguard the rights of the people. The five-yuan system is still maintained by the Nationalist government on Taiwan. http://www.uv.es/EBRIT/micro/micro_210_84.html, accessed 7 September 2010.

⁸² O'Brien 1990: 17-18.

⁸³ Ibid: 19.

⁸⁴ Ibid: 19.

As Mao won the control of the CCP in 1935, he began to adapt Marxism to Chinese conditions. During the Yan'an era (1937-45) he developed his ideas on revolution in two essays, *On New Democracy* (1940) and *On Coalition Government* (1945). In 1937, Mao said:

There is no impossible gulf between democracy and centralism, both of which are essential for China. On the one hand, the government we want must be truly representative of the popular will: it must have the support of the broad masses throughout the country and the people must be free to support it and have every opportunity to influence its policies. This is the meaning of democracy. On the other hand, the centralization of administrative power is also necessary.⁸⁵

This statement of Mao supported the ideas of the Chinese Communists who advocated sovereignty and political representation within a centralized state.

After the establishment of the PRC in 1949, under a Maoist government, revolutionary ideas and a formal administrative system were two key elements that interplayed in governance. Mao was a practical politician and a strong leader, who exercised power over the conduct of the party, the government, and military affairs. His political thinking reflected his reading in Marxism and Leninism, while he believed that the malaise of China had been caused by exploitative imperial forces. While Mao condemned the elitist elements of Confucianism, he believed, however, in good Confucian fashion, that right thinking was integral to right conduct. Hence, Mao emphasized ideology and the ideological education of the people. The formal Maoist administrative system drew inspiration from the past although it was partly borrowed from that of the Soviet Union. Like the Soviets, the Chinese set up parallel party and government administrative apparatus. Furthermore, the People's Liberation Army (PLA), encompassing the army, the navy, and the air force, was a core component of the Chinese Communist system, and it has been a major instrument in achieving both security and domestic policy goals.⁸⁶ A national legislature was set up, but the mid 1950s saw a period of legislative activity and reform suddenly came to an end. For two decades, political campaigns, from the Anti-Rightist Movement (1957-8) to the Great Leap Forward (1958-60) to the Cultural Revolution (1966-76), interrupted legislative development and ultimately drove the National People's Congress (NPC), founded in 1954, into inactivity.⁸⁷

To govern the country, Mao developed his doctrines of the mass line, the struggle and the contradictions while he advocated egalitarianism and self-reliance by using political campaigns. These doctrines were based on his own revolutionary ideas on how to address problems with his enemies, those against his will. The mass line (*qunzhong luxian*) doctrine, which was developed during the Yan'an era, puts forward the idea that officials in direct contact with the masses should always remain close

⁸⁵ Ibid:78.

⁸⁶ Lieberthal 2004: 77.

⁸⁷ O'Brien 1990: 3.

enough to the people to understand their fundamental desires and concerns. However, in practice local officials did not report the views of the people as they were afraid of exposing popular discontent with their own work. In spite of this, the party adopted the concept so that officials were under constant pressure to “go down to the masses” and to “learn from the masses.”⁸⁸ Mao believed in the absolute value of tension and of the struggle (*douzhen*) – that is, of direct confrontation that broke previous rules through outrages and violence. Mao used the struggle to change social identity, to bring down people who had formerly enjoyed high prestige and authority, typically those given “bad class labels” as capitalists, landlords, and rich peasants. Mao used this tool to change the Confucian legacy of a society in which individuals worked together based on social relationships, into one based on broad social groups, where they could identify themselves as workers, poor peasants, and so forth.⁸⁹ Furthermore, Mao suggested that all movement and life are a result of the contradiction. The conflicts were “contradictions” in Maoist terminology. Hence, to develop an effective strategy, it was essential to identify the conflict. The theory of contradictions led Mao to develop a set of strategies prevailing in key conflicts. These strategies were collectively known as united-front work, and in post-1949 China the CCP actually set up a United Front Work Department under the party’s Central Committee to gain support of people other than communists, to move things toward the desired outcome.⁹⁰ The concept of self-reliance (*zili gengsheng*) meant that one should “keep the initiative in one’s own hands”, and it was applied in China from 1949 to the beginning of 1958 except for the period when China was dependent on the USSR. The Sino-Soviet split witnessed the sudden withdrawal of Soviet aid in 1960. In reaction, Mao insisted that in future China should follow a strategy of national self-reliance. Furthermore, in the domestic economy self-reliance was extended through central planning to the core sectors of mining, metallurgy, and the railways. Since then many policies have been based on the concept of self-reliance.⁹² Furthermore, Mao Zedong’s thoughts were set down in the “little red book,” which became required reading throughout the country during the Cultural Revolution in the late 1960s.⁹³ Mao Zedong made campaigns (*yundong*) a prominent feature of Chinese politics that still prevails though not in the same form. At least one campaign was launched every year until his death. Campaigns were concentrated on attacking specific issues through mass mobilization, such as Land Reform (1950-52), the Hundred Flowers campaign (1956-57), the Great Leap Forward (1958-61), the Cultural Revolution (1966-76), Anti-Lin Biao and Anti Confucius (1973-74), and Criticize Deng Xiaoping (1976).⁹⁴

⁸⁸ Lieberthal 2004: 64-65.

⁸⁹ Ibid: 68-69.

⁹⁰ Ibid: 72-73.

⁹² Ibid: 76-77.

⁹³ Ibid: 59-63.

⁹⁴ Ibid: 66-67.

In the autumn 1976, Mao died. Hua Guofeng (1921-2008) became chairman of the CCP. He was responsible for the arrest of the Gang of Four (October 1976), which was led by Mao's wife Jiang Qing. A new era in Chinese politics brought about a reassessment of past policies and a series of political reforms. In the late 1970s, a shift in the balance of power toward Deng Xiaoping led to the reversal of leftist policies and efforts to institutionalize and regularize the exercise of power. The Party reassessed its history and leftist "mistakes" were corrected although not without controversy. At times it was difficult to reach agreement on the distinction between "leftism" and "fine party traditions" on the one hand, and "bourgeois liberalization" and "socialist democracy" on the other hand. Gradually, Deng Xiaoping regained control over the CPC, although his only official title was that of chairman of the Communist Party's Central Military Commission. The Third Plenum of the Eleventh CC of the CCP in December 1978 marked a political watershed and breakthrough for Deng. The plenum stopped the "reappraisal" of the Cultural Revolution and Mao's legacy, and shifted toward Dengist pragmatism. New slogans appeared such as "practice is the sole criterion of truth," "seek truth from facts," and "emancipate the mind," which all testified to the fact that Hua Guofeng and other Mao loyalists were losing the battle.⁹⁵ In addition, the "Democracy Wall" Movement (from December 1978 to December 1979) with its criticism of Mao and support for Deng paved the way for Deng's return. In 1980, Hua Guofeng who had been Mao's choice as his successor was replaced by Zhao Ziyang (1919-2005) as premier and by Hu Yaobang as party chairman in 1981. Hu Yaobang, the official head of the CCP from 1981 to 1987 and a protégé of Deng Xiaoping was the major architect of the reforms and he was known for supporting the reforms toward capitalism, free markets, and liberalization in China. Following to a visit to the Tibet Autonomous Region (TAR) in 1980, he ordered the withdrawal of thousands of Chinese Han cadres from TAR as he believed that Tibetans should be empowered to administer their own affairs. In 1987, socialist hardliners forced him to resign because of his laxness on "bourgeois liberalization." In the wake of student demonstrations for greater democracy, to which he was thought to be sympathetic, he was forced to resign as party secretary in 1987. In 1989, upon his death, students renewed their protests in Tiananmen Square.⁹⁶ His death, for a heart attack in April 1989, provided the initial momentum for what became the Tiananmen student movement. A day after his death, a small scale protest mourned for him. Then, a week later, the day before Hu's funeral, some 100,000 students marched on Tiananmen Square, leading to the Tiananmen Square massacre on 4 June 1989. Zhao Ziyang, another of the leading reformers, sought to streamline the bureaucracy and fight against the corruption. He took the sympathetic stance toward the students in the Tiananmen Square protests of 1989, and in consequence, once named as the successor of Deng Xiaoping, Zhao was purged and he spent the last fifteen years of his life under the house arrest.⁹⁷

⁹⁵ O'Brien 1990: 95.

⁹⁶ <http://www.encyclopedia.com/doc/1E1-HuYaoban.html>, accessed 7 September 2010.

⁹⁷ <http://www.encyclopedia.com/doc/1E1-ZhaoZiya.html>, accessed 7 September 2010.

4.3 Governance system

In political terms, China is a one-party state, with real power lying with the Communist Party of China, which takes Marxism-Leninism, Mao Zedong's Thought, Deng Xiaoping's Theory and Jiang Zemin's Three Represents as its guide to action.⁹⁸ The government system includes the Constitution, the National People's Congress (NPC), the State Council and the Communist Party. The governing system is a top-down system involving both political and administrative functions, imposed by the central government on all lower levels of administration in China. The formal organization of the government displays a highly complex although coordinated hierarchical system. In reality, the system is fragmented with informal mechanisms. As Lieberthal argues, the fragmentation of authority is a core dimension of the Chinese system, because the political system in China as portrayed on official organizational charts differs, as do all political systems, from the real authority. Pye says that on paper the system appears as a unified, hierarchical chain of command, but in reality it is divided, segmented, and stratified.⁹⁹ He goes further than that as in describing the Chinese political system "informal" as it is not well institutionalized and largely operates in secret and out of public scrutiny.¹⁰⁰ Whereas, Mackerras is under the impression that China is moving towards being "governed by institutions" while Zang argues that although the CCP remains the dominant organ in society, the government can now be seen as "quite" separate from the CCP, which simply means in his view that China is being better governed and is unlikely to return to the sort of politics that characterized the era of Mao Zedong.¹⁰¹ Furthermore, as Lieberthal points out *quanxi* rooted in Chinese culture, is important as it integrates the system and enables cooperation among the different agencies.¹⁰²

4.3.1 Central government

China is governed under the State Constitution adopted in 1982, with amendments in 1988, 1993, and 1999.

Article 1.

The People's Republic of China is a socialist state under the people's democratic dictatorship led by the working class and based on the alliance of workers and peasants: The

⁹⁸ The Constitution of the Communist Party of China was amended and adopted at the sixteenth National Congress of the Communist Party of China on 14 November 2002. Lieberthal 2004: 336.

⁹⁹ Lieberthal 2004: 172.

¹⁰⁰ Pye 1995: 35-53.

¹⁰¹ Mackerras 2004 and Zang 2004.

¹⁰² Lieberthal and Oksenberg 1988: 151,155-157.

socialist system is the basic system of the People's Republic of China. Sabotage of the socialist system by any organization or individual is prohibited.

Article 2.

All power in the People's Republic of China belongs to the people. The organs through which the people exercise state power are the National People's Congress and the local people's congresses at different levels. The people administer state affairs and manage economic, cultural and social affairs through various channels and in various ways in accordance with the law.

Article 3

The state organs of the People's Republic of China apply the principle of democratic centralism.

Article 4.

All nationalities in the People's Republic of China are equal ...

Regional autonomy is practised in areas where people of minority nationalities live in compact communities; in these areas of self-government are established for the exercise the right of autonomy. All the national autonomous areas are inalienable parts of the People's Republic of China. The people of all nationalities have the freedom to use and develop their own spoken and written languages, and to preserve or reform their own ways and customs.

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The Constitution lays down the functions of the legislature, the executive, and the judiciary, all of which are carried out under the leadership of the Chinese Communist Party (CCP). Hence, the Chinese Government is subordinate to the Communist Party of China (CPC).¹⁰⁴ The judicial branch of the State Constitution and the Organic Law of the People's Courts provide a four-level court system. At the highest level is the Supreme People's Court that supervises the administration of justice by all subordinate "local" and "special" people's courts. Local people's courts handle criminal and civil cases. These people's courts make up the remaining three levels of the court system and consist of "higher people's courts" at the level of the provinces, autonomous regions, and special municipalities; "intermediate people's courts" at the level of prefectures, autonomous prefectures, and municipalities; and "basic people's courts" at the level of autonomous counties, towns, and municipal districts. However, in China, the courts have no formal power to make law in the sense that judicial decisions do not create binding precedents. Similarly, the courts are not empowered to interpret administrative regulations as the ultimate authority over the interpretation and application of such rules rests with the issuing agency. Thus, the National People's Congress (NPC) and its Standing Committee have the ultimate authority to

¹⁰³ <http://english.peopledaily.com.cn/constitution/constitution.html>, accessed 7 September 2010.

¹⁰⁴ <http://www.cecc.gov/pages/virtualAcad/gov/index.php>, accessed 19 May 2009.

interpret the law and to enforce the Constitution. One consequence of the limited power of Chinese courts is that many court judgments are not enforced.¹⁰⁵

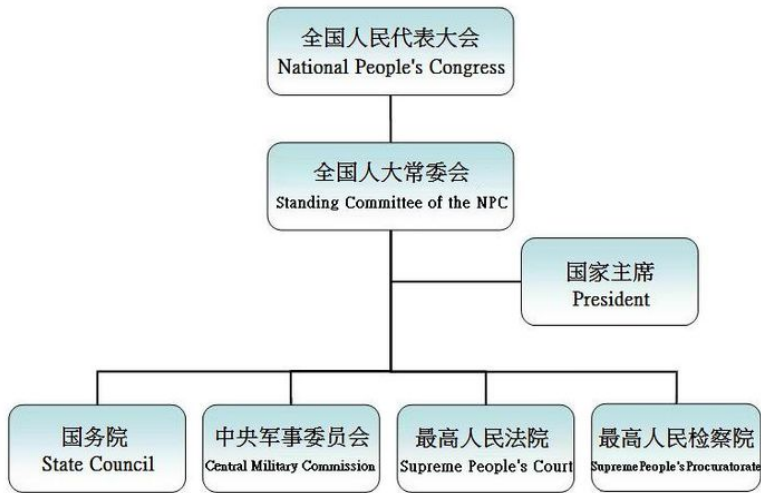


Chart 1: State organs of the People's Republic of China. Author: The Communist Party of Hong Kong.¹⁰⁶

The National People's Congress

The National People's Congress (NPC) of the People's Republic of China is defined in the 1982 Constitution as “the highest organ of state power” and as “under the leadership of the Communist Party of China.”¹⁰⁷ It is composed of NPC deputies who are elected according to law from 35 electoral units from the people's congresses of provinces, autonomous regions, municipalities directly under the Central Government, the People's Liberation Army, the deputy election council of the Hong Kong Special Administrative Region and the Taiwan compatriots' consultation election council.¹⁰⁸ The 3,000 members of the NPC meet once a year and serve 5-year terms. Since the reforms began, the NPC convened in plenary session annually, and each meeting brings some three thousand delegates. Each of 34 delegations has a leader and deputy leaders and each deputy serves a term of five years. Deputies emerged from by-elections serve from the date of election to the end of the present term of office of the NPC. The NPC has six permanent committees: one each for minorities, law, finance,

¹⁰⁵ <http://www.cecc.gov/pages/virtualAcad/gov/index.php>, accessed 19 May 2009.

¹⁰⁶ http://commons.wikimedia.org/wiki/File:State_organ_of_the_People%27s_Republic_of_China.svg, accessed 1 June 2010

¹⁰⁸ http://www.npc.gov.cn/englishnpc/Organization/node_2846.htm, accessed 7 September 2010.

foreign affairs, and overseas Chinese and one for education, science, culture, and health. The NPC and its Standing Committee are empowered with the rights of legislation, decision, supervision, election and removal.¹⁰⁹ Leaders of the NPC Standing Committee are invariably influential members of the CCP and leaders of major mass organizations.¹¹⁰ In addition, local People's Congresses and their Standing Committees are established in provinces, autonomous regions, and municipalities directly under the Central Government, autonomous prefectures, counties, autonomous counties, cities, municipalities, towns, ethnic townships, and towns. Delegates are elected by the people's congresses at the provincial level as well as by the People's Liberation Army. Provincial delegations meet before each NPC session to discuss items on the agenda. Standing committees are established at people's congresses above the county level.¹¹¹

Officially, the National People's Congress (NPC) of the People's Republic of China is the highest organ of state power. Yang states that at all levels state power is vested in the People's Congresses, because "the political symbolism of a local government as a local community is also very important, it is necessary to confer into the local government the status of local political representative."¹¹² Whereas Saich points out that although the highest organ of the state is the NPC, major decisions and appointments are made by the party, and then passed on to the NPC for its "consideration." He also refers to O'Brien's idea that the NCP lacks the organizational muscle to tell the State Council ministries, or courts what to do.¹¹³ As Saich points out, in reality the NPC has operated as a "rubber stamp" legislature and it is still far from being an independent legislature, although the Chinese media have increasingly reported about the debates and voting at the NPC meetings.¹¹⁴ Hence, in reality power lies with the Political Bureau (Politburo), and power within the politburo is centralized in the Politburo Standing Committee of the Communist Party of China. The role of the NPC, however, has gradually changed. The move toward a market economy has brought up a number of issues, such as contracts, property rights, and white-collar crime that require legal structures for their resolution. Therefore, as noted by Lieberthal, the NPC has gradually developed its role and institutional capacities to exercise more control over the legislative and policy agenda,¹¹⁵ but in ways that do not respect an overall threat to the party's dominance. Saich says that the change is seen in the higher number of dissenting votes on legislation and personnel appointments, thus making it more difficult to predict the outcome.¹¹⁶ Nevertheless, although the Chinese media have reported the debates and voting at NPC meetings,

¹⁰⁹ <http://www.gov.cn/english/links/npc.htm>, accessed 7 September 2010.

¹¹⁰ Lieberthal 2004: 176.

¹¹¹ http://www.china.org.cn/english/features/state_structure/64767.htm, accessed 21 May 2009.

¹¹² Yang 2004: 245.

¹¹³ O'Brien 1990: 79

¹¹⁴ Saich 2004: 127.

¹¹⁵ Lieberthal 2004: 176. Also: The Congressional-Executive Commission on China of USA, <http://www.cecc.gov/pages/virtualAcad/gov/index.php>, accessed 19 May 2009.

¹¹⁶ Saich 2004: 127-128.

challenging the image of it being a "rubber stamp," the NPC does not function like a Western legislature.

The State Council

The Central People's Government, better known as the State Council, is an administrative organ that includes central and local administrative organs. The State Council maintains large staff which, since the early 1980s, has reflected an overall trend in Chinese government institutions toward greater professional competence and specialization. The merger of a number of government bodies that administer domestic and foreign trade into a new Ministry of Commerce (MOFCOM) may be the most significant of these changes.¹¹⁷ Furthermore, some 2,000 national social organizations are listed in the national administrative setup. About 200, including the All-China Federation of Trade Unions, the Communist Youth League of China, and the All-China Women's Federation, enjoy special political status and extensive social influence.¹¹⁸ Local administrative organs, or local people's governments, operate on four levels: the provinces, autonomous regions and centrally administered municipalities, cities and prefectures, counties and townships. In 1998, the State Council underwent a major reform of its structure. Now it is composed of the General Affairs Office, 28 ministries and commissions (including the People's Bank of China and the National Auditing Office), 17 directly affiliated organs, and 7 working offices, in addition to a number of directly administered institutions.¹¹⁹ The executive branch the State Council executes laws and supervises the government bureaucracy and thus carries out the administrative functions of the Chinese government. The Premier heads the Council and is assisted by the Vice-Premiers, the ministers, and chairmen of the commissions. Subordinate to the State Council are ministries, commissions, and direct offices, which constitute the State Council's principal policymaking and supervisory offices. Currently, the heads of state are President Hu Jintao, the Vice President Zeng Qinghong, and the Premier is Wen Jiabao (2009). According to an official statement, "the presidency of the People's Republic of China, as the head of the state, is an independent organ of the state, which as an office of state power itself does not decide on state affairs, but exercises its power according to the decisions of the National People's Congress and its Standing Committee."¹²⁰

The Communist Party

The Communist Party of China (CPC) also known as the Chinese Communist Party (CCP) is the founding and the ruling political party of the People's Republic of China (PRC) as demonstrated in Chart 2.¹²¹ The Communist Party of China was founded in

¹¹⁷ <http://www.cecc.gov/pages/virtualAcad/gov/index.php>, accessed 19 May 2009.

¹¹⁸ http://www.china.org.cn/english/features/state_structure/64418.htm, accessed 21 May 2009.

¹¹⁹ <http://www.china.org.cn/english/kuaixun/64784.htm>, accessed 21 May 2009.

¹²⁰ http://www.china.org.cn/english/features/state_structure/64408.htm, accessed 21 May 2009.

¹²¹ Bajoria 2007.

May 1921 in Shanghai, and came to rule all of mainland China in 1949 after defeating its rival the Kuomintang (KMT) in the Chinese Civil War.

The power lies within the Political Bureau (Politburo), and the Standing Committee of the Communist Party of China. The Politburo is appointed by the Central Committee of the Communist Party. The power of the Politburo resides largely in the fact that its members generally simultaneously hold positions within the People's Republic of China state positions and with the control over personnel appointments that the Politburo and Secretariat have. In addition, some Politburo members hold powerful regional positions.

At the end of 2009, CPC had a total membership of 78 million members which constitutes about 5.6% of the total population of mainland China¹²² *The People's Daily* is the paper of the CPC Central Committee while *Seeking Truth* is the Party's magazine. The Party is a vast political machine.

Chart 2: The Communist party¹²³



Although, the Party delegates much of the work of making and implementing policy to the government, the party appoints and promotes all government officials and military officers, almost all of whom are Party members. The party's control over personnel appointments creates a system of patronage which Party officials use to promote subordinates in exchange for their loyalty. The general secretary of the party is the most powerful party figure as he has the final say about the selection of government ministers, provincial governors, and military officers.

As with other government entities, the CPC has both central and local organizations. The Central Organizations of the CPC include: The National Party Congress with a large number of delegates that meets infrequently; The Central Committee consisting of several hundred of members, who receive privileges and have access to inside information on party affairs.¹²⁴ Under the Central Committee of

¹²² Xinhua news. http://news.xinhuanet.com/english2010/china/2010-06/28/c_13372960.htm, accessed 8 September 2010.

¹²³ http://news.bbc.co.uk/2/shared/spl/hi/in_depth/china_politics/government/html/3.stm

¹²⁴ Lieberthal 2004: 174.

the CPC are offices and departments such as the General Affairs Office, the Organization Department (personnel appointments), the Propaganda Department (media, education, political study, and public health), the United Front Department (relations with non-communists), The International Liaison Department (foreign affairs and relations with other communist parties) and the Policy Research Office.¹²⁵ At the top of the pyramid are Political Bureau, its Standing Committee, and the General Secretary. While the Central Committee is not in session, the Political Bureau and its Standing Committee exercise power on the behalf of the Central Committee. Both the Political Bureau and its Standing Committee are elected by a plenary session of the Central Committee. The truly powerful inner circle, however, is *the Standing Committee of the Politburo*, a small body with four to nine members, some of whom usually also head distant provinces. Other powerful bodies are *The Secretariat*, which is the principal administrative mechanism of the CCP and is headed by *the General Secretary*, the Military Commission is in charge of the People's Liberation Army, and the Discipline Inspection.¹²⁶

Local organizations of the CPC include congresses of various provinces, autonomous regions, municipalities directly under the Central Government, cities with districts, autonomous prefectures, counties (banners), autonomous counties and cities without districts as well as districts of cities which are held once every five years. The committees that are elected by these congresses serve a term of five years. The grassroots organizations of the Party, where there are more than three full members of the Party, are set up in enterprises, rural villages, organizations, schools, research institutes, neighborhoods, in the People's Liberation Army companies, and other basic units. Discipline inspection commissions are also set up at various levels of the CPC. Their major tasks are to maintain CPC's constitution and other inner Party rules and regulations, assist Party committees, examine the implementation of the policies, principles and decisions of the Party.¹²⁷

Moreover, the Communist Party plays an extensive role in all public organizations. The CPC Central Committee has entrusted policy making for the civil service to its Organization Department. The State Council's Ministry of Personnel implements policy under the supervision of the Organization Department. Two tightly linked, but separate bodies, the party and the government, exercise political authority. All civil servants recruited into government bodies must be Party members. The Party exercises control appointments and dismissals of civil servants to and from leading positions through the *nomenclature* system.¹²⁸

¹²⁴ http://www.china.org.cn/english/features/state_structure/64573.htm, accessed 21 May 2009.

¹²⁵ http://www.china.org.cn/english/features/state_structure/64573.htm, accessed 21 May 2009.

¹²⁶ Lieberthal 2004: 175.

¹²⁷ http://www.china.org.cn/english/features/state_structure/64573.htm, accessed 21 May 2009.

¹²⁸ OECD 2005: 58-59.

¹²³ The Nomenclatura system consists of lists of leading positions, over which party units exercise the power to make appointments and dismissals; lists of reserves or candidates for these positions; and institutions and processes for making the appropriate personnel changes. By relying on the nomenclatura system, authorities ensure that leading institutions throughout the country will exercise only the autonomy granted to them by the party. See: Burns: 1989.

Party members make up less than five percent of the total population. Nevertheless, they hold about eighty percent of civil service posts although the regulations do not require civil servants to be party members. Thus, in practice the party requires that politically sensitive posts, such as in the State council, and on issues concerning National Defense, Ethnic Affairs, Public security, and Population and Family Planning, are held by party members.¹²⁹

4.3.2 Local government

For over 2000 years, China's rulers have always been concerned with the problem of how to govern such a huge territory and its diverse population, as local rebellions have been an ingredient in many dynastic collapses. In terms of the number of tiers of government that linked the center with the grassroots, China's dynasties adopted three main administrative systems. The Qin, Han, Sui and Early Yang adopted two-tier system, the late Tang, Song, Liao, Jin, Ming, and Qing dynasties adopted a three-tier system, and finally the Yuan had four or more tiers.¹³⁰

The province as an administrative entity first emerged during the Yuan dynasty, because the Mongols needed to maintain military control in the areas they had invaded. Ming leaders reformed and simplified the levels of the Yuan administration to improve efficiency, with the province becoming an integral part of the system of local government.¹³¹ During the Qing Dynasty the tiers of governance were simplified. Most provinces were led by a governor, the highest civil authority, who was in turn subordinate to a governor-general, who typically supervised civil and military authorities within one or three provinces.

During the Republican period, four provincial-level Special Administrative Regions, located in northeastern China, and other minority regions, were added to full-fledged provinces whilst Ningxia and Qinghai were carved out of other provinces. Thus, when the war with Japan began in 1936, the Republic contained 28 provincial-level units. After the surrender of Japan, the short-lived Republic of China's (ROC) administration split three provinces in Manchuria into nine. Consequently, in 1949 the PRC inherited forty-eight provincial-level units, including the Tibetan region and twelve centrally administered cities. Then, the number of provinces increased to fifty-two, as federalist thinkers promoted the concept of provincial power with Mao advocating self-determination for Hunan, his home province. Years later, however, institutionalizing and controlling provincial governments within a unified political system became the mode of provincial governance.¹³² By 1954, the PRC had created a constitution that established provincial-level People's Congresses and organized various administrative organs within the provinces. The primary function of the

¹²⁹ OECD 2005: 63.

¹³⁰ Chung and Lamm 2010: 3.

¹³¹ Ibid: 17-18.

¹³² Ibid: 22-23.

provincial governments was to implement the stipulations of the central government. Personnel at the provincial level were selected centrally, focusing on their ability to form linkages with powerful patrons in the center. The provincial governments were expected to serve as a mechanism of political control, tasked with passing central decisions down to lower levels of government and ensuring that these governments also implemented them faithfully. This was the basic system under the highly centralized Soviet-style planning period. During this period, a large number of enterprises were established at and below the provincial level.¹³³ During the Great Leap Forward (1958-1960), the central government granted greater fiscal and administrative power to the provinces, in part to gain the support of provincial leaders. The attempt to recentralize power in the aftermath of the Great Leap Forward was never fully realized, because during the Cultural Revolution Mao used provincial leaders as the vanguard of the revolution. It appears that during these two periods, decentralization did not really materialize, although Mao himself and the Gang Four used the provinces as bases of support.¹³⁴

At the Third Plenary Session of the 11th Central Committee in December 1978, the CPC shifted the focus from politics to the economy, thus the Four Modernizations (the need to modernize agriculture, industry, national defense, and science and technology) became the first priority of the Party and government. Historically, the post of party secretary (or the first party secretary in certain periods) was the most important as the party secretary was responsible for interpreting central policies, making local policies, and implementing them with the assistance of the governor. The reforms of 1978 brought changes to the role of the provinces. The Party was separated from the government, even at the provincial level. The Organizational Law stipulated that local government leaders such as governors and vice governors were to be elected by the local people's congress (Article 8) and that the standing committee of the local people's congress would appoint or remove certain government leaders when the local people's congress was not in session (Article 44). In 1988, the central authorities split Hainan from the province of Guangdong and made it a Special Economic Zone (SEZ). In 1997, Chongqing, including the city and a number of surrounding rural counties, was split from Sichuan and made into a provincial-level municipality. In July 1997, Hong Kong returned to Chinese sovereignty and became a Special Administrative Region (SAR). Subsequently, in December 1999 Macau became China's second SAR. Hence, decentralization and the empowerment of the provinces were among the primary features of the reform. Nevertheless, this decentralization did not weaken the fundamental relationship between the provinces and the central government. Instead it has increased the complexity of that relationship. Although the provinces are expected to act autonomously in many areas, the central government expects them to do so within a framework of central directives while the provinces are burdened by conflicting constitutional responsibilities. Furthermore, within a unitary state, provincial governments are under the leadership

¹³³ Ibid: 24.

¹³⁴ Ibid: 25.

of the central government and part of the system of representation under the National People's Congress. The State Council routinely issues directives for provincial governments to implement, and to transit to lower levels of government when appropriate. Simultaneously, the provinces are formally controlled by the provincial-level People's Congresses.

Currently there are three institutions at the provincial level: the provincial people's congresses and their standing committees, the provincial governments, and the provincial party committees. According to the law (Article 4 of the Organization Law) the provincial people's congress is the organ of state power at the provincial level. In theory, the provincial people's congresses are decision-making organs, and have the final say about many of the most important issues in their provinces, such as guaranteeing the implementation of the state plan and state budget, reviewing and approving the economic and social development plan and the budget of its administrative area, discussing and deciding important matters on politics, the economy, education, science, culture, health, environmental and resource protection, the civil service, and nationalities, electing members of its standing committee; the governor and vice governors (or the chairman and vice-chairmen and/or the mayor and vice-mayors) of its province (or its region or municipality); the heads of provincial people's courts and heads of provincial people's procurators; and electing deputies to the National People's Congress. Since the provincial people's congresses hold a meeting once a year, most of their powers are delegated to standing committees, which meet at least once every other month. Generally speaking, when a provincial people's congress is not in session, its standing committee can make local laws as long as these laws are consistent with the Constitution, national laws, and national executive regulation. According to the same law, the provincial government is the executive organ of the provincial people's congress as well as the executive organ of the state. It is accountable to both the provincial people's congress and the State Council; it is also accountable to the Standing Committee of the people's congress when the provincial people's congress is not in session. The governors of China's provinces and autonomous regions and mayors of its centrally controlled municipalities are appointed by the central government in Beijing after receiving the nominal consent of the National People's Congress (NPC).

How powerful is the provincial government? The provincial government has various responsibilities and powers. First, it executes the decisions of the provincial people's congress and its standing committee; implements decisions and orders of the State Council; produces executive measures; and issues decisions and orders. Second, it leads all its subordinate organs and supervises the work of the government of the next lower level. Third, it can change or cancel the orders and instructions of its subordinate organs it deems inappropriate; and it can change or cancel the orders and instructions of the government of the next lower level it deems inappropriate. Fourth, it appoints or removes staff members of the executive organs, and trains, evaluates, rewards, or punishes them in accordance with the law. Fifth, it implements the provincial economic and social development plan and the budget; manages economic

affairs, education, science, culture, health, and sports in its region; protects the environment and natural resources; engages in urban and rural construction work; takes care of financial, civil service, public security, and national affairs, and conducts judicial execution supervision, family planning, and other executive business. Sixth, it maintains social order; guarantees personal rights, democratic rights, and other rights of the citizens; protects the legal rights and benefits of various economic organizations; guarantees the rights of minorities, respects their customs and habits and assists them in their political, economic, and cultural development; and guarantees the various rights of women granted by the Constitution and laws such as gender equality, equal pay for equal work, and the freedom of marriage. Seventh, it completes other tasks assigned by the State Council. Finally, the provincial government can also produce regulations in accordance with the law, executive regulations, and local laws and regulations.

The role of the provincial party committee is not clearly defined in legal terms. It has neither legislative power nor executive responsibilities. To clarify the role of the local party committee in the local political structure, the Central Committee of the CCP issued a regulation in 1996, entitled “Regulation of the Work of the Local Committees of the Chinese Communist Party.” According to this regulation, the provincial party committee is the “leading core of its own locality.” As such, the provincial party committee should carry out the regulations and laws of the state as well as the policies, directives, and party lines of the CCP. It should “exercise comprehensive leadership over all aspects of politics, economy, culture, and social development in the locality.”

In China, thirty-one provincial level administrative entities have equal status although they are not equal, as some provinces carry far more weight in the country’s socioeconomic and political affairs than others. As Cheng Li points out, some of 62 provincial chiefs are much more powerful and influential than other, and the six provincial chiefs (party secretaries) who are Politburo members are unquestionably the most powerful. The Party secretaries of municipalities directly under the control of the central government—Beijing, Shanghai, Tianjin, and, in the last decade, Chongqing—routinely hold seats in the Politburo. The same can be said of China’s richest province, Guangdong, where current Party secretary Wang Yang and his three immediate predecessors — Xie Fei, Li Changchun, and Zhang Dejiang — have all served on the Politburo during their tenure as provincial Party leader.¹³⁵

In the past two decades, increasingly serving as provincial chief in cities or provinces is precondition for further promotion. The number of the members of the Politburo who have served as provincial chiefs, increased from fifty percent in 1992 to seventy-six percent in 2007. Furthermore, the experience as a provincial chief has almost become a prerequisite for membership of the Politburo.¹³⁶ All provincial chiefs (party secretaries and governors) automatically have the full membership of the Central Committee (CC) of the CPC, as in 2007, when the 17th Central Committee

¹³⁵ Li 2010:18.

¹³⁶ Ibid.

was, the provincial Party secretaries and governors of thirty-one province-level administrations all obtained full membership seats on the committee. Hence, the post of provincial leader has been the springboard to top national leadership offices in post-Deng China. Most of China's top leaders in this period, Jiang Zemin and Zhu Rongji of the third generation, Hu Jintao and Wu Bangguo of the fourth, and Xi Jinping and Li Keqiang of the fifth, all served as provincial or municipal Party secretaries before moving to Beijing to assume the country's most prominent national leadership posts. All nine members of the current Politburo Standing Committee, except one (Premier Wen Jiabao) had prior experience as a provincial chief.¹³⁷ Over the past decade, two women have held provincial governor position. In 2000, Uyunqing, a Mongolian woman served as the governor of the Inner Mongolia. Most recently, Song Xiuyan has served as governor of Qinghai, but from January 2010 she has held the post of first secretary of the All-China Women's Federation.

Hence, although law defines the powers and responsibilities of the provincial people's congress and the provincial government, the provincial party committee is playing the leadership role.

4.3.3 Ethnic autonomy

Officially, fifty-six ethnic minority groups are recognized in China. In China, the term "ethnic minorities" refers to all ethnic groups other than Han.¹³⁸ Ethnic minorities, totaling 106 million people and accounting for 8.4 percent of the population, are concentrated in twelve western provinces of which six share land borders with neighboring countries. Today, apart from five autonomous regions (Inner Mongolia, Xinjiang Uygur, Guangxi Zhuang, Ningxia Hui, and Tibet autonomous regions), China has 30 autonomous prefectures and 120 autonomous counties (known, in some cases, as "banners"), in addition to more than 1,300 ethnic townships. The organs of self-governing ethnic autonomous areas are people's congresses and people's governments of autonomous regions, autonomous prefectures, and autonomous counties. The agencies of self-government in ethnic autonomous areas are the people's congresses and people's governments of autonomous regions, autonomous prefectures and autonomous counties (banners). The autonomous regions, prefectures and counties exercise the same powers as their provincial-level counterparts guided by the Law on Regional Ethnic Autonomy adopted in 1984.¹³⁹

Ethnic autonomous regions permitted a varying degree of autonomy for ethnic groups in past dynasties. From the Qin dynasty, through the Tang to the Song, the imperial court tended to preserve the existing government structure in border regions, granting the titles to local native chiefs, and allowing them to manage ethnic affairs.

¹³⁷ Ibid.

¹³⁸ http://www.gov.cn/english/official/2005-07/28/content_18127.htm, accessed 21 May 2009.

¹³⁹ <http://www.china.org.cn/english/features/China2004/106466.htm>, accessed 21 May 2009.

Imperial efforts to control of these regions from the centre took place subtly under the Yuan and Ming dynasties and openly under the Qing dynasty.

Under the Ming dynasty, the chiefs of the ethnic minorities in Tibet, Yunnan, Guizhou, and Guangxi were appointed as native officials in the local bureaucracy. Under the Qing dynasty, the hereditary native chiefs in these provinces were replaced by floating officials. Furthermore, although the Qing dynasty granted court titles to the hereditary elites of large ethnic groups, such as the Mongols, Tibetans, Hui, and Turkic people, and allowed them to take charge of censuses, tax collection, and keeping order, it also appointed top administrative officials in Outer and Inner Mongolia, Qinghai, Tibet, and Xinjiang to supervise the hereditary chiefs.¹⁴⁰

After the CCP came to power in 1949, regional ethnic autonomy was introduced in 1950. One of the first major policies regarding ethnic autonomy that the Party adopted, was to recruit and train cadres with an ethnic minority background. Another move was to appoint the elites of ethnic minorities to high-profile state posts, to the National People's Congress (NPC) and to the Chinese People's Consultative Conference (CPPCC). The state also implemented preferential economic and fiscal policies in ethnic areas. In addition, the state initiated several major projects in Inner Mongolia, Xinjiang, Ningxia, Gansu, and Jilin. Furthermore, from the late 1950s to the mid 1970s, the government undertook the so-called Third-Front project and relocated many key machinery enterprises in ethnic areas in the southwest and northwest to speed up industrialization there, especially in Sichuan and Guizhou. Other affirmative measures toward ethnic minorities included: t lower standards for admission to colleges and universities (1951); the granting of scholarships to students from an ethnic minority (1952); a specific program to improve the public health of ethnicities (1951) as well various measures to preserve the various ethnic cultures. From 1956 to 1964, the government dispatched 16 survey teams of 1,000 members to undertake the largest survey of ethnic culture, society, and history in China. In addition, in 1956, seven linguistic teams of over 1,000 scholars were sent to fifteen provinces to help ethnic minorities to develop their own written languages.¹⁴¹ From 1957 onwards, moderate minority policies came under attack from the radical line encouraged by Mao. In consequence, following the anti-rightist campaign of 1957-1958, several autonomy policies toward ethnic minorities were disbanded, some autonomous regions and townships were abolished. In 1962, at the Tenth Plenum Of The Eighth Central Committee, where Mao called on the Party "never forget class struggle,"¹⁴² intensified the radical ethnic policy that culminated during the Cultural Revolution of 1966-1976, when the ethnic issue was viewed as a class issue. A United front was promoted; ethnicities and religion were condemned as revisionist and thus to be abolished. Prominent ethnic leaders were persecuted. The culture, diet, and customs of ethnic minorities were deemed backward and were prohibited. So was

¹⁴⁰ Chung and Lamm 2010: 64-65.

¹⁴¹ Ibid: 70-73.

¹⁴² http://www.marxists.org/reference/archive/mao/selected-works/volume-8/mswv8_63.htm, accessed 10 September 2010.

regarded Chinese culture and traditional values, as one of the goals of the Cultural Revolution was to destroy the Four Olds: Old Customs, Old Culture, Old Habits, and Old Ideas. The Constitution promulgated in 1975, removed many stipulations in the Constitution of 1954 detailing autonomy rights, causing the limited ethnic autonomy that existed to degrade into an empty formality.¹⁴³ Meanwhile, the government of autonomous regions staffed by ethnic minorities was undermined, first by the growing dominance of the Party Committee and the Party Secretary from 1958 to 1965, and then by the Red Guards during the Cultural Revolution from 1966 to 1976.¹⁴⁴

At the Third Plenum of the Eleventh CC of the CCP in 1978, a more pragmatic outlook was taken and extended to ethnic policy, thus the moderate ethnic policy practiced in the 1950s was resumed. Deng Xiaoping declared that regional ethnic autonomy, instead of federal republics, suited the conditions of China and thus should be maintained.¹⁴⁵ Eight policies were introduced concerning ethnic minorities, which emphasized their administrative autonomy and later, in 1982, religious freedom was reinstated. In 1984, the Law of Regional Ethnic Autonomy was promulgated. It detailed many policies toward ethnic minorities that were restored in the 1980s.¹⁴⁶ In 1980, in “Summary Talks on the Work in Tibet,” the Party rejected the Maoist line that “ethnicity was in essence a class issue.” The share of ethnic minorities of NPC deputies rose steadily, from an all-time low of 9.4 percent in 1975 to 10.9 percent in 1978 to 13.6 percent in 1983.¹⁴⁷

Since the mid 1980s, however, riots and unrest by ethnic minorities have taken place in Tibet and Xinjiang, revealing the tension between these ethnic minorities and other ethnicities in these areas including the Han, but sometimes the Hui and Mongolians. In response, in late 1991 the Chinese government heightened alertness to separatism in autonomous areas while it emphasized the inseparability between Han and ethnic minorities.¹⁴⁸ In 2001, the amended Law on Regional Ethnic Autonomy was promulgated. The law designated Deng’s theory of building socialism with Chinese characteristics as the guiding principle. It granted autonomous governments the power to determine the appointment of the officials from ethnic minorities, and

¹⁴³ Li, Baolin, 2002. Shi lun woguo minzu quyue zizhi zhidu de sigong fazhan jieduan (A Tentative Treatise on the Four Stages of Development of the System of Nationalities Regional Autonomy in Our Country), in Mao Gongling and Wang Tiezhi (eds.), *Minzu quyue zizhi xinlun (National Regional Autonomy)* (Beijing: Minzu chubanshe, 2002), pp. 327-328; Xu Xiaoping and Jin Xin, *Zhongguo minzu wenti baogao*, pp. 80-82. Wang Tiezhi, *Xinshiqi minzu zhengce de lilun yu shijian*, p. 49; Kaup, *Creating the Zhuang*, pp. 103-106

¹⁴⁴ Chung and Lamm 2010: 73.

¹⁴⁴ Xie Qingkui, *Zhongguo defang shengfu tizhi gailun (An Introduction to the Institutions of China’s Local Governments)* (Beijing: Zhongguo guangbo dianshi chubanshe, 1998), pp. 166-167. In: Chung and Lamm 2010: 73.

¹⁴⁵ Chung and Lamm 2010: 84.

¹⁴⁶ Wang Tiezhi, *Xinshiqi minzu zhengce de lilun yu shijian*, pp. 49-54. In: Chung and Lamm 2010: 74.

¹⁴⁷ Chung and Lamm 2010: 75.

¹⁴⁸ Jin, Bingao, Qing Jue and Zhang Mou, “Lun Zhongguo gongchandang disandai lingdao jiti minzu lilun” (On the Ethnic Theory of the Third-Generation Collective Leadership of the Chinese Communist Party), in Mao Gongling and Wang Tiezhi (eds), *Minzu quyue zizhi xinlun*, pp. 192-209. In: Chung and Lamm 2010: 75.

whether and how to implement national laws and policies. Ethnic minority cadres grew: in 1998, there were 2.7 million cadres from ethnic minorities, accounting for 6.9 percent of cadres nationwide. The leaders of the legislatures and the governments of 154 autonomous regions and areas came from various ethnic minorities.¹⁴⁹ According to official statistics, in 2002 there were 4.1 million ethnic CCP members, equivalent to 6.2 percent of the total 66.4 million party membership reflecting an increase in comparison with 2.8 million members or 5.7 percent in 1990.¹⁵⁰

Why then have the policies toward ethnic minorities not satisfied their needs and to raised their living conditions? Hongyi Lai gives three main reasons to explain the limits of the autonomy bestowed on ethnic areas and minorities. First of all, according to the Law, the PRC is a “unitary multiethnic state,” whereby the separation of any territorial units from the nation is strictly prohibited. Second, the CCP, the ruling party holds power at all levels and in all localities in China, including the ethnic autonomous regions. The 1st Party secretary, usually a Han is the No.1 power holder, and the administrative chief (governor, mayor, magistrate, etc.) holds the No. 2 office. Therefore, regional autonomy is often seen as a political façade to disguise Han dominance. Third, cadres from the ethnic minorities are trained to implement dutifully the policies of the party. Fourth, with some exceptions, autonomous governments rarely exercise their theoretical right not to implement the policies of the central government.¹⁵¹ The recent riots indicate that Tibetans and Uyghurs are discontent with official ethnic policies. In March 2008, riots broke out in Lhasa and other Tibetan-inhabited areas in western China, which lasted two weeks. In August 2009, radical Muslims in Xinjiang (Kashgar and Kuqa) killed and injured police officials and other people, which was the worst violent incident since the mid 1990s. Some Tibetans seek a higher degree of autonomy for a greater Tibet, and radical Uyghurs demand political independence for Xinjiang.

Indeed, China’s ethnic policy faces economic, social, and political challenges. Despite the economic growth in ethnic areas, the gap in GDP between ethnic regions and the nation as whole is increasing; from RMB 1,773 in 1995 to RMB 5,488 in 2006. Lower adult literacy and fiscal deficits in ethnic areas reflect their weak economic base.¹⁵² The Chinese government is being challenged to speed up the development of autonomous regions whilst maintaining stability and national unity whilst also adhering to the “three insists” (*sange jianche*) commitments - to socialism, the CCP leadership, and regional ethnic autonomy as coined by the General Secretary Jiang Zemin in 1997. In July 2008, at a meeting with the Dalai Lama’s envoys, Du Qingling, the Director of the United Front Work Department (UFWD) of the Central

¹⁴⁹ Wang Geliu and Chen Jianyue, *Minzu qiuyu zizhuzhidu de fazhan*, p. 44. In: Chung and Lamm 2010: 76.

¹⁵⁰ Mackerras, *Ethnic Minorities*, p. 177. In: Chung and Lamm 2010: 76.

¹⁵¹ Chung and Lamm 2010: 76-77.

¹⁵² *Ibid*: 80.

Committee of the Chinese Communist Party (CCP), declared that the “three insists” should be “resolutely” maintained in Tibet.¹⁵³

The Law of Ethnic Minority Autonomous Areas of the People’s Republic of China, which was revised by the National People’s Congress (NPC) in 2002, specifies that the top post of local government, in all autonomous regions populated by ethnic minorities, should be held by a leader who hails from the same minority background as the majority of the region’s citizens. Currently, six provincial chiefs belong to ethnic minority groups. They include all five governors in China’s five province-level ethnic minority autonomous regions: Ningxia Governor Wang Zhengwei (Hui, b. 1957), Guangxi Governor Ma Biao (Zhuang, b. 1954), Inner Mongolia Governor Batur (Mongolian), Xinjiang Governor Nur Bekri (Uighur, b. 1961), and the newly appointed Tibet Governor Padma Choling (Tibetan). But, as appointed out by Cheng Li, only one ethnic minority leader, Guizhou Party Secretary Shi Zongyuan (Hui, b. 1946), serves as a provincial Party secretary.¹⁵⁴

4.4 Governance reforms

For centuries power has been highly centralized by the central government, whereas local governments, enterprises, institutions, and social organizations have had no autonomy and were *de facto* branches of the government in Beijing. The result was low efficiency in connection with functional overlap and overstaffing. The reforms in China since 1978 have transformed the planned economy into a socialist market economy. The opening up of the economy culminated in China’s accession to the World Trade Organization (WTO) in 2001. Recently, the Chinese government has sought two reforms in governance: decentralization and civil service reform, whereas the anticipated political reform is on hold.

4.4.1 Decentralization

One of the most important administrative tasks has been the decentralization of powers from central government agencies to those at lower levels. Some scholars view decentralization as a positive development and as “federalism in Chinese Style” where local governments have more authority to influence local economic and social development although others suggest that decentralization may result in an unhealthy rise in the power of the regions.

¹⁵³ Zhongyang zhengfu dui shisishi Dalai zhengce cong “zhengcheng liangtiao” dao “sange jianche” (“The Central Government’s policy towards the Dalai Lama Changes from “Two Supports” to “Three Insistences”), posted at http://cn.chinagate.com.cn/infocus/2008-05/20/content_15352505.htm, (accessed July 2, 2008). In: Chung and Lam 2010: 85.

¹⁵⁴ Li 2008:9, and 2010: 8-9.

Currently local governments have a primary task of providing public goods and services. The Budget Law requires every level of government to make its own budget and have it approved by the People's Congress. According to a report of the OECD, the national government only accounts for about thirty percent of total government expenditure in China. The remaining seventy percent is spent at local levels. Prefectures and counties get the greatest share, and account for nearly all expenditures for social security including old-age pensions, unemployment insurance, and other income support and welfare schemes. Counties and townships together, are responsible for providing basic education and public health for the rural population; these two tiers account for seventy percent of the budgetary expenditures on education, and from fifty-five to sixty percent of the expenditures on health. Hence, local governments play a vital role in providing services for citizens.¹⁵⁵

How do local governments manage their expenditure responsibilities for education, health, and housing? There are large differences in economic activity between provinces and therefore their ability to provide public goods and services varies. To moderate the differences in tax revenue and to ensure a share of tax revenue for the central government, the central government introduced a tax sharing system, between central and local, formalized in the Budgetary Law that came into effect on 1 January 1995.¹⁵⁶ The aim was to regularize a system so that the provinces would be guaranteed revenues with a transfer payment mechanism for the provinces.¹⁵⁷ Nevertheless, many earmarked transfers arrive late in the year and in unpredictable amounts, and therefore local governments have to hold a significant amount of their funds in reserve to finance projects in a pipeline.¹⁵⁸ Furthermore, Wong argues that co-ordination remains weak, because local governments are not always consulted before the rollout of policies, and the central government lacks effective control over the fiscal relations between provincial and lower level governments.¹⁵⁹ On the other hand, relations between the central and local governments often conflict, because of the pricing, use, and transfer of houses and state-owned lands while local governments are also accused of neglecting the instructions of the central government.¹⁶⁰

In sum, although decentralization has given more authority to local governments, by transferring more decision-making powers to them, local governments still have little freedom, for example in setting tax rates to match local spending needs. In fact, the central government is still almost entirely responsible for setting tax rates that reflect the economic situation across the various provinces. As a result, a strong system of revenue transfers to low income areas is needed.

¹⁵⁵ Wong 2007.

¹⁵⁶ OECD 2005: 262.

¹⁵⁷ Saich 2004: 169-170.

¹⁵⁸ Wong 2002.

¹⁵⁹ OECD 2007: 33.

¹⁶⁰ Discussion with Zhang Yongfan 22.9.2009.

4.4.2 Civil service reform

The Communist Party continues to play an extensive role in all public organizations whereas the government, which is in charge of the civil service, forms one authority system. The CPC Central Committee has entrusted policy making for the civil service to its Organization Department. The State Council's Ministry of Personnel implements the policy under the supervision of the Department of Organization.

The civil service system has played a central role in the political system of China. The competitive examination system from the Song dynasty (960-1279) for recruiting officials through exams dealing primarily with Confucian texts has shifted to a selection system to attract "the best and brightest". In the early 1980s, Deng Xiaoping initiated a reform of the "cadre system" (Barnett, 1967), as the system adapted from the Soviet Union in the 1950s was perceived as outdated. Currently, the civil service is organized into 12 positions ranging from Premier at the top to clerical staff at the bottom and 15 grades that are determined by "the level of responsibility and the degree of difficulty of the task and civil servants' capability, political integrity, practical success, work performance, and work record." Political positions are considered civil service jobs in China. These include the Premier, the Vice Premiers, and the state councilors at the centre, and the governors and vice governors of provinces, as well as the mayors and vice mayors of provincial level municipalities, such as Beijing, Tianjin, Shanghai and Chongqing.¹⁶¹ Service in the public sector is highly prestigious. It continuously attracts those who are interested in a stable career with competitive benefits, despite the need to accept lower salaries. Evidence indicates that civil service jobs were even more attractive in poorer regions and in the western region than in richer areas such as Shanghai.¹⁶² How are public employees motivated? Chinese civil servants are paid according to a single uniform pay scale that has four different components: the basic wage, the post wage, the grade wage, and the seniority wage. The basic wage is the same for all government employees: RMB 230 per month. The post wage reflects the post currently occupied by an employee, and the grade wage reflects the individual's capabilities. The combination of these two wages makes up the greatest portion of the salary. The seniority wage reflects the length of an employee's service in RMB: for example, RMB 7 per month for a civil servant who has been working seven years. In addition to a basic salary, the government provides services, cash subsidies, and allowances. Basic salaries are relatively low in China though high-ranking officials make up for this to a large extent by being given generous benefits (housing, cars, travel etc.) that sometimes extend to family members. Furthermore, corruption serves to compensate for relatively low salaries.¹⁶³

¹⁶¹ OECD 2005:60. Source: Xi Liu, *Chinese Civil Service System (Zhongguo gongyuyuan zhidu)*, Beijing, Qinghua daxue chubanshe, 2002, p. 29.

¹⁶² Ibid 2005: 60-61.

¹⁶³ Ibid 2005: 66-68.

Since 1993, the government has sought to improve the quality of the civil service. Current State Administration of Civil Service, under the management of the Ministry of Human Resources and Social Security, was created in March 2008 as part of the government's goal to streamline government department functions. The function of the administration covers management, recruitment, assessment, training, rewards, supervision and other aspects related to civil service affairs. Currently, the central ministries are staffed by highly competent employees, while in less developed parts of the country, the quality and capacity of the civil service is considerable lower. One of the reasons may be the practice at local level to move large number of demobilized soldiers into the civil service after their military service according to an assigned quota, without any exam or other selection system. In addition, at most local levels, particularly at township level, civil service posts continue to be filled by moving cadres from local enterprises. Moreover, a relatively large number of official positions at township and/or county level seems to have filled by corrupt means. The practice has apparently become serious at local level.¹⁶⁴

In 2002, the state sector employed 69.2 million people: 35.4 in the public administration and 33.8 in state-owned enterprises (SOEs). In state-owned enterprises the number of employees has declined due to streamlining effects associated with the WTO, whereas employment in public administration and in public service units (PSUs) (*shiyew danwei*) has remained relatively steady.¹⁶⁵ There are 1.3 million public service units employing more than 25 million people, in charge of delivering health, education, and other public services. Although public service units are allowed some budgetary freedom, they have no clear accountability for results or outputs, as an OECD has reported. Government funding, often based on staffing numbers, has created a tendency to increase staff expenditure and other lavish expenses. Moreover, "many observers consider that non budget revenue has constituted private rents for public service units that have been used in ways that are not always in accordance with the general interest or with government policy."¹⁶⁶

Hence, the Chinese civil service system consists of two systems: One that selects "the best and brightest," and a second that selects by different criteria irrelevant to the job and linked to corruption. Furthermore, the system focusing on performance operates primarily at the central government level and in the developed coastal areas while the traditional system operates in the less developed hinterland. Inept bureaucratic leadership seems to be in a symbiotic relationship with poverty, low economic performance, and an inability to provide adequate services. Furthermore, although civil service regulations (Ministry of Personnel, 1993, Article 13) require that authorities in ethnic minority areas give preference to ethnic minorities in hiring, ethnic minorities hold only about 8 percent of civil service posts.¹⁶⁷ Hence, the gap between government policy and the implementation reforms

¹⁶⁴ Ibid 2005: 63-64.

¹⁶⁵ Ibid 2005: 14.

¹⁶⁶ Ibid 2005: 83.

¹⁶⁷ Ibid 2005: 63.

of civil service staffing reforms remains large. In spite of some practical improvement in the administration, malpractices continue to exist and corruption is widespread.

4.4.3 Anticipated political reform

China has witnessed many forms of government: imperial, republican, nationalist, and communist each associated with different leaders and ideologies. Often the leaders have mattered more than the law, individuals more than institutions, and a “correct” doctrine more than democracy. Since 1949, along with the political movements, political terms have changed, from the revolution, the dictatorship, and the class struggle to reform and the rule of law.

Today, the word “democracy” is no longer banned as it was even in the early 1990s, when one of Chinese official complained to me that foreigners are too eager to promote western democracy, which, he argued, was not suitable for China, because China is such a big country with a huge population, an argument so often heard in China. Talking about democracy is now quite common, by Chinese leaders and scholars, both in public and private, although “democracy is a foreign term and there was neither democracy nor science in traditional Chinese culture,” as pointed out by Li Shenzi.¹⁶⁸ Nevertheless, according to Yu Keping, democracy has been on the list of political terms, irrespective of the ruler and regime.¹⁶⁹ Democracy in China, however, has had different interpretations.

After the Qing Dynasty collapsed in 1911, Sun Yat-sen suggested a transition to a full constitutional republic after a three-year period of temporary military rule. In 1940, Mao Zedong spoke up for “new democracy” where the Communist Party would ensure the “democratic dictatorship” of revolutionary groups over their class enemies.¹⁷⁰ According to Mao Zedong’s theory of New Democracy, the main task of China was to overthrow feudalism, bureaucratic capitalism, and imperialism.¹⁷¹ Democracy was not open to discussion and those who criticized the CCP for betraying its promise to democracy were crushed in 1957-58 by the so-called Anti-Rightist Movement. After Mao’s death, there was an urgent demand to abandon Mao’s concept of democracy.

The Third Plenary Session of the 11th Party Central Committee in December 1978 put an end to the “Cultural Revolution,” shifting the Party’s work from class struggle to economic development. Deng Xiaoping was elected as the leader of the Party and the state. Deng promoted democracy as one of the main topic in his speech entitled “Emancipate the Mind; Seek Truth from the Facts, and Unite as One to Look to the Future” as he opposed and revised Mao’s view on democracy.¹⁷² Deng stated that there was no socialism without democracy, but that China would never adopt a

¹⁶⁸ Li Shenzi 1998.

¹⁶⁹ Yu 2002.

¹⁷⁰ Thornton, 2008.

¹⁷¹ Hutchings 2001: 158

¹⁷² Yu 2002: 183-184.

Western democratic system. Instead, democracy as a goal of the Chinese Communist Party must be practiced under the leadership of the CCP and that Chinese democracy is only possible under the system of People's Congresses. Otherwise, China would descend into great chaos and political instability where there would be no democracy.¹⁷³ Deng's theory on democracy with its own characteristics is written into both the Party Constitution and the Constitution of the People's Republic of China as principles to guide China's political reform. Conservative forces in the CPC opposed his reforms.

Ten years later, in November 1988 Democracy Wall Movement originated in Beijing spread in all over the country. The movement called publicly for political reform and human rights. According to Goldman it was a transformative political event, which precipitated unprecedented political debates, unofficial magazines, and it played a key role in China's "struggle for democratic change" in the post-Mao era. Unlike the participants in the spring 1989 demonstrations, who begged the party to reform, the participants in Democracy Wall movement attempted to achieve their own political rights. The Democracy Wall demonstration continued erratically for over a year. The reason it was allowed to continue for so long was because it was used in a political power struggle.¹⁷⁴ The demonstration at the Tiananmen Square, started in the early hours of June 4 in 1989, was the result of a power struggle within the CPC. The conservatives of the party feared that the Party was about to lose its monopoly while the reformists were demanding the political reform along economic reforms. The economic reforms of the early 1980s had some initial success, especially in the countryside, but by 1988 the reforms had failed to deliver the benefits that the people had expected in the cities. Instead, inflation was at a record high that caused panic buying and hoarding of goods. At the same time, China's opening to the outside world flooded the country with new ideas and news. As a consequence, Chinese intellectuals began to demand more democracy and autonomy from political controls. In 1989 Party elders responded by sacking the Party secretary-general, while attacking intellectuals in "anti-bourgeois liberalization" campaigns, and by the mass arrest of reform-minded leaders labeled as "counter-revolutionaries." The crisis paralyzed the central government and exposed divisions within the Party, and between the Party and the army. Then, the conservatives led by Deng Xiaoping reasserted the primacy of Party rule in China.¹⁷⁵ Hence, Deng Xiaoping sacrificed the economic reform, at the cost of democracy.¹⁷⁶

Given this, how does Deng's democracy differ from that of Mao? Both rejected Western democracy as such. Instead they advocated the sole leadership of the CPC. Nevertheless, Deng sought "Chinese democracy" that has to be combined with sound laws.¹⁷⁷ Hence, the 15th National Party Congress held in September 1997 endorsed the

¹⁷³ Ibid 184-185.

¹⁷⁴ Goldman 1999.

¹⁷⁵ Burns 1989.

¹⁷⁶ Friedman and Wong 2008: 256-257.

¹⁷⁷ Yu 2002: 184.

idea that the state must be governed in accordance with the “rule of law”. Afterwards the National People’s Congress amended the Constitution by adding the phrase “practicing the rule of law in the state” with the goal to establish a system of “the rule of the state by the rule of law” by 2010.¹⁷⁸

After 1989, the mainstream of intellectual discourse turned against democracy. Dominant Chinese Thought of Neo Conservatism or the New Left considered democracy too radical or too Western. In the opinion of the New Left, China is too turbulent to be governed democratically, its cultural traditions are not suited for competitive politics, democracy is actually a Western strategy to weaken China, and therefore national pride should prevent China from modeling itself on the West. One of the leading Neoconservatives, Kang Xiaoguang at Tsinghua university, citing Samuel Huntington, argues that liberal democracy fosters destructive individualism, whereas a cooperative state or ideal type of authoritarian regime would promote harmonious values consistent with traditional Chinese culture. Another neoconservative, Cui Zhiyuan also at Tsinghua University, argues that China should not follow Western institutional models but instead lean on the basis of its own experience promoting China’s exceptionalism. Whereas, Pan Wei, a Beijing University scholar points out that the rule of law and democracy, often linked in the West, are two separate things. He argues that open political culture is not respected in Chinese culture. Nathan criticizes that in spite of some liberal views, many were looking backwards, to the past, because they were most concerned with the abuse of power under Mao rather than challenging the authority of the CPC.¹⁷⁹

Why haven’t the socioeconomic changes of the past three decades led to corresponding changes in the Chinese political system? The explanation may be found in the strategy chosen by Deng Xiaoping. His famous slogan “to be rich is glorious” became a mainstream aspiration in society. Thus, the main focus of the reforms from the beginning was on economic development even if that meant at the expense of political reform. At the beginning of the 20th century Chinese leaders and their advisers agreed that political reforms had lagged behind economic and social change. In 2003, Hu Angang, a well-known economist and one of the leading researchers at Tsinghua University, suggested that the Chinese authorities should shift their principal task from the “first transition” – namely, economic transformation – to the “second transition,” which should focus on political reform.¹⁸⁰ In 2005, he continued with the same theme, arguing that institutional building is a major way of the CPC to exercise political power, and the success of it depends of the CPC as the ruling Party. Furthermore, he argued “the legality (legitimacy) of the Party lies in winning the understanding of t the people who would not then rise up to overthrow its rule, when it cannot bring positive interests to the people and even bring negative and passive interests to them”. What does this mean? In my view, this is a kind of Chinese ping-pong diplomacy, arguing for democracy the Chinese way – a socialist democracy. Hu

¹⁷⁸ Ibid: 188.

¹⁷⁹ Andrew J. Nathan., *China’s Political Trajectory: What are the Chinese saying?* In: Li 2008. 25-43.

¹⁸⁰ Hu 2003: 22.

Angang says that building a socialist political democratic system should be one of the main themes in the reform of the political system. Just as the market economy is not the “patented good” of capitalism, neither is political democracy. Socialism can promote political democracy as effectively. To establish a socialist democratic political system, Hu Angang has outlined four major aspects of political reform: reform of the CPC, reform of the people’s congresses, reform of the government, and reform of justice.¹⁸¹

Then, in December 2006, Yu Keping, a professor at Beijing University wrote “Democracy is a Good Thing” in his article published in the Central Party School’s newspaper. He has suggested an “incremental democracy” (*jianjin minzhu*) approach stemming from grassroots experiments like the so-called “inner-party democracy” of Pingchang County, which is the first county in China where party members have been allowed to elect the party secretaries of their townships in competitive ballots.¹⁸² In his opinion the development and implementation of grassroots democracy is a key instrument in solving rural underdevelopment, and he is painting a picture of the rise of democracy in China and the future of China as a Socialist Democracy.¹⁸³ Meanwhile, Yu Keping has been criticized for having avoided grandiose rhetoric about freedom and human rights and focusing instead on specific projects like that of Pingchang at Shenzhen with “incremental democracy,” while condemning overnight reform that would be as damaging as economic “shock therapy.”¹⁸⁴ Yu Keping, however, is not referring to Western-style democracy, but like many other Chinese scholars is suggesting that China could make a transition to democracy with “minimum political and social costs” by placing priority on inner-party democracy, grassroots village elections, and legal development.¹⁸⁵ Professor Wang Shaoguang at the Chinese University of Hong Kong suggested that I look at a newly published book “What Does China Think?” where Mark Leonard explores how contemporary Chinese thinkers see the world and how democratic ideas are perceived in China. Thus, I found how Wang, who is also one of the cited political thinkers in the book, expressed his belief in “deliberative democracy” with grassroots elections playing a supplementary rather than a central role in future politics.¹⁸⁶ Yu Keping brought the idea of the public sphere to Chinese discourse when he emphasizes that governance also means cooperation between the state and civil society, between government and non-government organizations, and between public and private institutions.

Prior to the 20th century civil societies or secret societies were professional organizations in commerce and trade acting like chambers of commerce. After 1949, when the Chinese Communist Party (CCP) came to power, almost all civil organizations disappeared. Only a few special associations, such as the China Democratic League and the Jiu San (September 3) Society, which helped the CCP,

¹⁸¹ Hu 2005.

¹⁸² Leonard 2008: 52, 54.

¹⁸³ Yu 2007.

¹⁸⁴ Leonard 2008: 52, 54.

¹⁸⁵ Cheng 2008: 3.

¹⁸⁶ Leonard 2008: 67.

remained. The Youth League and the Women's Federation established by the CCP were developed as mass organizations. "Civil society", being antagonistic to the government, was bourgeois, thus the notions of "civil society" and "citizens' society" became sensitive, because a "mandatory economic structure and a political system featuring a unified leadership do not allow the existence of a relatively independent civil society."¹⁸⁷ In his discussion of civil society, Yu Keping argues that the "actual space" exceeds the "institutional space" allowed by current regulations.¹⁸⁸ Yu Keping, who is also an adviser to President Hu Jintao, addresses issues such as intraparty elections, legislative hearings, judicial independence, good governance, social welfare, and globalization although often in the elusive language of Chinese scholar-officials, labeling democracy a universal value, while rejecting the Western model.

Discourse about democracy goes beyond the policy realm, with the shelves of Beijing's bookstores filled with books on political reform, human rights, and civil society. How serious is the CPC in pursuing political reform, if it ends the legitimacy of one-party rule? In the opening of the 17th Communist Party congress in October 2007, President Hu Jintao affirmed "the guiding principles of the Politburo formulated for the current amendment to the constitution, stressing that the amendment must follow the guidance of Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory and the important thought of [Jiang's] Three Represents, [as well as] embody the Scientific Development Outlook". In his two and a half hour speech Hu underlined his doctrine of "scientific development," which he described as "an important guiding principle for the economic and social development of China and a major strategic thought that we must uphold and apply to pursue socialism with Chinese characteristics." Hu also assured the Congress that economic progress of China would be accompanied by "socialist democracy." That, he explained, meant that the Chinese people should participate more in their government but without affecting "the party's role as the core of leadership in directing the overall situation."

On many occasions, both at home and abroad, President Hu Jintao and Premier Wen Jiabao have highlighted the need for democracy in China. Hu Jintao has said, "If there is no democracy, there will be no modernization."¹⁸⁹ The three concepts of Wen Jiabao are elections, judicial independence, and supervision based on checks and balances. According to John Thornton, Wen Jiabao proposed elections so that people would move gradually up the hierarchy in the townships, counties, and perhaps even the provinces, but he did not indicate they would ever take place at the central level, where ultimate power resides. Cheng Li doubts, however, whether the change in rhetoric translates into new policies and behavior.¹⁹⁰ On the other hand, David Shambaugh, who has traced the discussion through Chinese Communist Party journals and policy documents, argues that the party has improved its ability to

¹⁸⁷ Yu 2007.

¹⁸⁸ Yu 2008.

¹⁸⁹ For excerpts of Hu's speech, see www.xinhuanet.com/politics/hjt625/index.htm, accessed July 14, 2007.

¹⁹⁰ Li 2008: 3-4.

control change in China and stay in power and is moving toward internal party democracy to avoid the fate of the Soviet Communist Party, because the Chinese Communist Party has learnt lessons from on both Tiananmen and the fall of communism in Eastern Europe and the Soviet Union.¹⁹¹ Nathan points out that the Chinese leaders are no doubt sincere in talking about seeking democracy (that is, democracy according to their way of thinking) and they have undertaken significant reforms while some influential intellectuals talk about the need for freedom, equity, and transparency. He further points out that the Chinese political model is grounded on the idea that China has distinctive national conditions (*guoqing*) and therefore traditional Chinese thought still make sense to many Chinese. For example, according to traditional Chinese thought the state must provide moral leadership and take care of the people – “People first” as a cadre at the Party School in Gansu told me. Does culture influence people's views of democracy? Maurice R. Greenberg claims that every country has its own culture and comes by its political system through its own history.¹⁹² A study to measure the support of East Asians for democracy shows that people express relatively strong support for the democratic principle. Contrary to those who believe that East Asians are uncommitted to democracy, the surveys show that East Asians reject authoritarian values and expect their countries to become more democratic in the future. To be sure, the level of commitment to democratic values varies across the eight countries and regions surveyed: it is highest in Japan, South Korea, Taiwan, and Thailand, and relatively weak in Hong Kong. The bad news is that East Asians have, on average, little commitment to the rule of law.¹⁹³

On one hand, Hu Jintao emphasizes economic development and social concerns, while the Chinese media report how Chinese citizens test their limits of public participation by using the internet and cell phones. On the other hand, Hu seems to be determined to retain the Communist Party's monopoly on power. Why does the government, sometimes seem to reacting in a liberal way and then end up resorting to suppression? With the democracy discourse, will the demand for political reforms emerge? How do these emerging trends affect governance in China?

These questions remain largely unanswered, but as Thornton points out, China is not a democracy as defined in western terms, and the transition to democracy is questionable as long as the Chinese Communist Party (CCP) maintains its one-party monopoly on political power and the country lacks a free media, an independent judiciary, has limited freedom of speech and lacks other fundamental attributes of a democratic system.¹⁹⁴ The prevailing view in the West is that Chinese leaders are not thinking of a “real democracy.” Influential Chinese and some western scholars support the view that democracy should not be only criterion used to measure China's political progress and that China is not going to shift to democracy such as it is perceived in the West.

¹⁹¹ Shambaugh 2009.

¹⁹² Li 2008: 4.

¹⁹³ Pei 2009.

¹⁹⁴ Thornton 2008: 3

Cheng Li has outlined various scenarios regarding the political future in China. These range from a highly optimistic future, in which the country will become a stable liberal democracy, to a highly pessimistic one where China will collapse and be left in a state of prolonged war, domestic chaos, environmental catastrophe, and a massive human exodus.¹⁹⁵ One of the widely accepted scenarios is, however, that there will be a market economy combined with an authoritarian one-party political system. In this view, Chinese politics will remain the same as today. It seems, as Nathan points out, that the Chinese political model is not grounded in a culturally specific vision of the social good, but rather in the idea that China has distinctive “national conditions of culture and social structure that shapes the ways in which universal values can be realized.” Thus, at least as long as the current regime delivers growth its legitimacy is secured.¹⁹⁶

4.5 Governance challenges

China has an important role in the world today being the world’s third largest economy and one of the world’s fastest growing economies. China is a permanent member of the UN Security Council as well as a member of several other multilateral organizations including the WTO, APEC, the East Asia Summit, and the Shanghai Cooperation Organization. Nevertheless internationally China has been criticized for its human rights violations, and for having a problematic record of interfering with press freedom.

Nationally, corruption is a widespread problem. In 2002, President Jiang Zemin defined “anti-corruption mechanisms” as a “major political task for the Party.” In June 2003, the Supreme People’s Court issued a code of conduct for Chinese judges in order to help prevent corruption in the judiciary. Corruption within the civil service remains a serious problem, as can be seen in Transparency International’s “Corruption Perception Index.” Given the probability of being prosecuted is low, – from 1993-98 fewer than half of the corruption cases being investigated led to criminal charges being filed and, most strikingly, only 6.6% of these led to sentences (Hu, 2001; Hu in *South China Morning Post*, 24 March 2001).¹⁹⁷

As in most other countries, the Chinese government has enacted disciplinary rules and sanctions for officials, but in addition, China runs a specific disciplinary regime for members of the CPC. Corruption cases have been revealed by citizens complaining against officials in reports and hotlines, and such cases have been widely published by the state-controlled media. Citizens complaining against officials, in reports and hotlines, have revealed corruption cases and such cases have been widely published by the state-controlled media. In addition to reports from the public, the Ministry of Supervision inspects the implementation of laws and rules on a regular

¹⁹⁵ For a detailed discussion of the contrasting scenarios of the political future of China, see Li, 2007: 17-29.

¹⁹⁶ Li 2008: 4.

¹⁹⁷ OECD 2007: 33.

basis and by unannounced checks. The Ministry of Supervision is in charge of exercising such supervision over departments under the State Council, their officials, and staff of large state-owned enterprises, as well as having the power to inspect, investigate, judge, and directly execute the punishment of the official involved. In addition, the Ministry of Supervision and its subordinate bodies are responsible for the enforcement of disciplinary regulations. Furthermore, its responsibility for such supervision applies throughout the country, as it is responsible for supervising the governments of the provinces, autonomous regions, and municipalities, which fall under the direct control of the central government. Moreover, in February 2004, Regulations on the Inner Party Supervision of the Communist Party of China and Regulations on the Punishment for the Discipline Violation of the Party were updated with a particular view to combating corruption. Recently some cities and provinces have complemented usual sanctions by financial incentives: a reduction or loss one's the pension. Although China has undertaken measures to develop the legal and institutional framework to detect and sanction corruption, much less effort has been made with regard to examining the sources of corruption and developing preventative measures. Moreover, China's anti-corruption institutional framework puts responsibility for anti-corruption work in the hands of the Party (the Central Commission for Discipline Inspection and its network of local commissions). Thus, lack of an independent anti-corruption body makes the fight against corruption difficult. Cases have shown that Party officials protect their corrupt subordinates.¹⁹⁸

Furthermore, the government of China faces a number of challenges that are intertwined with environmental degradation, economic development, and ethnicity. How to manage these challenges is a key question for the government if it is to retain power.

4.5.1 *The environment*

Severe pollution and environmental degradation are a major concern in China. Polluted air and water along with soil erosion and desertification threaten the lives and livelihood of millions of people causing human tragedies every year while environmental degradation causes huge economic losses. "China is the world capital of air pollution" claimed one article of the *Lancet* ("China: The Air" 2005). The air in many cities is among the most polluted in the world. Levels of nitrogen dioxide, released by power plants, heavy industry, and vehicle traffic have increased in industrial centers.

Seventy percent of the country's energy comes from coal, which is typically of low quality, untreated, and burned from relatively low smokestacks. Emissions from burning coal damage buildings and crops and cause acid rain. One World Bank study (2007), conducted with the national environmental agency (SEPA), reported that outdoor air pollution was already causing 350,000 to 400,000 premature deaths a year.

¹⁹⁸ Ibid 2005: 30, 115- 117.

Indoor pollution contributed to the deaths of an additional 300,000 people, while 60,000 died from diarrhea, bladder and stomach cancer, and other diseases that can be caused by water-borne pollution. People suffer from bronchitis, particularly in winter. Furthermore, as more people use cars, the smog gets worse. Pollution has made cancer China's leading cause of death, the Ministry of Health says. Urban industrialization and the rising use of automobiles are responsible for worsening air pollution.¹⁹⁹

Water pollution, however, is considered the greatest danger to the health of the population. Nearly 500 million people have no access to safe drinking water. In 2005, more than 400 of the country's 669 largest cities experienced water shortages. Northern China has suffered from chronic drought since the 1980s while flooding has become more serious in the south. Rural areas also suffer from the effects of chemical fertilizers and toxic pesticides. Polluted drinking water has also been linked to a rise of hepatitis, and stomach, liver, and intestinal cancers. Earlier, agriculture was the main source of pollution, but it has been overtaken by township and rural enterprises (TVEs) and certain types of urban industry. Untreated urban sewage and wastewater as well as the improper disposal of urban waste are another problem. Each year, some 30 billion untreated sewage enters rivers across the country²⁰⁰

Soil erosion and desertification are problems as well. One important cause is deforestation. The destruction of forests, the use of marginal land for farming, the intensive exploitation of agricultural land, and the overgrazing of grasslands have all increased soil erosion. In Inner Mongolia, the Gobi Desert has expanded as once usable grassland deteriorates. Desertification has affected 28 percent of the landmass, and 90 percent of China's grasslands are deteriorating to various degrees. This leads to reductions in soil fertility and agricultural production. Also sandstorms have become larger and more prevalent. Furthermore, when riverbeds rise floods become more likely, and when subterranean water levels rise so do the incidence and size of landslides.

Public concern about the environment and global warming is increasing in China. As with other issues, public participation in the realm of environmental action is limited particularly in cases where environmental issues are linked with the questions of human rights and ethnic tensions. The media remains careful not to take serious political risks, and debates remain under the censorship of the state.²⁰¹ Pollution and environmental degradation is not only a major long-term burden on the Chinese public, but also an acute political challenge to the government. Officials argue that polluted air and water have caused thousands of episodes of social unrest. Moreover, China's environmental problem is also a problem for the rest of the world. Sulphur dioxide and nitrogen oxides from China's coal-fired power plants fall as acid rain on Seoul, South Korea, and Tokyo. Chinese leaders argue that the outside world

¹⁹⁹ World Bank 2007.

²⁰⁰ Shahid and Kaoru 2006: 26-28.

²⁰¹ Carter and Mol 2007: 64, 68.

is partly responsible for degrading the country's environment. Chinese manufacturers that dump waste in rivers or pump smoke into the sky make the cheap products that fill stores in the United States and Europe. Often, these manufacturers are subcontractors for foreign companies — or are owned by them. In fact, foreign investment continues to rise as multinational corporations build more factories in China. The central government has said it will not accept limits on its carbon dioxide emissions, instead rich countries that cause global warming should find a way to solve it without impinging on the development of China.

When the Chinese Communist Party came to power, the goal was rapid industrialization and a little concern was shown for the environment. The Great Leap Forward (1958) caused tremendous environmental problems as large quantities of coal were wasted in trying to make steel in backyard furnaces. In addition, in the 1970s, in Tibet, a plan to substitute wheat for barley exhausted the soil and caused famine. In response to these problems, in 1973 the state council convened a national conference on environmental protection work, and in consequence, in 1974, the Office of Environmental Protection was established under the state council. The National People's Congress passed the first environmental protection law of the PRC in 1979.

During the last three decades, environmental degradation has been caused by economic growth. The industrial growth of China has placed a heavy burden on its natural resources: coal, oil, forests, water, and biodiversity. The Harbin disaster that occurred in November 2005 illustrates environmental governance in China. What happened in the northeastern province of Heilongjiang looks at first sight like an industrial environmental accident that could happen anywhere when old facilities, poor risk management, and the limited environmental capacities of state and private agencies come together. An explosion at a large petrochemical factory released a huge spill of highly toxic benzene into a major river, threatening the water supplies and river-based economic activities not only of various Chinese cities and villages along the river, but also of towns downstream on the Russian border. Media coverage focused not only on the disaster itself, but even more on the attempt by local officials to release misleading information about it. Surprisingly, shortly afterwards local officials were willing to give full details of the disaster to the media, but the State Environment Agency (SEPA) in turn withheld the information until public unrest forced it to act otherwise. The current system exposed: the inadequate environmental capacities of state and economic organizations; instability in the relations between central and lower levels of government; active citizens who held their local government directly responsible and accountable for its inadequate response to the incident and for the attempt to cover up the disaster; and local and national media reporting about the disaster.²⁰²

The National Development and Reform Commission, the central planning agency has an Energy Bureau, but no Energy Ministry. Hence, the central government

²⁰² Carter and Mol 2007: 182-183.

has a dominant importance in environmental protection and reform. Local Environmental Protection Bureau (EPB), however, develop environmental priorities, strategies, financial models, and institutional arrangements, although local environmental bureaus are heavily dependent on both higher-level environmental authorities and local governments. Recently, the central government has refined the system of assessing the performance of local governments, by introducing environmental indicators such as the Urban Environmental Quality Examination, and the National Environmental Model City. In consequence, local leaders are no longer judged only according to political and economic criteria, but also according to environmental results. Mayors are often required to sign documents guaranteeing that they meet certain environmental targets. Too often local governments display no interest in environmental reform, because there is a significant level of collusion between local officials and private enterprises to get around environmental restrictions. There are also poor (financial) incentives and inadequate information to comply with environmental laws, standards, and policies. Hence, decentralization in China, as elsewhere, does not automatically result in better protection of environment, as long as the local authorities give preference to economic growth and investments. Hence, growth targets generated either by the central government or by local governments are harmful given the lack of consideration for environment. Today, China's environmental policy lacks a critical monitoring system and correction mechanism and while local authorities enjoy a larger degree of freedom, there is a growing diversity amongst the Chinese provinces and towns in how they address local and regional environmental challenges.

However, the government has made numerous attempts to expand environmental scope. In 2002, the Kyoto Protocol was ratified to regulate greenhouse gas emissions, a new domestic law aiming at water conservation was passed, and new regulations were issued on pollution, energy use, and recycling. Furthermore, the government has numerical targets for reducing emissions and conserving energy. Export subsidies to polluting industries have been phased out. Various campaigns have been started to close illegal coalmines and shut down some heavily polluting factories. Major initiatives are under way to develop clean energy sources like solar and wind power. Environmental regulations in Beijing, Shanghai, and other leading cities were tightened ahead of the 2008 Olympics.

Currently, China spends about 0.7 percent of GDP on environmental protection. In addition, international lending agencies provide loans and credits for specific projects to protect the environment. The question is then, how well are those used? Corruption is widespread. Poor coordination between central and provincial authorities makes control difficult. At local level, understaffed local bureaus of the environment are responsible for implementing central government regulations. The majority of the biggest polluters are state-run factories that ignore regulations and realistically cannot be shut down. Furthermore, local officials often protect polluting

industries, because they are responsible for generating the tax revenues as well providing the employment.²⁰³

In addition, there is growing pressure from citizens on local authorities to reduce environmental pollution. In most cities and towns hotlines have been installed to complain about environmental mismanagement, and media reports on environmental disasters influence economic and political decision makers. Furthermore, the internet represents a new dynamic in providing a forum for ongoing exchange and debate between citizens from all parts of China. Also non-government organizations (NGOs) have an important role in articulating environmental protection. In China, the room for a western-style environmental movement is limited. The Ministry of Civil Affairs sets strict rules for the establishment of social organizations thereby limiting the scope of NGOs' activities and influence. Government organized non-governmental organizations (GONGOs) dominate the environmental "civil society" sector in China. GONGOs, such as the Beijing Environmental Protection Organization and the China Environment Fund have close links with state agencies to articulate environmental interests with policy makers. Some observers regard GONGOs as a step towards a civil society, while the others view them to be illegitimate frauds undermining the development of true social forces.²⁰⁴ Local or provincial NGOs, such as Friends of Nature²⁰⁵ or the Global Village of Beijing focus on raising awareness and play an important role by monitoring construction projects, appraising social effects, and organizing protests. International NGOs such as Greenpeace and the WWF have invested major efforts in further stimulating the environmental movement in China, with moderate success. In China, NGOs are quite marginal in comparison to GONGOs that have more financial support from the state. Nevertheless, GONGOs play an important role in bridging the gap between NGOs and civil society and the state. Furthermore, the NGO sector, increasing local activism and complaints, and the contribution of the civil society to environmental reform are all demonstrated in the rise of critical environmental coverage in the media.²⁰⁶

4.5.2 Economic development

China's transition to the market economy has progressed in two phases, first phase being between 1978 and 1994, and the second phase beginning in 1993. The division

²⁰³ Kahn and Yardley 2007: 182-183.

²⁰⁴ Carter and Mol 2007: 66.

²⁰⁴ Friends of Nature (FON) is a Chinese environmental NGO formally registered in March 1994 as the Academy for Green Culture - an affiliate to the non-governmental Academy for Chinese Culture. FON is a nonprofit, public welfare organization funded by membership fees and public support. Members come from various industries with in China. The board of FON is composed of civil environmental protection individuals. Liang Congjie, CPPCC member and mentor of Academy for Chinese Culture, and Yang Dongping, a researcher at the Higher Education Research Center of the Beijing Institute of Technology, were the president and vice-president respectively .
http://www.chinacsrmap.org/E_OrgShow.asp?CCMOrg_ID=258, accessed 7 October 2010.

²⁰⁶ Carter and Mol 2007: 12-13.

between these phases represents a strategic shift with a goal to establish of a modern market system. Since 1978, when Deng Xiaoping launched his policy of “Reform and Opening,” China has had one of the highest growth rates in the world, quadrupling per capita income in about 20 years.²⁰⁷ In thirty years, China has been transformed from the planned economy to a socialist market economy. Gradual change has been a hallmark of Chinese reform as pointed out by Deng Xiaoping’s famous metaphor for gradual reform: “feeling the stones to cross the river.” In the fourteenth Party Congress in September 1992, the Party endorsed the “socialist market economy” as the goal of reform. In 1993, the Third Plenum of the Fourteenth Congress of the Chinese Communist Party adopted “Decision on Issues Concerning the Establishment of a Socialist Market Economic Structure”. Hence, China has progressed far in fording the river although its reform process is unfinished.²⁰⁸

Today China is the third largest economy in the world, accounting for more than six percent of world trade. In two decades, China has become one of the leading industrial engines of the global economy, and with its accession to the WTO in 2001 China has also become significant actor in international trade. China’s exports have increased while China generated strong demand for imports. Chinese exports to East Asian countries, the USA, and the EU have been one of the main drivers of economy. Imports to China, were generated by its strong economic growth and investments in infrastructure. In 2003, the growth of import from Japan to China was seventy percent, forty percent from the Republic of Korea, and ninety percent from Taiwan. China’s demand for steel, nickel, and copper increased dramatically between 2000 and 2003. China became the largest market for iron ore and timber exports from Australia, Brazil, and Indonesia. China’s demand for raw materials began to affect prices in 2003 when the price of copper increased by twenty-five percent and that of aluminum almost doubled. To diminish China’s surplus trade balance with the United States, the two countries reached an agreement to restrict the growth of Chinese imports in 2006, 2007, and 2008.²⁰⁹

As is well-known, foreign direct investments (FDIs) have played a decisive role in promoting China’s economic growth over the past thirty years. During the 1980s, foreign direct investment from small and medium sized enterprises (SMEs) in Hong Kong was concentrated on labor-intensive light manufacturing industries, especially textiles and garments, and on real estate. This was the typical “Flying Geese Paradigm”²¹⁰ of the international division of labor. Since 1992, investments from Hong Kong received the same preferential treatment given to foreign investors, thus the amount of Hong Kong SAR (a Special Administrative Region (SAR) of the People’s Republic of China (PRC) since July 1, 1997) investment in mainland China

²⁰⁷ World Bank 2005.

²⁰⁸ Hope et al. 2003.

²⁰⁹ Shahid and Nabeshima 2006: 31-32.

²¹⁰ This is the classic “Flying Geese Paradigm” of the international division of labour according to which countries with higher wage levels for labour and with more advanced technology move production of more-labour-intensive goods to countries with lower wages as well as less advanced technology.

accounted for 82.25 percent of total investment outflow from Hong Kong. From 1993, China emerged as the largest recipient of FDI in developing countries. When China joined the WTO in 2000 it marked a strong push for a new wave of foreign investment into China. In consequence, in 2003, China overtook the United States as the world's biggest recipient of foreign direct investment, attracting USD 53 billion. In 2004, the top ten countries and regions with investments in China were: Hong Kong (USD 16.978 billion), the Virgin Islands (USD 6.191 billion), South Korea (USD 5.867 billion), Japan (USD 4.715 billion), the United States (USD 3.698 billion), Taiwan (USD 2.819 billion), Singapore (USD 1.903 billion), the Cayman Islands (USD 1.870 billion), West Samoa (USD 1.053 billion), and Germany (USD 935 million), the total of which accounted for 85.59 percent of the total foreign investments in the country.²¹¹ In 2002, foreign enterprises in China contributed one-third of China's industrial output, more than half of its exports, and nearly three-quarters of the foreign exchange balances held in Chinese banks and corporations. Moreover, foreign enterprises generated nearly one-fifth of the total tax revenues and 23.5 million job opportunities, employing about one-tenth of all urban workers.²¹² Still, in 2008 foreign direct investment rose 23.6 percent compared to 2007 to USD 92.4 billion.

Chinese firms (mainly state-owned) began to invest abroad and by 2004 Chinese investments totalled USD 715 million in 114 factories abroad²¹³. A Chinese FDI outflows took off as a result of the government's adoption and promotion of a "go global" policy aimed at establishing the country's investors as international players. Chinese investments are sought in many places although China is raising worries in the international community, as it shops around for worldwide energy for its growing needs. Furthermore, the Chinese investor gets its finance from the government. Moreover, concerns are raised because China also trades with countries such as North Korea, Iran, Africa and Myanmar (Burma) that are not on the shopping list of the developed countries. On the other hand, the Chinese have their worries. The tens of millions of Chinese businessmen have gone to almost 170 countries and regions. China Daily reported a recent clash between Chinese businessmen and local people in Algiers, where more than ten Chinese were injured. The reason for the violence in this case is unclear, but there have been media reports that the Chinese do not respect local customs, such as playing cards and drinking beers outdoor in the evening and wearing – all of which are regarded by some in Algeria as very improper. These cultural differences have also played a role. China's increasing cooperation with developing countries, as well as with developed countries will certainly reveal Chinese business governance and its weaknesses. Actually, the challenges faced abroad are the same as those encountered at home: How to do business according to

²¹¹ <http://www.fdi.gov.cn/ltstatic/index>, accessed 11 December 2004

²¹² <http://www.fdi.gov.cn/ltstatic/index>, accessed 11 December 2004.

²¹³ Shahid and Kaoru 2006: 32.

the law? How to respect local ethnic and religious customs? How to behave properly in accordance with social responsibility?

The global economic crisis of 2008 was triggered initially by problems in the US credit and housing markets, but from there has spread to the rest of the world's economies. China's economy was in no way immune to it. GDP growth was predicted to be only seven percent in 2009, while in 2008 it had been nine percent. The South China Morning Post reported that China's imports and exports both fell in May 2009. Exports in May, decreased by 26.4 percent compared to the same month the previous year while imports were down 25.2 percent. Furthermore, in May 2009 foreign direct investment fell 17.8 percent compared to the same month the previous year, while the number of new approved foreign companies also fell 32 percent year-on-year. Thus, China, which has been a top destination for investment, suffers as companies cancel or postpone spending on factories and other assets due to weakening trade and the global financial turmoil.²¹⁴ Thousands of factories and businesses, especially those in prosperous coastal regions, have closed. There are signs that labor disputes are widening across the country in the face of rising unemployment. For example, in Southern China some 500 laid-off workers from a toy factory smashed windows and computers at the offices of Kaida Toys, overturning patrol cars and fighting with 1,000 police in the city of Dongguan, often called the toy making capital of the world, according to the official Xinhua News Agency.²¹⁵ Unemployment was increasing rapidly, and it was expected to reach 4.6 percent by the end of 2009, the worst figure since 1980. This figure, however, did not include migrant workers from rural areas, who return home. It was predicted that some 20 million of the 130 million migrant workers would lose their urban jobs in 2009.²¹⁶ Furthermore, the recession also affects the job opportunities of six million fresh graduates.

Hence, one of the main concerns of the government is to ensure growth and job creation. Otherwise, how will it maintain the legacy that has been mainly based on continuous growth sustaining harmony and national unity?

"The global economic crisis," President Hu Jintao said recently, "is a test of our ability to control a complex situation, and also a test of our party's governing ability."²¹⁷ Indeed, economic development challenges the central government and its efforts to build a harmonious society, as not only economic growth, but also social harmony is threatened, and so in consequence, the legacy of the Communist party. Demonstrations during 2008 exposed people's concerns: disputes over land rights, poisoned milk that killed babies, badly built schools that were destroyed by the disastrous earthquake in Sichuan. Furthermore, on the eve of the Olympics riots broke out in Lhasa in March 2008 that spread to other Tibetan-inhabited areas. In August, there were the worst attacks in Xinjiang since the mid 1990s. In addition, during 2009

²¹⁴ <http://www.businessweek.com/ap/financialnews/D98QU6FG0.htm>, accessed 15.6.2009.

²¹⁵ <http://online.wsj.com/article/SB122772472846760239.html>, accessed 27.11.2008.

²¹⁶ Yep 2009.

²¹⁷ Li 2009.

three annual celebrations take place: the twentieth anniversary of the 1989 Tiananmen “Incident”, the fiftieth anniversary of the “Liberation” of Tibet, and the 60th Anniversary of the PRC. How the Chinese government manages these problems and issues is one of the greatest contemporary challenges facing the Communist Party. It is inevitable that the Party will need to reform itself along with introducing economic and social reforms although doubtless the Party leaders will seek economic stabilization in order to maintain “social harmony”, a synonym for the maintenance of the status quo.

Furthermore, at a meeting of the National People’s Congress (NPC) in March 5-13, 2009, Premier Wen Jiabao called “for unison actions to combat the downturn amid the global financial crisis” to combat economic recession, because “as long as we adopt the right policies and proper measures to implement them effectively, we will be able to achieve this target [of 8 percent GDP growth in 2009]”. Furthermore, in the Report on Government work, Wen Jiabao outlined a trillion yuan (USD 586 billion) plan for the national economy. Another 850 billion yuan will be allocated for medical and healthcare over the next three years.²¹⁸ On November 9, 2009, the government identified measures areas to boost domestic demand and growth in 2009 and 2010. Again, the emphasis is on infrastructure and other investment: Public housing projects, notably low-rent residential units; the re-development of slums, and renovating deteriorated rural housing; rural infrastructure investment; irrigation; rural roads; power grid; transportation with a focus on railways, both passenger and coal transport lines, but also highways, airports, the urban power grid; health and education, including improving the local clinic service systems; renovating schools in inland provinces; the environment, including enhancing urban water and sewage treatment projects, the pollution treatment of key water ways, reforestation, and energy efficiency projects; innovation to facilitate structural change and research and development; to support the development of high tech and service industries and so on. The list is long as it usually is with various plans of the government. Surprisingly often, China seems to be able to achieve many of those targets, step by step.

According to a recent analysis, the worst is probably over, as urban fixed-asset investment rose sharply in May 2009. The National Bureau of Statistics showed a 32.9 percent growth in investment in apartment buildings and roads. In addition, over a hundred percent increase in investment in the railways stems from a stimulus package of the central government.²¹⁹ In consequence, the central government is taking a more relaxed approach to approving of foreign direct investment in selected areas²²⁰ as well as allowing local governments to approve new automobile,

²¹⁸ Yep 2009.

²¹⁹ <http://www.chinaeconomicreview.com/dailybriefing/>, accessed 15 June 2009.

²²⁰ The power of approval will be given to commerce officials of the autonomous regions of Xinjiang, Tibet, and Inner-Mongolia as well as to commerce officials of the municipalities of Shanghai, Beijing, Tianjin, and Chongqing, which report directly to the central government. Officials in large provincial cities including Guangzhou, Nanjing, Hangzhou, and Chengdu will also have the power of approval. <http://www.mofcom.gov.cn/aarticle/b/f/200903/20090306094785.html?3791387665=2919484468>, accessed 15 June 2009.

motorcycle, and vehicle parts ventures receiving foreign investment, and to increase investment in existing plants.²²¹

The Beijing municipal government is offering multinational companies a mix of benefits in the hope that they will establish or relocate their regional headquarters to the city. For example, Beijing is providing a one-off subsidy of USD 1.5 million to multinationals with a registered capital of USD 146.3 million that set up regional headquarters in Beijing. Multinational firms with less registered capital than this, but with more than USD 14.6 million receive subsidies ranging from USD 731,689 to USD 1.2 million. The city is also offering residence permits, visas and education packages for the children of senior managers of multinational firms. Hence, Beijing is in competition with Shanghai, the premier financial center of China, and with other cities such as Tianjin, Shenzhen, and Guangzhou that are aggressively courting foreign investment.²²² In August 2009, positive results of this stimulus package were reported as the Ministry of Finance announced that fiscal revenues were growing as the economy recovered. Furthermore, at the end of the year, the stated goal of GDP growth of eight percent was met. On the other hand, however, Cai Zhizhou, an economist with Peking University, criticizes the government for focusing on the GDP rate alone, because “if local governments only pay attention to the GDP growth rate, they put energy and resources into projects to create its best growth effect. This is not conducive to long-term economic restructuring and improving the government’s public services” and when “assessing local officials’ performance, we should not lay too much stress on the GDP growth rate, but also care for areas related to social well-being, including improving the employment rate.”²²³

4.5.3 Cultural diversity

Since the mid 1990s, protests and violence in Xinjiang and in Tibet have broken out. Recent riots, in Tibet in March 2008 and violence in Xinjiang in August 2008, have highlighted the significance and challenges of China’s ethnic policies. In March 2008, riots broke out in Lhasa, killing nineteen people. The riots also spread to other Tibetan inhabited areas in western China. The Chinese crackdown on the protestors sparked protests against the Beijing Olympic torch relay in London, Paris, San Francisco, Tokyo, Seoul, and New Delhi.²²⁴ In August, the worst attacks in Xinjiang since the mid 1990s, took place in Kashgar and Kuqa, killing 17 police officers and 12 people (including ten protestors) and injuring 16 policemen. Ethnic demonstrations are perceived as a serious threat to the central government. Many of Uyghurs, Kazaks,

²²¹<http://www.bloomberg.com/apps/news?pid=20601087&refer=home&sid=aHdqpnCqkXJE>, accessed 15 June 2009.

²²²<http://mail.google.com/mail/?source=navclient&shva=1#inbox/1222f2622d4adae8>, accessed 30 June 2009.

²²³ <http://www.chinadaily.com.cn/bizchina/bizstatistics/index.html>, accessed 14 August 2009.

²²⁴ <http://www.reuters.com/article/topNews/idUSLAU64099220080316> on March 16, 2008, accessed 17 June 2009.

Tajik, Mongols, Tibetans, and so forth, feel marginalized and that they are being assimilated into the Chinese mainstream. The Chinese authorities, however, argue that tensions result primarily from uneven economic development, and therefore “all minority problems” can be resolved by promoting socialist development, and the “correct interpretation of ethnic histories.”²²⁵ In response, the government has boosted economic development in the regions. One of the major moves is the western region development program that was launched in 2000. Minorities living in border regions were encouraged to develop trade with neighboring countries. Hence, Tibetans began to trade with Nepal and India; Yunnan minorities with Laos, Burma, and Thailand; Xinjiang minorities with the Soviet Union, and Inner Mongolians with the Mongolian People’s Republic and the Soviet Union. Tourism to minority areas was also encouraged. These efforts also had side effects. Calls for border trade and foreign investment in minority areas coincided with an upsurge of fundamentalist sentiments in the Islamic world, and the Yunnan border became the place of the traffic of opium.

With the world’s largest population, China is a multicultural and ethnically diverse country. Most of the population lives in the coastal and eastern half of the country, in the urban centers and rural villages of the plains and hills along the Yangtze River, the Yellow River, the Pearl River, and their tributaries whereas less population is found in the central and western regions that are dominated by loess hills, arid grasslands, deserts, mountains, and alpine plateaus. Most of the ethnic minorities (*shaoshu minzu*) live in these harsher environments and in the higher uplands and mountains. Today, the Chinese government officially recognizes fifty-five “national minorities” or ethnic minority groups, which, according to the census of 2000, comprised 106 million ethnic minority people²²⁶, accounting for 8.4 percent of the total population, while the majority Han Chinese of over billion people, accounted for 91.2 percent of the population. The population of ethnicities varies widely. Twenty ethnic minorities have a population of less than 100,000 each, whereas ten ethnic minorities have a population of nearly two million or more each, such as: Zhuang, 16 million; Manchu, 10.7 million; Hui, 9.8 million; Miao, 8.9 million; Uyghurs, 8.4 million; Yi, 7.76 million; Mongolians, 5.8 million; Tibetans, 5.4 million; Bouyei, 2.97 million and Koreans, 1.92 million.²²⁷ The remaining 25 ethnicities have a population ranging from 100,000 to 1.9 million each. Ethnic minorities constitute a significant share of the population in several provinces: 94 percent in Tibet; 61 percent in Xinjiang; 38 percent in Guangxi; 35 percent in Ningxia and Qinghai; 27 percent in

²²⁵ Lai 2009.

²²⁶ The Chinese government does not recognize the term “indigenous peoples” and does not agree with various concepts and definitions that have been accepted internationally. The official terminology is “ethnic minorities” or “minority peoples.” Chinese officials have stated that, “In China, there are no indigenous people and therefore no indigenous issues.” The Adviser of the Chinese delegation Mr. Long Xuequn, speaking at the 53rd session of the United Nations Commission on Human Rights in 1997. Website of the Embassy of the Peoples Republic of China in Switzerland, <http://ch.china-embassy.org/eng/ztnr/rqwt/t138829.htm>, accessed 27 June 2009.

²²⁷ China Statistical Yearbook, 2007: 108, 45.

Yunnan; 23 percent in Guizhou; and 21 percent in Inner Mongolia.²²⁸ At the provincial level, five autonomous regions have been established, namely, the Inner Mongolian Autonomous Region (1947), the Xinjiang Uyghur Autonomous Region (1955), the Guangxi Zhuang Autonomous Region (1958), the Ningxia Hui Autonomous Region (1958), and the Tibet Autonomous Region (1965). Aside from these five autonomous regions, there are 30 autonomous prefectures and 120 autonomous counties.

Throughout history, the Chinese people referred to their country as the Middle Kingdom (*Zhong Guo*) and regarded themselves as the center of human civilization, culturally superior to the nomadic peoples, forest-dwelling tribes, and other “less advanced” or “backward people” of these hinterlands.²²⁹ In Chinese culture and language, there are various terms used for non-Chinese tribes, or the people of foreign lands, such as “barbarian”, “primitive”, “backward” or “uncivilized people”. These terms with their derogatory meanings are still in use. Besides, the terms for four cardinal directions, namely Dong, Si, Nan, and Bei (East, West, South and North) are used to specific nomadic or tribal peoples in regions outside the Chinese heartland of the Yellow River Basin (China Proper).²³⁰

The minorities in China originate and mostly still live in their traditional territories within present-day China. These people have been incorporated into the expanding Chinese empire through military conquests and the of vassal state subjugation over the centuries.²³¹ The Tibetans, Mongolians, and Uyghurs controlled large territories after expanding the Mongolian Empire, founded by Genghis Khan, at its peak in the 13th and 14th centuries, and through military conquest of China, much of central Asia and Eastern Europe. The Tibetan King Songtsen Gambo founded the Tibetan Kingdom in the 7th century, which built upon earlier dynasties that can be traced back to the first century B.C. The ethnic Uyghur people maintained their historic and cultural links to the Uyghur East Turkestan Kingdom, which was in existence through the Middle Ages, but fell to an invading Manchurian army from China in 1759. All of these people were once powerful with their own states. When the Chinese Empire become stronger, the Tibetans, Mongolians, and Uyghurs were subjugated by military conquest. In other periods, they signed peace treaties and agreed to make annual offerings and gifts, in return for becoming protected vassal states at the border of the Chinese Empire proper.²³²

The term minority has different meanings and implications according to different contexts and locations, but usually ethnic minorities are defined by their different cultural and linguistic origins, religion and history. Distinctive customs such as dress codes, marriage rituals, cuisine, native history, and religions create a sense of identity. In the interests of national unity and economic growth, governments

²²⁸ China Statistical Yearbook, 1999: 38, 113.

²²⁹ Erni 2008:360

²³⁰ Ibid: 358.

²³¹ Ibid: 357.

²³² Ibid: 362.

disregard and disparage minorities except when a distinctive culture offers tourism opportunities or attractive images for national symbols, in China and elsewhere. Nevertheless, minorities are often disadvantaged numerically, socially, and politically, usually living in less advantageous geographical areas owing to traditional lifestyles and in historical competition with the ethnic majority. This does not necessarily deny minorities improvement and economic development although there are more limitations. Although underdevelopment occurs in all societies, economic and material poverty is more common in ethnic areas. Still, it may be unnecessary to categorize minorities as poverty-ridden societies, beset with social problems. It is necessary, however to acknowledge the issues faced by ethnic minority groups, while overcoming the stereotype of “innocents, victims, or villains” and instead seek to understand their aims, aspirations, and objectives. The underdevelopment of minorities is often a result of the state policies that lack sensitivity regarding local needs and realities. Disputes prompt the exclusion of marginalized groups, yet governments are often unwilling or unable to address the real underlying causes of conflicts. In many developing countries decentralization has been introduced to address local needs better, while increased local power and autonomy is seen as the favored option to overcome marginalization. Moreover, as Cao concludes “to be sustainable without dependence upon outside help, development must give [ethnic] communities the capacity to equitable negotiate the continuous and inevitable social and political transformation that occurs.”²³³

In 1949, after the founding of the People’s Republic of China (PRC) a national project on “Ethnic Minority Identification (or Classification)” was initiated. Cadres were sent to border regions to identify and recognize groups to be registered as official nationalities. On a national level, a total of 400 groups were reported, but the government simplified this by merging and classifying various ethnic groups, officially recognizing 56 “nationalities” including the Han majority and 55 ethnic minority groups. These official ethnic minority groups include the Tibetans, Uyghurs, and Mongolians along with those considered as “foreign minority peoples” living within the current Chinese borders, such as the Russians, Koreans, Kirgiz, Kazaks, and Tajiks. Furthermore, the Hui (a term for Moslem), a religious minority of western China (mostly the descendents of Uyghurs, Kazaks, and other Turkic-speaking nomadic people) is recognized as one of the ethnic minority groups. Many ethnic minorities live in the tribal communities, in the mountains, hills, and upland valleys of south and southwestern China, such as the Lisu, Miao, Naxi, Bai, Wa, Yi, and others, who have close historic, ethnic, and linguistic links to the indigenous peoples of the neighboring countries of Southeast Asia.²³⁴

Why did Chinese government want to recognize ethnic minorities? The answer may found in the history of the Chinese Communist party (CCP) and the Long March of 1934-35 through the most concentrated minority areas of China. Once the Long Marchers reached the relatively safe mountain caves of Yanan, they had to come up

²³³ Cao 2009: 13-14.

²³⁴ Erni 2008: 359.

with a plan to cool down the numerous Mongols in the north and Hui Muslims to the west, and their powerful warlord Ma Hongkui of Ningxia. One solution was to promise recognition of the Hui as a separate nationality and establish the first minority autonomous region in Tongxin, southern Ningxia. Before coming to power, Mao frequently stated that the Party “recognizes the right of self-determination of the national minorities in China, their right to complete in separation from China, and to the formation of an independent state for each minority.” However, after the founding of the PRC, these promises to the minorities were broken. Instead, Chinese communist ideology fashioned a minority policy after that of the Soviet Union and consequently, many of its elements such as the definition of ethnic groups and autonomous areas were adopted Stalin’s of an ethnic group as a “historically constituted, stable community of people, formed on the basis of a common language, territory, economic life, and psychological make-up manifested in a common culture,” was adopted although the Chinese situation differed from that of the Soviet Union, where almost half of the population was non-Russian, who were also more educated and economically developed than China’s minorities.²³⁵ Then, in accordance with Soviet doctrine, the minorities in China were given autonomous areas depending on the concentrations of minority populations. The minorities received the right to use their own languages, both spoken and written, and they received guarantees that they could keep their traditional costumes and customs. In many cases, they could even keep their traditional leaders, as long as those leaders did not actively oppose socialism. Furthermore, the issue of ethnicity was addressed in constitutional documents. From 1949 to 1954, the issue of ethnicity was addressed in constitutional documents. The Common Program promulgated in September 1949, stipulated ethnicities as follows: 1) “Article 50. All nationalities... are equal. ... Acts involving discrimination, oppression, and splitting of the unity of the various nationalities shall be prohibited.” 2) “Article 51. Regional autonomy shall be exercised in areas where national minorities are concentrated...” 3) “Article 53. All national minorities shall have the freedom to develop their dialects and languages, to preserve or reform their traditions, customs, and religious belief.” In 1952, the General Program for the Implementation of Regional Autonomy (*quyu zizhi* 区域自治) for Minorities stipulated that the autonomous government should be composed mainly of members of minority groups through appropriate representations, and that the language most commonly used in the area should be used.²³⁶ Furthermore, the Constitution of 1954 permitted autonomous governments to administer their own local finances within legal limits, develop their own regulations in light of local political, economic, and cultural conditions, and organize local security forces in line with the national military system.²³⁷

Then, in 1956 and 1957, as part of a routine investigation of minorities work, ethnic minorities were asked to express their opinions regarding the of party and the

²³⁵ Lai 2009.

²³⁶ Ibid.

²³⁷ Ibid.

government. Some wanted to secede from China, some said that party policies were masked plans for assimilation, and some argued that the party was violating its own promises. Furthermore, there were complaints of arrogance on the part of Han cadres and those minorities who had joined the party to become cadre, were described as “jackals serving the Han.” In response, ethnic policies were shifted towards the forced and rapid integration of ethnic groups. The anti rightist campaign (1957-58) was carried out in minority areas. People who made moderate demands for ethnic autonomy were accused of being rightist and condemned.²³⁸ During the Great Leap Forward (1958-59), research projects on minority languages, history, and cultures were terminated, thus ethnic minorities felt, not without reason, that the Great Leap was not just an attempt to destroy their culture, but also their ways of life, as minority areas were urged to organize communes, in which often several nationalities were combined in spite of the fact that they had very different cultures. The Great Leap Forward was a fiasco. In 1959, the government had to concentrate on policies that would enable people simply to survive. Land that had been taken from herdsmen was returned. The rehabilitation of peoples occurred, research projects revived, and the Hui were no longer obliged to eat in mess halls where pork was served. The media explained “careful research and investigation has always been the basic method of Marxism-Leninism.” Hence, the concept of respect for minorities’ special characteristics was also rehabilitated or to death. The Cultural Revolution (1966-1976) meant a return to radical assimilation policies. The state agencies in charge of the nationalities, and religion were viewed as revisionist and abolished. A number of political and religious leaders were branded as traitors or revisionists and thus sent to re-education. The party leader of Inner Mongolia, Ulanhu, who had been a CCP member since his youth in the 1920s, was accused of having encouraged the study of the Mongolian language and cultural heritage. Red Guards attacked the “four olds” in minority areas and demanded that concessions to minorities’ special characteristics be terminated. Class struggle, they argued, must be introduced into minority areas; autonomous areas should be abolished. From 1968 through mid-1971, minorities were a low-key presence in the PRC, and they were treated as Han. The situation changed after mid-1971: several regional broadcasting stations started to resume programs in minority languages, and books in minority languages began to be printed again; the government was making special consumer goods available to the minorities, and restrictions were eased on religious practices.

With the reform initiated by Deng Xiaoping in 1978, the Party restored the ethnic policies pursued from 1949 to 1957. In 1979, the Party and the State Council approved a report that safeguarded ethnic minorities’ rights to equality. Deng Xiaoping extended this policy of toleration. The view that nationalities problems were class problems was officially explained, and it was claimed that Mao had been “misunderstood.” Differences between minorities and Han were now understood as resulting from income inequalities. As living standards equalized, tensions would

²³⁸ Dang and Zhang 2003:190-192.

disappear it was argued. Overt differences between minorities and Han, such as language, dress, and customs should not be expected to disappear in the near future, if at all. Minorities were exempted to various degrees from the one-child policy imposed on the Han, aiming to reduce the tensions between Han and non-Han. Children of minorities also enjoyed easier access to higher education. In 1980, in the “Summary of Talks on the Work in Tibet,” the Party introduced eight ethnic policies that emphasized respect for the autonomy of ethnic minorities. The autonomous regions and areas, which were closed during the late Mao era, re-opened. In the 1980s, the state even shifted emphasis from the integration of ethnic groups to co-existence. The PRC Constitution in 1982 restored and expanded the privileges for regional ethnic autonomy stipulated in the Constitution in 1954.²³⁹ In 1982, the Chinese government decided to promote family planning among ethnic minorities,²⁴⁰ so that the governments of ethnic autonomous regions and municipalities would formulate specific requirements in the light of local conditions, to be enforced after approval by the next higher level of government.

In 1984 the Law on Regional Ethnic Autonomy was passed, which was revised in 2001. This law is the most important basis for policies on ethnic autonomy.²⁴¹ The core of the minority policies is the concept of Minorities’ Regional Autonomy, stipulated in the Chinese Constitution. The policy proclaims the equality of all nationalities in China, giving minority peoples the right to manage their internal affairs, and guaranteeing their freedom to practice their customs, speak their languages, and follow their particular religious beliefs. Furthermore, under the basic principle of Minorities’ Regional Autonomy it is declared that under the leadership of national government, autonomous administrations are set up in areas where ethnic groups live in compact communities and the national government respects and guarantees the rights of self-management for each ethnic group. Under the policy, however, higher authorities must approve any measure or regulation to exercise autonomy.²⁴² The term “must be approved by higher authorities” as it appears in the Constitution, means, however, that these autonomous areas do not have independent self-government. Not without reason, Gladney argues that local autonomy is limited, and the term autonomous means primarily that local control is increased over the administration of resources, taxes, family planning, education, legal jurisdiction, and

²³⁹ Lai 2009 citing Wang, *Xinshiqi minzu zhengce de lilun yu shijian*, pp. 49-54.

²⁴⁰ The Han population grew by 10 percent between 1982 and 1990, while the minority population grew by 35 percent. Significantly, Muslim populations grew by an average of 30 to 40 percent, the Manchu by 128 percent, and the Gelao in Guizhou by an incredible 714 percent. Clearly these rates reflect extensive use of the minority exception to the national one-child-per-family birth restriction. Such large population increases reflect “category-shifting,” whereby people redefine their nationality. Children of mixed parents due to inter-ethnic marriages are allowed to choose their nationality at the age of eighteen. At the same time, people who can prove their minority ancestry can apply for re-registration. The total minority population grew from 67 million to 91 million in just eight years. One scholar predicted that the population of the minorities would be 221 million in 2030, and 864 million in 2080 if this rate continues. Lai 2009.

²⁴¹ Erni 2008: 359.

²⁴² <http://www.china.org.cn/e-white/4/index.htm>, accessed 24 June 2009.

religious expression. Furthermore, he says that actually autonomous areas are under closer scrutiny than other provinces with large minority populations, such as Gansu, Qinghai, and Sichuan. As Gladney points out minorities have little power in framing government policies, because the Han majority held almost all the important positions in minority areas. Therefore, this continuing domination has led to the marginalization of the minorities. Moreover, when minority leaders are promoted, this tends to be done in order to serve the government rather than the local people they represent.²⁴³

The Minorities' Regional Autonomy policy is implemented in 159 autonomous areas. Of these, five are autonomous regions (Inner Mongolia, Guangxi, Ningxia, Tibet, and Xinjiang), 30 are prefectures, and 124 are counties. Outside the five autonomous regions, specific regulations have also been issued for the implementation of Minorities' Regional Autonomy in nine provinces where sub-provincial autonomous areas have been set up (Gansu, Guangdong, Hebei, Hubei, Hunan, Liaoning, Sichuan, Qinghai, and Yunnan). In other non-autonomous areas, more than 1,500 ethnic minority townships with autonomous powers have been established. By the end of 1990, these autonomous areas made up 64.5 percent of the country's land area and were inhabited by more than 150 million people, of whom 66 million were ethnic minorities. That means 77 percent of all minority people in China now live in these autonomous areas.²⁴⁴

The rhetoric of the government is demonstrated in a white paper of the Government.²⁴⁵ Chapter V presents how "as a result of over half a century's efforts, in the ethnic autonomous areas the people's living conditions and environments have conspicuously improved," namely, economic growth, a rise of living standards, improvement in infrastructure, protection and fostering of traditional cultures, arise in education level, medical services, and public health, as well as development of foreign trade and tourism" and "together with the people of the other parts of China, they share the achievements of development brought about by the modernization construction of the country." In reality, however, social and economic development in minority areas remains underdeveloped. Although central government has been pouring money and resources into these areas, poverty is widespread, and among the minorities are the poorest of the poor. Discrepancies in wealth between the minorities and the Han Chinese have increased and literacy rates in many minority areas remain far below the national average. In addition, the rise in conflicts stemming from ethnic sentiments indicates that cultural diversity is not being managed satisfactorily.²⁴⁶ Facing ethnic tension and the possibility of the disintegration of the country, the Chinese government has adopted various measures to improve relationships with the minorities. For example, minority families are permitted to have more than one child whereas this is not allowed for the Han majority; the national entrance examination scores are lower for minority students, and poverty-ridden areas have been given

²⁴³ Gladney 2003: 19.

²⁴⁴ Tan 2009.

²⁴⁵ <http://www.china.org.cn/e-white/4/index.htm>, accessed 24 June 2009.

²⁴⁶ <http://www.china.org.cn/e-white/20050301/index.htm>, accessed 17 June 2009.

special aid, for example being exempted from paying taxes to the central government. On the other hand, these measures have raised questions as to how many children a family can support, or how minority students entering university with lower scores can study with the same curriculum as, and keep up with, Han students, and become sufficiently proficient to compete with Han students on the job market. Although, efforts to increase educational opportunities for minority children by opening boarding schools for students who live in remote and poor minority areas have increased as have the salaries of teachers working in minority regions, the dropout rate from minority schools is high.

Hence, although the population of ethnic minorities is relatively small, the ethnic minorities are politically and economically significant, and, as Cao says, economic growth cannot be sustained without taking into consideration the social and political development of vulnerable populations, including greater recognition of minority rights. Thus, integrating minorities as part of China's development is a challenge that China faces.²⁴⁷

4.6 The leadership and the unity

The importance of unity and cohesion within the party have been stressed by all top leaders since the establishment of the PRC, from Mao Zedong, the first generation leader (Long March) through Deng Xiaoping, the second generation leader (the “anti-Japanese War”), and Jiang Zemin, the third generation leader (the “socialist transformation”), to Hu Jintao, the fourth generation leader (the Cultural Revolution). In the aftermath of Tiananmen, Deng Xiaoping said: “Of all China's problems, the one that trumps everything is the need for stability. We have to jump on anything that might bring instability. And we can't care what foreigners say. We will use severe measures to stamp out the first signs of turmoil as soon as they appear. This will show that we won't put up with foreign interference and will protect our national sovereignty.”

Hence, today, for the CPC, political stability and national unity has priority ahead of everything else. The most powerful body of China, the Party, is run by two informal coalitions that compete against each other for power, influence, and control over policy.

In October 2007, President Hu Jintao abandoned the party's succession and designated two heirs. The Central Committee named Li Keqiang and Xi Jinping to the Politburo Standing Committee. Xi Jinping is seen as the candidate who will succeed the president Hu Jintao, and Li Keqiang as the candidate who will succeed Premier Wen Jiabao after the next party congress meets in 2012. These two men are quite different in terms of family background, political association, leadership skills, and policy orientation, coming from two groups, namely the “populists” also known as the *tuanpais* and the “elitists” known as the *princelings*. Hu Jintao, Wen Jiabao, and Li

²⁴⁷ Cao 2009: 13.

Keqing are members of the core group of populists, including Li Yuanchao, Director of Party Organization, and Wang Yang, the Party Secretary of Guangdong. Li Keqing, like most of tuanpais has served as local and provincial leaders, often in poor inland provinces, and advanced political career through the Chinese Communist Youth League. Wu Bangguo, who is chairman of the national legislature and Jia Qinglin, who is head of the national political advisory body, leads the elitist coalition. Although little known outside China, they are among the highest-ranking political leaders in China. Whereas members of the core group of the fifth generation elitists, including Vice President Xi Jinping, Vice-Premier Wang Qishan, and Chongqing Party Secretary Bo Xilai, are princelings because they are the children of former high-ranking officials. Most of the princelings come from the richer coastal regions and have pursued their careers in finance, trade, foreign affairs, and technology. Today the tuanpais make up 23 percent of the Central Committee and 32 percent of the Politburo while the princelings have 28 percent of the seats in the Politburo. The differences between Li Keqiang and Xi Jinping and their factions reflect competing socioeconomic forces: The princelings call to build a harmonious society, whereas, the tuanpais aim to advance market liberalization and deepening China's integration into the world economy. Hence, Li is focusing on reducing the economic disparities by giving attention to the vulnerable groups while Xi is interested in keeping the wealthy elites of the entrepreneurs and the emerging middle class in the eastern coastal region happy. Nevertheless, despite their differences, the fifth generation of the tuanpai and the princelings share a common trauma: They are part of the "lost generation" of China, born after the founding of the People's Republic and teenagers when the Cultural Revolution broke out in 1966. Both Li Keqing and Xi Jinping were sent to rural areas: Li labored in some poorest of the poorest rural areas in the provinces of Anhui and Jiangsu provinces, and Xi spent years on farms in Yanan in the province of Shaanxi. Furthermore, these men share the memory of Tiananmen incident in 1989 when China's leadership was deeply divided over how to respond to the unrest. Hence, it is quite apparent that the internal struggle exacerbated the crisis. Thus, Cheng Li views that "in elevating Li Keqing and Xi Jinping in 2007, Hu Jintao signaled the belief that only consensus-building will prevent a political power struggle among the so-called fifth generation leaders, of which Xi and Li are members." Furthermore, Chen Li notes that the idea of turning rivals into allies "for the sake of the greater good" has been welcomed in the Chinese media.²⁴⁸

As Cheng Li says, Mao Zedong could ignore the entire Politburo and Deng Xiaoping could ignore his advisor, but now there is no strong man. Some of my Chinese informants said that today's CPC leaders are said to be more or less interchangeable – cautious, colorless organization men of late middle age without any special talents. President Hu Jintao is regarded as a leader, who tries to avoid controversy, and who does not express his own thoughts. Nevertheless, he earned credit in the party when he served in Tibet as the local Party Secretary, and was

²⁴⁸ Li 2009.

therefore in charge of the suppression of religious and political activity in Tibet at the end of 1988. Today, the ruling party is no longer led by prominent figures like Mao Zedong or Deng Xiaoping, instead it is run by the Politburo and its Standing Committee.

The party seems to determine to retain the political system unchanged, while aiming to deepen and extend the reforms to enhance economic and social development. Whether there will be greater political reform, other than simply revising the legal system, remains to be seen. The future of the party is quite secure as economic growth has lifted millions out of the poverty and increased the size of the middle class. The future of the party may be jeopardized, however, due to external and internal currents, if those are not managed effectively. Actually, the political survival of the Chinese Communist Party is the most important consideration for these “fifth generation” leaders that face diverse problems, such as growing economic disparities, frequent social unrest, and environmental disasters, and thus must respond to economic globalization and demands for social justice, political democratization, and environmental protection. In consequence, the two most powerful camps— the *tuanpai* and the *princelings* — have an equal number of seats in the supreme decision making organs. It is anticipated that these competing factions will cooperate, partly because their expertise and leadership skills are complementary. The leaders of the fourth generation, however, still make up a majority of the members in the Politburo (including its Standing Committee) and in the Central Military Commission. Although the presence of fifth generation leaders in these two supreme decision-making bodies is marginal, they have a majority at the national and provincial levels. In January 2008, the leadership of all 31 provincial-level governments in China was reshuffled, and as a result 20 of the 31 governors (65%) and all of the 239 vice governors were born after 1950. Furthermore, 210 of the 371 full and alternate members of the 17th Central Committee of the CCP (57%) were fifth generation leaders. In addition, the distribution of fifth generation leaders by gender, CCP membership, and nationality is more diversified. At present, all governors are CCP members with the exception of Xinjiang, where a vice governor is a non-CCP member. In recent years, the Chinese authorities have increasingly promoted non-CPC members to high-ranking posts, including two ministers in the central government, Wan Gang (born in 1952) the minister of science and technology and Chen Zhu (born in 1953) the minister of health. The members of the Han ethnic group occupy an overwhelming majority of the seats (89%) held by fifth generation leaders. All the governors of the five provincial-level autonomous regions come from the ethnic minorities, reflecting the effort of the Chinese authorities to recruit more local leaders with ethnic minority backgrounds in the minority regions. The Tibet Autonomous Region has fourteen vice governors, which is the largest number for any of the provincial-level administrations in the PRC, nine of whom are Tibetans.²⁴⁹

²⁴⁹ Li 2008: 64. (Tong Guanglai, “Sanshiyi shengqushi zhengfu xinlingdao quanbu liangxiang” [The Completion of the Leadership Change of the 31 Provincial-level Governments], *Fazhi wanbao*, January 31, 2008, 1.) See also: Li and White 1993 and 1998, and Zang 1993.

5 THE WESTERN REGION OF CHINA

China's West has a history of over 2000 years, which is associated with trade and exchange, cultural and ethnic diversity, and frontier settlement. The classic novel of Chinese literature "The journey to the West" (*Xi You Ji*) is a fictionalized account of the Monkey God and about a pilgrimage to India (known as the Western Regions), which has had a lasting impact on the Chinese mind and mythology of a mysterious region. During the Tang Dynasty the marriage of Princess Wencheng to the ruler of Tubo (present-day Tibet) was a tangible symbol of political and cultural alliance, and Chang'an (present-day Xi'an) was the national capital and the eastern starting point of the Silk Road. Another historical link between China's West and its neighbors is the less wellknown "Southern Silk Road" that linked present-day Chengdu to India, Pakistan, and Burma via Kunming and Dali from as early as the third century B.C.²⁵⁰ During the Qing dynasty, large-scale military expeditions to the northwest, the present-day Xinjiang, and the excessive development in the Loess Plateau area in Shaanxi, are historical antecedents to the "go west" campaigns prior to the twentieth century that are used to support the official view of China that the western region is a crucial component of the territorial integrity of the country.²⁵¹

5.1 Characteristics and resources

The western region of China, with an area of 6.87 million square kilometers, accounts for 71.54% of the total land area of China. It is bounded by eight countries: to the northeast by Mongolia, to the north by Russia, to the west by Kazakhstan, Kyrgyzstan, and Tajikistan, and to the south by Afghanistan, Pakistan, and India. The western region of China is geographically and culturally highly diversified and exceptionally rich in natural resources, thus with these traditional strengths and characteristics, it has profound implications for the future of China.

The geography of the western region varies enormously, in terms of physical environment and landscapes, because of the huge differences in elevation. The relief of China is divided into three steps or levels of which the west occupies most of the first and second steps, where extensive highlands, mountains, and basins constitute the regional landform. The topographical complexities of the west are reflected in the differences among its sub-regions and provinces. The Qinghai-Tibet Plateau in the southwest is the highest and largest plateau in the world while Xinjiang in the northwest is largely made up of vast, low-altitude basins featuring extensive deserts.

²⁵⁰ Yeung and Shen 2004: 7-8.

²⁵¹ Ibid:10.

The climate in the west is tremendously variable, ranging from tropical to extremely cold and arid climates. The Northern tropical zone, where the provinces of Yunnan and Guangxi are located, enjoy a mean annual temperature above 20 degrees centigrade while the mean annual temperature is below zero degree centigrade in most of the areas of Qinghai and Tibet located on the Qinghai-Tibet Plateau. Precipitation also varies with higher in the southeast and lower in the northwest. The Qaidam, Turpan, and Tarim Basins are arid zones with less than 30 mm of precipitation every year, whereas in the southern parts like Guangxi and Yunnan, the annual precipitation can surpass 2,000 mm. In Tibet, an annual average of insolation is 3,000 hours, whereas in Sichuan, Chongqing, and Guizhou, cloudy weather is common and annual average amount of sunshine is less than half that of Tibet. Furthermore, the vegetation in the western region also varies greatly from broadleaf evergreen forests of the subtropical zone to arid desert on the Qinghai-Tibet Plateau, and grasslands in Inner Mongolia and Xinjiang.

The human resources of the western region are culturally diverse as most of the ethnic groups of China live in the west. According to the fifth population census in 2000, the western region had a population of 355 million, accounting for 28.1 percent of the total population of mainland China. The population is unevenly distributed, for example Xinjiang, Tibet, and Qinghai that together make up 52.4 percent of the total area, but their population is only eight percent. Sichuan has a population of over 86 million, whilst Guangxi and Yunnan both have a population of over 40 million. Most of the ethnic minorities are concentrated in the western region. About half of the poor in China are in the western provinces while poverty is most severe in the mountainous minority areas. Poverty, however, is dispersed throughout the villages and the underlying causes of individual poverty often vary. Some may be poor due to the lack of education, low levels of human capital, or the limited amount of land they have to work, whereas others may be poor as a result of living in geographically disadvantaged locations, and yet others may be poor because of the burden of family members who are incapable of working.

In addition, China's west has abundant natural resources. The Western Region holds huge reserves of farmlands, forests, and grasslands as well energy and mineral resources, non-ferrous metals, and enjoys plenty of sunlight throughout the year. The energy resources of the west are significant constituting 40 percent of the petroleum, 70 percent of the natural gas, 60 percent of the coal, and 80 percent of the hydropower of the nation's reserves. Furthermore, the western region is regarded as having comparative advantages possessing resource and raw material industries. Each province has its own strengths. Table 4 shows how the pillar industries, which were selected during the Ninth FYP by each provincial level unit in the western region, have been developed based on the natural resources found in the province as well as being "based on the plans of the local governments and the policy recommendations of the experts of the Central Government."

The industries listed as having comparative advantages were: energy (coal or hydroelectricity), mineral resources, petrochemicals, building materials, and

agriculture and livestock products. An exception is the tourism industry, which only appears twice in the list. In addition, five strategies were outlined for the resource industry in the western region:

- Strengthen resource exploration in the western region.
- Adjust the industrial structure and induce resource-intensive and labor-intensive industries to relocate to the western region.
- Reform the price structure of resource-intensive products and enhance the self-development capability of the region.
- Improve investment environment in the western region to attract more foreign direct investment (FDI).²⁵²

Table 4. Pillar industries in the western region

SOUTHWEST	
Chongqing	Automobiles, metallurgy, chemical, and food food processing
Sichuan	Metallurgy, chemicals, food, machinery, electronics, automobiles, and building materials
Guizhou	Food (tobacco and spirits), aluminium, electricity, automobiles, coal and coal chemistry, phosphorus, and building materials
Yunnan	Tobacco, biological food, phosphor, and tourism
Tibet	Agricultural products, mineral resources, forest products, tourism, and building materials
Guangxi	Sugar cane, metallurgy, automobiles, and building materials
NORTHWEST	
Shaanxi	Machinery, electronics, medicine, food, and building materials
Gansu	Petrochemicals, building materials, machinery, textiles, food, and medicine
Qinghai	Electricity, salt products, crude oil and gas, chemicals, and metallurgy
Ningxia	Aluminium and coal
Xinjiang	Oil and gas, petrochemicals, textiles, food, and building materials
Inner Mongolia	Agriculture and livestock products, energy (coal), metallurgy, and automobiles (trucks)

On the other hand, the western region does not have a comparative advantage in factor endowment. Although the west is rich in natural resources, it is hard to put high mountains and deserts to productive use. Neither the vast area nor the distances that separate population centers are an asset, rather they are a liability. The knowledge and

²⁵² http://www.adb.org/Documents/Reports/2020_Project/chap01.pdf. Accessed 5.August, 2008.

skills of its workforce are comparatively backward, and its stock of capital assets is relatively small.

Table 5 demonstrates how natural resources and mineral resources have been distributed between the northwest and southwest of China and their share of the total for the PRC. Grasslands, oil, and natural gas are concentrated in the northwest whereas the southwest is rich in cultivated land and forest.²⁵³

Table 5. Factor endowment of the western region

Item	Northwest	Southwest	PRC	Western region as % of PRC
Natural resources				
Cultivated land (km ²)	140,155	166,134	949,709	32.3
Forest land (km ²)	357,603	487,945	2,633,000	32.1
Grassland (km ²)	208,127	99,097	314,797	97.6
Nature reserves (km ²)	297,000	392,900	770,800	83.0
Mineral resources				
Oil	28,100		101,800	27.6
Coal	529,700	89,000	999,500	61.9
Natural gas	21,010	7,360	65,220	43.5
Gold	742.4	611.7	4,157.5	32.6
Chromium	5,408	3,796	10,270	89.7

²⁵³ Ibid.

Hence, in spite of the west's rich natural resources and the immense economic growth in the past two decades in the coastal region of China, the region has been largely untouched by the fruits of this growth. In 2000, the data clearly confirms that the western region lagged behind the eastern region in many respects. The western region had a low GDP per capita of only RMB 9,119, in comparison with the national average of RMB 15,435. The level of urbanization and the share of employment in the secondary sector in the western region were much lower than the national average. More importantly, non-agricultural activities in the rural area of the western region were much weaker. Only 25 percent of its rural labor force was employed in the non-agricultural sector while the figure was 40.9 percent in the developed eastern region. Such a gap in rural industrialization had an important impact on the income of the rural population. The income per capita in the rural area was only RMB 437 in the western region, compared with RMB 1,279 in the eastern region. In addition, the underdevelopment of the western region was not only associated with less advanced levels of urbanization and industrialization, but was also associated with low labor productivity in the primary, secondary and tertiary sectors. None of these sectors had any competitive advantage.²⁵⁴ Furthermore, in 2002, the western region accounted for a meager 3.92 percent of foreign trade, 4.14 percent of exports, 3.69 percent of imports and 4.59 percent of foreign direct investment (FDI). Until now, the poor infrastructure and transportation have made the access to and from the market difficult. Constraints on development in the western region include: inconvenient geographical location and thus high transport costs, the weak competitiveness of its economy and enterprises; the lack of capital; and the outflow of skilled labor. Furthermore, there has been substantial migration from the western region to the eastern region, particularly from Guangxi and Sichuan provinces to the province of Guangdong.

5.2 Developing the regions

In China, the government has the leading role in regional planning. The central government has a leading role in the planning process while the Ministry of Construction, the Ministry of Land and Resources, and the State Development and Reform Commission all carry out similar regional planning tasks although their concerns are different.

The regions have been classified into three groups: coastal, eastern, and western. Those have been further divided into six major regional groups:

- *Municipalities* (Beijing, Tianjin, and Shanghai)
- *Coast* (Hebei, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong, and Hainan)
- *Northeast* (Heilongjiang, Jilin, and Liaoning)

²⁵⁴ Shen 2004.

- *Centre* (Shanxi, Anhui, Jiangxi, Henan, Hubei, and Hunan)
- *Northwest* (Xinjiang, Qinghai, Gansu, Ningxia, Shaanxi, and Inner-Mongolia)
- *Southwest* (Guangxi, Guizhou, Sichuan, Tibet, and Yunnan)

Current policies regarding regional planning, as set out in the “Coordinated Development Strategy”, include four targets: The Western Region’s Development; The Revitalization of the Northeast; Uplift the Middle; and The Optimization and Upgrade of the east.

The economic regions are defined according to the characteristics and potential of each region and include: The Bohai Rim; the Northeast; The Yangtze River Delta and The Yangtze River Basin; The Five middle provinces (Anhui, Henan, Jiangxi, Hunan, and Hubei); The south-eastern Coastal Region; The Great Southwest Region; and The Northwest Region.²⁵⁵

5.2.1 Uneven regional development

During the period from 1978 to 1997, gross domestic product (GDP) per capita grew on average by ten percent. By 1997, the GDP per capita in Shanghai and Zhejiang, located in the coastal region, were 12 and 5 times higher respectively than that of the poorest province of Guizhou. In the 1980s, economic growth rates per capita GDP of four regions differed little, with the eastern region experiencing a slightly higher growth rate, but in the early 1990s the GDP growth per capita of the eastern region was much higher than of the central, western, and northeastern regions.²⁵⁶

In 1994, the Human Development Report of the United Nations Development Programme (UNDP) listed China as one of the countries where regional gaps had become excessively large. In consequence, at the Fourteenth Party Congress in 1995 regional development strategy was adjusted to show consideration for the hinterland. In 2000, the west contributed a mere 18.6 percent of national (GDP) while average GDP per capita was USD 556, far behind that of the eastern region which contributed 64.6 percent of GDP with an average GDP of USD 1,301 per capita. The GDP of Beijing, Shanghai, and Guangdong together were close to that of the whole of the western region. Furthermore, the gap was widening. Two years later the difference between Shanghai and Guizhou was more than tenfold.²⁵⁷

One leading Chinese scholar, Hu Angang has described these regional disparities with the phrase “one China, four worlds.” According to Hu, the first world is composed of the cities such as Beijing, Shanghai, and Shenzhen, with 2.2 percent of the total population and high income. The second world consists of Guangdong, Jiangsu, and Zhejiang, with 22 percent of the total population and the income

²⁵⁵ Feng, Wu and Zhu 2008.

²⁵⁶ Li and Xu. 2008.

²⁵⁷ Wang and Zheng 2006.

exceeding the average income of the world. The third world is composed of the provinces of central China with 26% of the total population and remains at the level of developing nations, and the fourth world, represented by provinces such as Guizhou and Tibet, with roughly half of the population survive.²⁵⁸

In addition, Yang Yongheng and Hu Angang group the provinces into four tiers based on a cluster analysis. They demonstrate that the First Tier, which includes the three municipalities of Shanghai, Beijing and Tianjin, has reached a high human development level as defined by the UNDP. The Second Tier, which includes provinces and municipalities located mainly in the Yangtze River Delta (Zhejiang, Jiangsu), the Bohai Bay Rim, and the northeast Region (Liaoning, Shandong, Heilongjiang), and the Pearl River Delta (Guangdong and Fujian), has reached development levels in health, education, and economy that are all above the national level. The Third Tier, mainly including provinces in middle and western China is only slightly different in education and health, but lags significantly behind in economic development. The Fourth Tier, mainly consists of distant and remote areas in the west, as well as provinces with minority areas, including Qinghai, Gansu, Yunnan, Guizhou, and Tibet. The Fourth Tier lags behind in all three developmental aspects, especially in education which reflects the extreme lack of human capital. Reviewing the recent past, these four provinces were in the 4th Tier in 1982, 1995, 1999, and 2000. Furthermore, Yang and Hu have pointed out that the disparities within a province, especially between urban and rural areas, can be extremely large. Taking the First Tier city of Shanghai as an example: in 2005, per capita disposable income of an urban household (RMB 18,645) was nearly 2.5 times that of a rural household (RMB 8,247) (National Bureau of Statistics of China 2006).²⁵⁹

Today, according to Hu Angang China mainly belongs to the First and Second Worlds, with only Tibet still languishing in Third World status. Hence, China's Fourth World has now disappeared. In spite of this new definition, uneven growth is reality. China's GDP per capita by all provinces in 2008 as demonstrated in Chart 3. It shows the GDP per capita of the provincial-level units while it demonstrates how growth is unevenly distributed between China's provinces, for example how Shanghai is the first on the list with GDP per capita of USD 5,286, and Guizhou with a GDP per capita of with \$560 being the last.²⁶⁰ In addition, the Chart 4 demonstrates China's GDP and nominal GDP (the GDP in that year's prices) growth by province. The top four provinces in China in terms of nominal GDP growth were Guangdong, Shandong, Jiangsu, and Zhejiang while the lowest nominal GDP growth was in Tibet, Qinghai, and Ningxia. The share of the western provinces, as shown, remains quite marginal of the total.

²⁵⁸ Yang, Hu and Zhang 2005.

²⁵⁹ Yang and Hu 2007: 417-432.

²⁶⁰ http://www.starmass.com/china_review/economy_overview/gdp_by_province.htm, accessed 15 September 2010.

Chart 3: China's GDP per capita by province (2008)

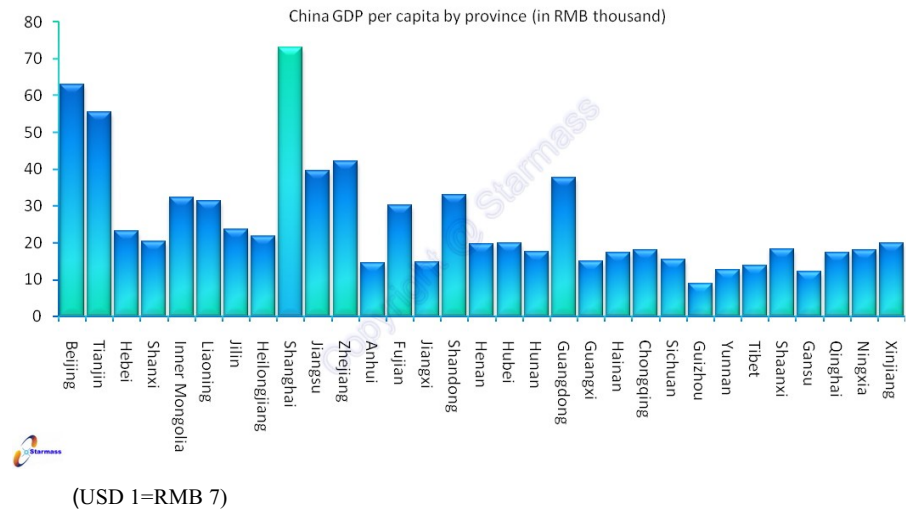
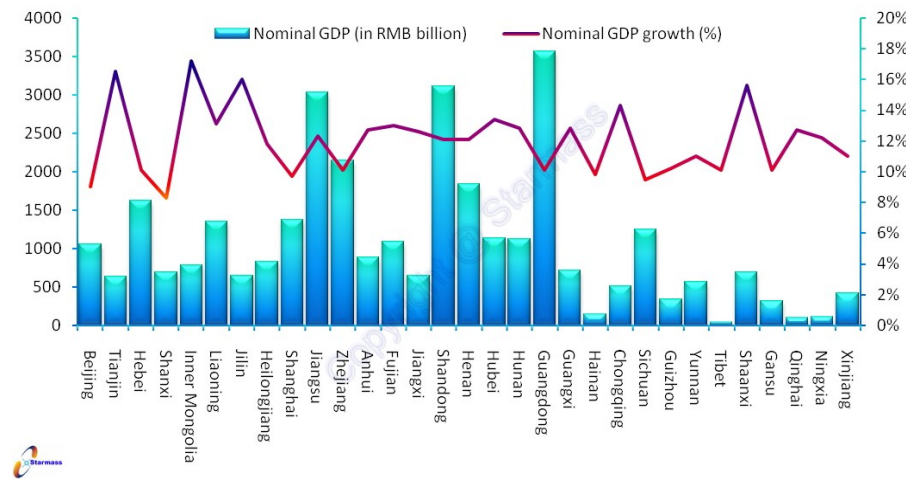


Chart 4: The GDP for all provinces and nominal GDP growth in China (2008)



5.2.2 Reasons for the disparities

Indeed, China is a country with large disparities between its regions. Why have the regions developed in this way? Earlier research, both by Chinese and western scholars and from the different perspectives on regional inequalities in China demonstrates a broad range of reasons to explain these regional disparities.

Chinese scholars Wang Shaoguang and Hu Angang have argued that the acceleration in capital investments has been the most important engine of growth for all China's provinces while they criticize the inverted U-curve hypothesis (Regional Disparity in China, 1995). Hans Hendrischke and Feng Chongyi edited a rich study about the changing role of the provinces (The Political Economy of China's Provinces, 1999) bringing together different provincial features and policies for comparison while the emergence of a new political culture and new forms of interaction between the public and political leaders are vividly discussed, and it was demonstrated how the leadership tries to mobilize public support by populist means and personal charisma as in Shanxi, and how there was a campaign to create a new provincial identity in order to win the support of the provincial intelligentsia in Jiangxi.

One common explanation for disparities is that the coastal provinces have been beneficiaries of the preferential policies introduced by the central government. Since the 1980s, the Special Economic Zones (SEZs) in the Eastern coastal area have played a leading role in attracting foreign investment and in stimulating trade. According to Lin and Chen, these zones are examples of the applied theories of economic development such as Rostow's "leading sector," Lewis's satellite city," Hirschman's "linkage effect," and Parroux's "development poles," all of which have the common feature that when resources are limited, the development priority of a pilot area will eventually lead to the overall development of the country.²⁶¹ Certainly, these preferential policies have allowed China's coastal provinces to integrate into the international economy along with the fact that they are also the most advantageously located to engage in international trade. Several studies find that these preferential policies favor cities, SOE reform (state-owned companies), fiscal decentralization, and public infrastructure, and all contribute to the expansion of regional disparities.²⁶²

In addition, many studies (Démurger & al., 2001; Démurger, Sachs et al., 2002) have found that geography affects on regional growth and thus suggest focusing on policy measures, such as investment in infrastructure, that has a positive impact on growth.²⁶³ Furthermore, they have pointed out that geographical effects on regional economic under the market reforms are statistically significant in explaining regional disparities. Whereas some researchers (Wang and Fan 2004) have pointed out that foreign direct investments (FDIs) together with the transfer payments of the central government and labor migration have all affected disparities.

²⁶¹ Lin and Chen 2004: 663-686.

²⁶² Li and Xu 2008.

²⁶³ Démurger, et al. 2001.

Goodman gives another look to the western region. In the research about the provincialism and democracy in China under the reform, Goodman calls for provincial-level and local level perspectives assessing the intent, the processes and the potential impact of the campaign “Open Up the West”, while he criticizes Wang Shaoguang and Hu Angang for ignoring the diversity of nationalities in the west (China’s Campaign To “Open Up to the West”: National, Provincial-level and Local Perspective 2004). Moreover, Goodman condemns the lack of the cultural strategy in Qinghai (The Emergence of the West: Nationalities, Communal Interaction and National Integration, 2004).

In addition, Kanbur and Zhang (2005) have explained regional disparities in a terms of three policy variables: the ratio of heavy industry to gross output value, the degree of decentralization, and the degree of openness. Furthermore, Tan Qingshan investigated the provincial causes of interprovincial variations in growth in the post-Mao era in Jiangxi and Fujian and found that the leadership’s role in and ability to establish growth policies and strategies explained the uneven growth of the regional economies. As in my view he correctly pointed out, preferential policies were not solely responsible for the uneven growth between coastal and inland regions, because local government also played an important role in local economic growth. He referred to studies on local economies that have primarily focused on villages and townships.

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Whereas Justin Yifu Lin and Lu Peilin, based on their econometric analysis, proposed that “a flawed development strategy is responsible for the increasing disparities in economic development among provinces in China, as the Leap-forward strategy, a heavy industry-oriented development strategy, was adopted by the Chinese government since the first year plan.”²⁶⁵ As a result, as they pointed out, in most of the provinces, the priority industries under this strategy were inconsistent with the comparative advantage determined by the factor endowments in those provinces, because many industries were not viable in competitive markets and therefore required interventions in the markets by the government to support and protect them. Consequently, as Lin and Lu have argued, this comparative advantage defying (CAD) strategy, which attempts to encourage firms to deviate from the existing comparative advantages in their entry into an industry or choice of technology, retarded the functions of the market, and as after the reform, the provinces in the central and western regions continue to follow the CAD strategy, and, as a result, have poor growth performance. Even though their proposal for reducing the regional income gap, namely, the Comparative Advantage-Following (CAF) strategy, which attempts to facilitate a firm’s entry into an industry or choice of technology according to the existing comparative advantages of the provincial economy, makes sense, in my view, however, this strategy alone can not contribute to disparities. Instead, the decisive factor is the way the strategy is implemented, and how unfavorable local conditions

²⁶⁴ Tan 2002: 735-759.

²⁶⁵ Lin and Liu 2006.

are shifted in such a way as to become opportunities, and ultimately how people are heard for making changes and choices.

5.3 Previous regional policies

To find the roots of regional disparities, it is essential to trace long-term growth paths and thereby realize that regional disparities have existed in China for a long time. The location of China's economic center has changed over time, moving eastwards from the Loess Plateau and the Yellow River Valley into the northwest (where Chinese civilization was established in 2,000 B.C.), about 1,000 km from the coast. China's international trade was conducted via the Silk Route that went through the northwest corner of China. The southeast coastal region remained largely uncultivated and sparsely populated in early Chinese history. Farming there was underdeveloped because of malaria and other subtropical diseases. Over time, the pressure of an expanding population and frequent invasions by northern tribes pressed the population to move to the south. By the 12th century, the Yangtze River valley had become densely populated. The economic importance of the coastal region increased dramatically after the Opium War in 1840 when Western powers forced China first to open up several ports and then to open up the whole country for trade. China's economy was quickly transformed. The Qing dynasty (1644-1911) was overthrown in 1911, and followed by civil wars, Japanese colonialism, and Republican China, which ended with the foundation of the People's Republic of China (PRC) on the 1st of October 1949 by the Communist Party of China (CPC) under the leadership of Mao Zedong.

The evolution of regional policies in China from the Maoist era to today has undergone several shifts. When the PRC was founded in 1949, there were substantial gaps in development levels among the provinces and regions. For the purpose of nation building, the Chinese government adopted two guiding principles from the Soviet-style development strategy: First, the Marxist principle of common ownership and egalitarianism, and, second, central planning to allocate resources. This philosophy favored heavy industry while it minimized trade and linkages with capitalist economies. The heavy industry-oriented strategy of the first five-year plan (1952-1957) focused on the construction of 156 major projects with the assistance of the Soviet Union. Most of these projects were located in the northwest and southwest regions while only one-fifth were in coastal areas, because Mao Zedong's idea of eliminating social contradictions in China, and, consequently, heavy industry was built in the poorest provinces and in old revolutionary areas. Mao added a third guiding principle of regional economics, that is self-sufficiency in the production of food and industrial goods. This principle had several virtues. The first virtue was that it reduced provincial inequality, which Mao had identified as one of the social contradictions to be eliminated in the new China. The second virtue was that the biggest beneficiaries were the poorest provinces, which were overwhelmingly

agricultural provinces. The third, and most decisive, virtue was the emphasis given to China's national security considerations.²⁶⁶

Hence, the reason for pouring investments in interior provinces was the Third Front strategy (*san zhan*). In the aftermath of the Great Leap Forward, the Sino-Soviet split, and rising international security threats, Mao decided in the autumn of 1964 that China should build defense industries in the remote regions of southwestern and western China to serve as a strategic base for a defensive war. This top-secret program came in response to the understanding that China could no longer count on Soviet support in the event of war with the United States.²⁶⁷ Although, initially, the Third Front strategy began as a program for the economic and social development of the interior provinces, it was redesigned as a strategy for national defense.²⁶⁸ A military industrial base was constructed mostly in the western region: Sichuan, Yunnan, Gansu, Shaanxi, Guizhou, Qinghai, and Xinjiang, though Hubei and Hunan, the home provinces of several top leaders, became favorite investment destinations. Between 1965 and 1972, the Third Front areas received more than half of China's basic construction funds. The pouring of investment funds into the interior provinces took place at the expense of the coastal provinces. However, most Third Front projects were poorly planned with little regard for cost as they were often established in areas that lacked proper infrastructure. Fully one-third of the total investment was wasted.

One such example was the Second Automobile Company built in the mountains of Hubei. The parts and assembly plants were scattered in the mountain region, the transportation arrangement between the plants was poor, and they were far from their input suppliers and the final consumers of their products.²⁶⁹ In 1971, the Third Front was drastically cut down after Kissinger's secret visit to China in July 1971. With rapprochement with the United States, the concept of the Third Front no longer made sense. Actually, the Soviet Union was fast becoming a bigger threat than the United States; an invasion by the Soviet Union had become much more likely than one by the United States. Consequently, from 1972 to 1978 China reduced its discrimination against investment in coastal provinces, because the government realized that the country's economy and technological capacity were falling further behind the rest of the world. Economic modernization required the importing of foreign technology and an increase in export earnings. Hence, coastal enterprises, especially those in Guangdong, were expanded rapidly in order to increase their export capacity.²⁷⁰

The legacy of the "putting production first, standard of living second" slogan made itself in many ways: the nationalization of enterprises; the low priority given to urban investment; the household registration system (*hukou*); the selling of farm products at subsidized prices that resulted in urban-rural disparities. Particularly, the *hukou*, a system of residency permits, established in 1950, was designed to register

²⁶⁶ Démurger et al. 2001: 15-16.

²⁶⁷ Garver 2002: 300-301.

²⁶⁸ Hutchings 2001: 157, 226.

²⁶⁹ Démurger, et al. 2001: 16.

²⁷⁰ Garver 2002: 300-301, Hutchings: 2001: 157, 226.

households in order to restrict the migration of rural labor to the cities. The *hukou* gives access to housing, the education of children, medical services and other subsidies. In the 1990s, the system began to be eased as the big cities needed migrant workers.

After Mao's death, Deng Xiaoping (1904-1997) returned to power. The Third Plenum of the 11th Central Committee in December 1978 was a watershed that began to change China from a planned socialist economy toward a socialist market economy. Deng made the decision to develop the east coast first in his "two overall situations - strategy", which stated that "the coastal areas are to be given central support first; once they have reached a sufficient level of development, the interior areas in turn would receive such support." The policy of the "Four Modernizations," initially designed by Zhou Enlai, focused on reforming agriculture, industry, science and technology, and national defense, and was adopted. The first round of the reforms was the agricultural reform that was pioneered in Anhui and Sichuan. It included the so-called agricultural responsibility system, which provided for the return of family farming and the profit motive. With the rise of rural industry, township and village enterprises (TVEs), which were outside the formal state sector, emerged to operate collectively owned businesses and to process agricultural products. Lower taxes and fewer restrictions allowed TVEs to produce what they wanted and to sell the products themselves. As a result, the development of rural industries was the key element driving the rapid growth of the 1980s and 1990s.

Industrial reform followed, ending the state monopoly of export-import corporations. Deng's "get-rich-first" doctrine was to provide "demonstration effects" for other people and regions to follow.²⁷¹ This allowed regions with favorable conditions to become wealthy first. Then, these regions were expected to help the backward regions. Furthermore, the emphasis was directed away from heavy industry to light industry paving the way for the market-oriented reform.

In consequence, the "Open Door Policy" was adopted to attract foreign investment and promote foreign trade in targeted areas as a "the foreign investment is the important content of China's fundamental principle of opening up to the outside world, and an important component of Deng Xiaoping's Theory, and is one of the great practices of building up socialist economy with Chinese characteristics." In the early 1980s, the "opening up" was, however, limited to Guangdong and Fujian provinces with the establishment of Special Economic Zones (SEZs). In 1985, fourteen Coastal "Open Cities" were established and entitled to set up their own Economic and Technological Development Zones (ETDZs). In addition, in 1988 the Open Coastal Belt (OCB) was established along with the Pudong New Area in Shanghai in 1990. The Open Economic Zones provided investors with various preferential tax regimes and exemptions with respect to duties and labor regulations. The further extension of the Open Door Policy to all of China followed Deng Xiaoping's southern inspection trip (*nanxun*) in 1992.

²⁷¹ Fan 1997.

At the 14th Congress of the CCP in October 1992, Deng's reform policy was reconfirmed due to the success of the trip, though only after it was seriously debated whether the practiced reform policy was the right path for China to take. Consequently the socialist market economy – with Chinese characteristics – and with a non-ideological pragmatic approach were affirmed. The east coast became the first choice for foreign investors, not only because of the preferential policies, but also as it was a favorable investment environment with a convenient location possessing good infrastructure and a high urbanization level. Another significant point was that most of the investors came from Hong Kong, Macao, and Taiwan, and other overseas Chinese communities as they had ancestral roots in the south of China, mainly in Guangdong and Fujian provinces. Hence, the east coast of mainland China was quite a natural choice for their investments.

In sum, regional policies, during both the central planning period of 1949-1978 and the market-oriented reform period since 1978, have played a significant role in regional development. As has been pointed out by Chinese researchers, both the Maoist redistributive policies and Deng's influence over regional development that prioritized efficiency over equity slowed the growth of the national economy, at the expense of the interior, and in consequence, since late 1978, the eastern coastal region has developed more rapidly than the western region.

5.4 Developing the western region

In January 2000, the State Council announced the Western Development Strategy (*Xibu Da Kaifa*) as part of the CCP's strategy of building *xiaokang*, a "well-off society," throughout China by the middle of the 21st century. The Central Committee of CPC made the decision to develop the western region "with a view to stride towards the great national rejuvenation of China in the 21st century." Behind this initiative was concern about increasing gap between the eastern region and the western region, but no doubt the ongoing negotiation process on WTO membership played some role. Furthermore, Jiang Zemin needed his own "Great Engineering Project" to achieve an authority similar to that enjoyed by Mao and Deng, as Li has said.²⁷²

China has had four historical waves in developing its western regions. During the Western Han dynasty (207 B.C.-A.D. 23) the state conquered many tribal groups in the northwest and southwest and expanded its territory. In consequence, the government consolidated its administrative power by establishing a county system and encouraged immigration by allocating free land to farmers. The second wave emerged during the Sui (581-618) and Tang dynasties (618-907). During this so-called "Golden Age", development of the west reached a new level with the construction of roads and irrigation systems. The "Silk Road" through the capital of Xi'an attracted merchants. The government favored immigration from outside the

²⁷² Li and White 1998.

region and promoted agricultural development, the army was encouraged to support its presence in the region by cultivating land. The third wave occurred during the Yuan dynasty (1271-1368). Individuals from minority groups were appointed to important positions and over sixty post stations were established to ensure communication from the central government. In addition, the currency was unified and a policy of light taxation was introduced to reduce the burden on farmers in the region. The fourth wave occurred during the Qing dynasty (1644-1911) when various agricultural policies were introduced to accompany a policy of large-scale immigration from China proper. Furthermore, trade between farmers and herdsmen was promoted and therefore, large “tea and horse markets” were held in Shaanxi and Gansu every year. Through this trade, agriculture and animal husbandry in the western region flourished. Hence, from the very beginning, western China’s development has been a product of state intervention. One common strategy was that Chinese emperors by employing relevant preferential policies encouraged and even compelled soldiers and civilians to reclaim land in the west.

During the twentieth century, the first manifestation of a “go west” policy was the relocation of the National capital from Nanjing to Chongqing in 1940, when the capital and much of coastal China were invaded by the Japanese army. After 1949, the first sign of a policy of develop the west was the First Five-Year Plan (1953-1957) when the goal was for “balanced” national development and the pursuing of large-scale heavy industry projects, primarily in the northwest. The second wave occurred in the period 1965-1975 with the location of the “Third Front” in the western region. The third wave of the western region’s development began after Deng Xiaoping’s southern tour in 1992, when an “all front” open policy promoted East-China and West-China co-operation. In 1999, Jiang Zemin propagated the “Open up the West” policy to narrow the gap between Western China and the prosperous coastal area.²⁷³

The current western region development strategy, launched in 2000, is a long-term commitment. The first stage, from 2000 to 2010 is to be accomplished through massive infrastructure investment and environmental protection. The second stage, from 2011-2030 is focused on regional specialization and urbanization. And finally, in the third phase, 2031-2049, the entire western region is supposed to achieve modernization, and thus by mid century, “China’s west will be economically prosperous, ecologically balanced, ethnically united, socially progressive, and culturally advanced.”²⁷⁴ The western region’s strategy is also a cornerstone of China’s five-year plans. During the 10th Five-Year Plan (2001- 2005) the focus was on building infrastructure while the current 11th Five Year Plan (2006-2010) focuses on social development and building a “new socialist countryside.”

The importance China’s western region development is shown in the establishment in January 2000 of the State Council Leading Group for Western China Development, headed originally by Premier Zhu Rongji and today by his successor Wen Jiabao. Membership of the Leading Group is composed of ministers from no less

²⁷³ Yeung and Shen 2004: 11-12.

²⁷⁴ Ibid : 21.

than 26 different ministries, including the Ministries of Finance, Land and Resources, Railways, Transport, Construction and Commerce. The day-to-day activities of the Leading Group are managed by the Office of the Leading Group for Western Region Development of the State Council, established as a subsidiary of the National Development and Reform Commission (NDRC) and headed by Vice Premier Zeng Peiyan, formerly the head of the State Development and Planning Commission.²⁷⁵ The NDRC also houses offices for State Council Leading Groups for Western Region Development, Revitalising Northeast China, and National Energy. Structured vertically, it has representative offices at local and provincial level that examine and grant approval for state-funded and major construction projects. The Department of Western Region Development is responsible for formulating strategies, plans and key policies to promote western region development, and coordinating major issues; putting forward proposals on key infrastructure development, ecological environment conservation and layout of major projects in the Western Region, and coordinating the implementation of these proposals.²⁷⁶

The western region development policy covers twelve provincial-level units:

NORTHWEST CHINA 西北 *Xībēi*

- Xinjiang Uyghur Autonomous Region
- Qinghai Province
- Gansu Province
- Ningxia Hui Autonomous Region
- Shaanxi Province
- Inner-Mongolia Autonomous Region

SOUTHWEST CHINA 西南 *Xīnán*

- Chongqing Municipality
- Guangxi Zhuang Autonomous Province
- Guizhou Province
- Sichuan Province
- Tibet Autonomous Region
- Yunnan Province

²⁷⁵ <http://www.chinawest.gov.cn/web/index.asp>, accessed 16 September 2010.

²⁷⁶ <http://en.ndrc.gov.cn/>, accessed 16 September 2010.

Map 4. The western region²⁷⁷



The aim of the strategy is to accelerate economic growth in these twelve underdeveloped provincial-level units, in order to secure China's overall growth, to maintain social security, and to secure the unity of the country.

The Western provinces to develop first are: 1) Shaanxi (Xi'an), 2) Sichuan (Chengdu), 3) all capital cities, 4) areas with rich natural resources, and 5) areas along the board; import/export areas.²⁷⁸

Furthermore, the main tasks of the government are formulated as follows: First, to construct infrastructure: water conservancy; communications; energy; telecommunication; and urban infrastructure. Second, to improve the environment: to convert cultivated land back into forestry and pasture; to protect natural forests; recover and increase the vegetation of forestry and pasture; to reduce water loss and soil erosion; and to develop agriculture with local characteristics. Furthermore, enterprises were called upon to be active players in restructuring and upgrading traditional industries while taking advantage of military industries concentrated in the western region, and to develop high-tech industries in fields, such as biology, engineering, aerospace, renewable energy, new materials, electronic information processing, and advanced manufacturing. Also rural poverty alleviation was on the agenda. Furthermore, four major projects were launched: a South-to-North water diversion scheme, a West-to-East natural gas transfer, a West-to-East power transmission project, and the construction of a Qinghai-Tibet Railway.

To attract investors to the west, the State Council set out some preferential policies for the development of the Western Region, effective as of January 1, 2001. The government will cut the rate of enterprise tax to 15 percent for a certain period of time, give preferential tax rates for projects focusing on environmental and

²⁷⁷ <http://www.chinapage.com/map/map.html>, accessed 5 June 2010.

²⁷⁸ This was the order outlined by the official at the central government in the meeting 12.9.2006.

infrastructure construction, give investors incentive policies toward the use of land and mineral resources in the region, expand foreign trade in the western area, and give more import and export autonomy to industrial enterprises. Also, the government will encourage the developed eastern coastal areas to give more support to the western parts of the country. Measures will be taken to attract more talented professionals to work in the western region and boost the development of education, science and technology there. Thus, a company with a 25 percent or greater equity share of foreign capital located in the western region was regarded as a foreign enterprise and was therefore eligible for tax benefits. This also means that companies operating in Hong Kong can benefit from these incentives when investing in the western region. In the “Industrial Catalogue Guiding Foreign Investment,” the national economy was divided into 17 categories for investments, including categories of encouragement, restriction, non-permission, exclusive foreign investment, and items under the category of forbidden investment.²⁷⁹

Hence, these policies and other measures are expected to bring social and economic development to the western region of China. It is expected that the strategy will initiate number of programs and projects to stimulate domestic demand and expand the market, and maintain the development of the national economy. In consequence, at first, the main task culminated in the construction of infrastructure, including roads, water conservancy, energy, telecommunication, and urban infrastructure. At the OECD-China Conference on “Foreign Investment in China’s Regional Development” held at Xian in 2001, the new policy framework was released to promote the development of the western region and to encourage foreign direct investments into the region. As a means of attracting foreign investments, some new measures were listed including a tax reduction of enterprise income tax by 15 percent, expanding areas for resource development, tourism development.²⁸⁰

In the past ten years, the central government had provided more than 3.5 trillion yuan to support the development of the western region. The GDP of the region from 2000 to 2008 jumped from 1.66 trillion yuan to 5.82 trillion yuan, at an average annual growth rate of 11.7 percent.²⁸¹

5.5 The importance of western region

Sometimes, the importance of the western region for the government has been questioned when new areas and policies for their development have been propagated, such as the Revitalization of the Northeast Policy adopted in 2003. In response, at the 10th National People’s Congress (NPC) held in March 2003, Premier Wen Jiabao

²⁷⁹ China FDI: Chapter One: 1 www.chinafdi.org.cn/english/C2/wto_c1.htm., accessed 15 June 2004.

²⁸⁰ http://www.oecd.org/document/37/0,3343,en_2649_34893_2452453_1_1_1_34529562,00.html, accessed 27 March 2010.

²⁸¹ <http://english.mofcom.gov.cn/aarticle/counselorsreport/westernasiaandaficareport/200911/20091106627284.html>, accessed 27 March 2010.

stressed that the “Western Development Strategy and east-west interaction must be pushed ahead and that it must be ensured that these objectives are fulfilled.”²⁸²

Why is the development of the western region of utmost important for China? There are both political and economic reasons. The political reasons are intertwined with the reform and modernization process of the country and as part of the plan of the CCP to achieve a so-called Harmonious Socialist Society (*xiaokang*) by 2020. The economic reasons are also obvious given the growing disparities between the eastern and western parts of the country. This is a threat to the overall economic growth of the country, because the poor economic development of the west may jeopardize the overall growth of the country

The large minority population living in the western region is also a very important reason. The minority population of China, nearly 107 million, makes up 8.4 percent of the total population. Most of the ethnic minorities are concentrated in the western region while most of the minorities live on or near the frontiers of China and among them are the “poorest of the poor” (World Bank 2005). Thus, poverty combined with the lack of opportunities may cause social exclusion and social unrest. Hence, in order to legitimize the Party and to avoid any threats that might jeopardize the unity of the country, the development of the western region remains one of the major issues on the central government’s agenda. Added to that, the western region is strategically important as it is surrounded by eight countries. Most of the minorities live on or near China’s frontiers, thus ethnically-based discontent may cause problems, as dissident minorities would be more influenced by foreign powers across the frontiers. The northwest frontier with its large Muslim population is an area of potential violence and the southwest frontier, with the increasing drug trade from and to Afghanistan and Myanmar (Burma), are of major concern to the central government.

Furthermore, China’s richest natural resources are located in the west. The huge grasslands of 160 million ha occupy about one fourth of the total land area, and six pastoral areas: Tibet, Inner Mongolia, Xinjiang, Qinghai, Gansu, and Sichuan occupies 86.9 % of all the grasslands in this region. In addition, the western region also has 120 million ha of forests, covering about one sixth of its total land area. The forest resources are growing as farmlands are retired and switched to forestation use. There are major timber reserves in the four provinces of Inner Mongolia, Sichuan, Yunnan, and Tibet. In the west, many other sources, such as solar and wind energy, hydropower, and a large variety of minerals, are available. Mineral resources, ferrous and non-ferrous metals, and many non-metallic minerals are found in larger quantities than in other areas of the country. The proven reserves of coal, petroleum, and natural gas are high. Most of the non-ferrous metal mines are in Yunnan, Gansu, and Guangxi whereas Inner Mongolia, Shaanxi, Xinjiang, and Ningxia possess the majority of coalfields. Petroleum and natural gas reserves are largely located in Xinjiang and Qinghai while Sichuan also has plenty of natural gas. Except for coal, Ningxia is poor

²⁸² <http://www.chinadaily.com.cn/highlights/nbc/news/319wen.htm>, accessed 21 March 2003.

in many important mineral resources. Iron ore is concentrated in Sichuan and Inner Mongolia with few reserves to be found in other provinces. Moreover, the western region is rich in energy resources although only a small portion of these resources has been developed. The energy resources of the Western region account for about forty percent of the petroleum (in Xinjiang and Qinghai), seventy percent of the natural gas (in northern Shaanxi, The Tarim and Qaidam basins, and Ordos of Inner Mongolia), sixty percent of the coal (in Shaanxi, Inner Mongolia, and Guizhou) and eight percent of the hydropower (in the upper reaches of the Yangtze and the Yellow rivers, the Hongshui River, and the Lancang River) of the total energy resources of China.

The major problem associated with the natural resources in the west is their unbalanced geographical distribution and the lack of advantageous resource combination. For example, the availability of the water demonstrates two extremes – a great abundance in the southeastern part of the region and a huge deficiency in the northwest. In the west, natural conditions are often harsh, which makes exploitation difficult. Another disadvantage is the remoteness of the region, which means the extra costs associated with long-distance transportation.²⁸³ Furthermore, the exploration and processing of mineral products may damage the environment while there are needs for the capital-intensive production facilities, water, and transportation links.

5.6 Impact of development policies

The current development strategy for western region development, launched in 2000, is a central government driven strategy that has both political and economic goals. In order to support the strategy, the government initiated a number of policies, programs and projects to stimulate the economy. Six key industries were defined, namely, the energy and chemical industries, mine exploration, agriculture, equipment manufacturing, high-tech industries, tourism, and culture. The infrastructure projects launched consisted of water conservancy, communications, energy, telecommunication, and urban infrastructure whereas environmental projects included programs such as converting cultivated land back into forestry and pasture, and reducing soil erosion. Agriculture has been encouraged to develop with local characteristics. Furthermore, enterprises of the eastern region have been called upon to upgrade outdated traditional industries and to develop the high-tech industries of biology, engineering, aerospace, renewable energy, new materials, electronic information processing, and advanced manufacturing.

The list looks quite comprehensive, even overwhelming, as the programs of the Chinese government usually do. In spite of the fact that recently some of the focus of the government has shifted to social development, economic development remains the priority. In August 2009, during the global economic downturn and international financial crisis, the official Xinhua news agency reported that Premier Wen Jiabao regarded the western development strategy as a priority in countering the global

²⁸³ <http://www.aasianst.org/EAA/mccoll.htm>., accessed 27 January 2007.

economic downturn and international financial crisis. Thus, he called for the investments, loans, and industries for the poorer western region as “the demand for the western region’s resources, crops, and energy have begun to lift growth there.” Wen stressed that efforts will continue to focus on spending plans, railways, highways, airports, and hydro, energy, and other infrastructure projects across the western provinces and regions, and that this will accelerate the growth.²⁸⁴

The Western Region Development Strategy is also an attempt to create favorable conditions for investments in order to encourage foreign and domestic enterprises to invest in the region. Therefore, the objectives are to improve access from the interior of the southwest seaports, to develop navigation on the Yangtze River, and to link China with Central Asia through the northwest. The government has announced that the key economic zones in the western region are: the Chengdu - Chongqing Economic Zone, the Guangzhong – Tianshui Economic Zone, and the Central North Bay (Guangxi) Economic Zone.

The Chengdu-Chongqing economic zone of 200,000 square kilometers opens a gate to the west and thus builds traffic centers. The goal of these economic zones is to attempt eight percent of the gross national product of the country by 2020.²⁸⁵ The Guanzhong - Tianshui Economic Zone connects the western region with eastern and central regions. Thus, this zone is an important Asia-Europe continental bridge in the interior of China while Xian acts as “the national comprehensive reform pilot introduction area” being the high-tech center of advanced industrial production, tourism, logistics, economy, and culture. The goal of this economic zone is to produce an annual economic growth of twelve percent.²⁸⁶ The Central North Bay (Guangxi) Economic Zone aims to develop Guangxi as a large-scale industrial zone (petrochemical industries, electronics, forest industries, chemical industries, pulp and paper, energy, and steel). In three years, it is expected to become a center of international traffic with efficient logistics as well as the link to China’s interior and to 10 ASEAN countries.²⁸⁷ These three economic zones in the process of development will serve as major footholds in the west of China for foreign-funded enterprises from the east, so Li Ying-ming from the Western Development Division of the National Development and Reform Commission predicts.²⁸⁸

Furthermore, investment cooperation between the western provinces is sought. In September 2009, an economic cooperation agreement, between Qinghai Province and the Xinjiang Uyghur Autonomous Region was signed to accelerate the building of railways, transfer coal from east to west, search for and utilize mineral resources of Kunlun, update the industrial structure, and develop the tourism in five provinces (Qinghai, Xinjiang, Tibet, Gansu, Shaanxi).²⁸⁹

²⁸⁴ <http://news.alibaba.com/article/detail/markets/100159671-1-china-stresses-western-regions-priority.html>, accessed 29 March 2010.

²⁸⁵ <http://www.westchina.gov.cn/web/Column.asp?ColumnId=108>, accessed 21 February 2010.

²⁸⁶ <http://www.westchina.gov.cn/web/NewsInfo.asp?NewsId=53475>, accessed 21 February 2010.

²⁸⁷ <http://www.westchina.gov.cn/web/NewsInfo.asp?NewsId=56129>, accessed 21 February 2010.

²⁸⁸ <http://www.westchina.gov.cn/web/Column.asp?ColumnId=146>, accessed 21 February 2010.

²⁸⁹ <http://www.westchina.gov.cn/web/NewsInfo.asp?NewsId=54375>, accessed 21 February 2010.

Moreover, the regional policy allows the provincial governments to offer financial and other enticements to attract domestic capital and foreign investment. The Western region has a large number of state-owned enterprises (SOE), which have outdated technology, poor management, and unskilled workers which results in inefficient operations. In order to speed up modernization, state-owned companies are allowed to make joint-venture arrangements with foreign companies. In addition, local governments can also offer preferential policies and incentives (tax benefits, lower land lease price etc.), which are more favorable than those given to foreign companies operating in the coastal region.

No doubt, over the past twenty years foreign direct investments have played a decisive role in promoting China's economic growth. From 2000, the Chinese government has also attempted to attract foreign investors to the west, with little success until now. As demonstrated in Table 6 Foreign direct investments utilized by Eastern, Central and Western regions of China in 2007, the western region has a share of only 4.41 percent of total foreign direct investments in China, in spite of the fact that the western region enjoys more favorable policies and has opened up more fields to foreign investors than the rest of China. Although over the years, the central government has promoted the opportunities in the west, the results in terms of non-government investment have been quite moderate, particularly in the poorer provinces of the west.

Table 6. FDI utilized by eastern, central and western regions of China in 2007

Unit:US\$100 million				
Region	No. of Project	Share%	Realized Value	Share%
Total	37892	100	835.21	100
East	32516	85.81	656.37	78.59
Central	3653	9.64	54.50	6.53
West	1702	4.49	36.81	4.41
Others	21	0.06	87.53	10.48

Eastern region: Beijing, Tianjin, Liaoning, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong, and Hainan.

Central region: Shanxi, Jilin, Heilongjiang, Anhui, Jiangxi, Henan, Hubei, and Hunan.

Western region: Inner Mongolia, Guangxi, Sichuan, Chongqing, Guizhou, Shaanxi, Gansu, Qinghai, Ningxia, and Xinjiang. Source: Invest in China²⁹⁰

²⁹⁰ http://www.fdi.gov.cn/pub/FDI_EN/Statistics/HomeNews/t20090417_104802.htm, accessed 27 March 2010.

What prohibits multinational companies investing to the western region? In a survey conducted by the World Economic Forum in 2001, representatives of 1,200 companies in 76 countries with overseas direct investment were asked to rank the foremost factors impacting on their investment decisions. Interestingly enough, multinational companies stated that market access, sound legal systems and policy environments were the most important factors in their investment decisions. The other important factors included good employment policies and productivity, proximity to target markets, and the high quality of transportation and communication infrastructure.²⁹¹ Thus, economic incentives alone may not be the most effective tools for attracting foreign investment to the western region, because cheap labor and cheap land may not be the most tempting issues for investors although these factors are often promoted by China's local governments. My argument is that the promotion of the western region as a labor-intensive manufacturing base is not a sustainable solution, at least not for all the western provinces. Instead, the focus should be on creating new industries with an environmental focus. In addition, I argue that while capital-intensive industries in the western region need multinational resources to carry out structural and technological change, the low labor cost is not a key issue, because industries, such as energy and mining, are not that labor intensive. Instead, experienced management and workers with updated skills are in great demand. Furthermore, light industries and service industries need a skilled workforce. Hence, the challenge for local governments is to develop a good investment environment with sound policies and regulations to attract foreign investors and to increase the capacity (knowledge and skills) of the people.

The situation is, however, changing rapidly. As the main infrastructure is built and other investment conditions have improved in the western region while the general price level and the cost of the work in the east have increased, the potential of receiving investments into to the west is increasing rapidly. Due to the economic recession in late 2008, many factories in the province of Guangdong were closed and their migrant workers returned home. Now, it appears that they are not returning and therefore factories are moving from east to west to gain the workforce – and at a lower cost. Since 2009, the regions have suffered a double blow as the result of the global economic downturn. As elsewhere in China, imports and exports were down due to weakening foreign demand and foreign trade volume in the region fell by 22.6 percent. The government took measures to boost consumption in the region and stepped up efforts to reconstruct the earth quake-stricken areas. The fixed-asset investment of the regions went up 38.9 percent to 3.16 trillion yuan (USD 462.7 billion), and more than 43 percent of investment allocated by the central government to expand domestic demand had been invested in western regions. The gross domestic product (GDP) of the western regions in China, rose 12.5 percent in the first nine months from a year earlier and the growth rate was 4.8 percentage points higher than the national rate, said a statement on the National Development and Reform

²⁹¹ China Daily: 29.9.2004: 6.

Commission (NDRC) website.²⁹² Moreover, on May 12, 2009, a magnitude -8 earthquake devastated the provinces of Sichuan, Yunnan, Gansu, and Shaanxi.

Hence, the western region's development is a multi-billion dollar and multi-year government project that seeks to diminish the existing economic and social gaps between east and west. The Chinese government believes that through economic growth the people will become happy and united. Hence, the growth strategy in the west is also to ensure the party's legitimacy.

5.7 Challenges of the western region

What are the challenges of developing the western region? The challenges in developing the western region are similar to those challenges of governance discussed in Chapter 3, namely, the environment and cultural diversity. In addition, the challenge of the west is to learn from earlier attempts to develop the western region as pointed out by Yeung and Shen. According to them, there are major lessons of the "go west" development. First, short-term economic gains are harmful to the environment. Second, policies for developing the west have always of a top down nature and hardly promote harmonious relationships between the Han Chinese and the minority nationalities. Third, the increasing economic disparity has increased the social disparity between the eastern and western regions.²⁹³ Hence, how will it be possible to accelerate economic growth while urbanization, a growing population, the high dependence on agriculture, and severe ecological degradation continue to remain challenges faced by the underdeveloped west. Furthermore, how will it be possible to bring the ethnic minorities into the decision making process and thus the overall development?

After ten years, in 2010, the government has declared that its priorities have mainly been fulfilled. During the 10th Five-Year Plan (2000-2005) the priority was on infrastructure construction and this continued during the 11th Five-Year Plan (2006-10) when the focus was extended to environmental protection and education in the western regions. According to Cao Yushu, the deputy director of the Office of the Leading Group for Western Region Development of the State Council, "there have been notable achievements in infrastructure construction and environmental protection, as the road network totals 700,000 km, including 10,000 km of expressways, and there are plans to build another 200,000 km of roads and extend the railway network by 2010." Furthermore, in September 2009, Wang Xinxiang, the deputy director of the National Development and Reform Commission, said that "We will not approve any project harmful to the environment."²⁹⁴

In November 2008, at the conference "Governance and Corporate Social Responsibility" in Hangzhou, I argued that in order to protect the fragile environment

²⁹² <http://english.mofcom.gov.cn/aarticle/counselorsreport/westernasiaandaficareport/200911/20091106627284.html>, accessed 27 March 2010.

²⁹³ Yeung and Shen 2004: 12.

²⁹⁴ <http://china.org.cn/english/GS-e/201299.htm>, accessed 6 September 2009.

of Qinghai, it is vital to adopt environmental criteria for accepting investors to Qinghai Province, and that the provincial government should even *upraise* the environmental standards in Qinghai. In spite of the fact that the Chinese government is focusing on the environment, there are concerns about how serious the Chinese government is about the environment? Is there a real attempt to protect the environment of the western region, or is it just the rhetoric? As I have found no published criteria of the Chinese government about how to judge the harmfulness of the project on the environment or of any other measures on how to implement and monitor the process of the project, there are doubts about the success of the government's intentions. Consequently, despite the efforts of the central government to promote development in the western region, the environment remains a big concern, and the region still lags behind in social and economic development.

Economic development has pressed hard against existing land and other resources at the cost of the environment. Hence, the environmental degradation is severe. The loess plateau is perhaps the largest and most eroded area in the world. The Great Leap Forward (1958) caused tremendous environmental problems when large quantities of coal were wasted in trying to make steel in backyard furnaces, and in the 1970s in Tibet, a plan for substituting wheat with barley exhausted the soil and caused famine. The north of China has suffered from chronic drought since the 1980s, while many cities in other areas have water shortages. In addition, many rural areas also suffer from the effects of chemical fertilizers and toxic pesticides. Soil erosion and desertification are problems as well. One important cause is deforestation conducted since 1979, and despite glowing reports on the number of trees planted, survival and preservation rates are modest. The loose-textured soil and frequent floods and rainstorms cause landslides. Furthermore, sandstorms have become larger and more prevalent. One such storm reached Beijing in 2004 turning the morning sky from blue to red, which became black by the afternoon. Visibility was reduced to ten meters. Hence, the destruction of the forests, the use of marginal land for farming, the intensive exploitation of agricultural land, and the overgrazing of grasslands, has increased soil erosion. In Inner Mongolia, the Gobi Desert has expanded as the amount of usable grassland deteriorates. Desertification leads to reductions in soil fertility and agricultural production.

Moreover, air pollution is a growing concern in China and in the western region. The train trip from Xining (Qinghai) to Lanzhou (Gansu) demonstrates well what industrialization with no set limits for pollution, can do to the environment. When approaching Lanzhou the air is black. In China, coal covers over seventy percent of the energy needs thus much of the pollution comes from sulphur dioxide, a by-product of coal combustion in industrial and electricity plants.

In 2002, Beijing ratified the Kyoto Protocol on regulating greenhouse gas emissions, passed a new domestic law aiming at water conservation, and issued new regulations on pollution, energy use, and recycling. Emissions are expected to double that of the United States by 2050, if left unchecked. China has been persuaded to sign multilateral environmental agreements such as the one in Copenhagen in 2009.

Although Chinese leaders have been sympathetic they have not enforced such agreements.²⁹⁵

As the economy is in transition, China has decentralized its public administration and privatized economic activities to increase its competitiveness on the global market. In my view, the policies of the eastern coast, which developed its economy to meet the challenges of global competition, may not be transferable to the western region. Instead, a new way of thinking to ensure sustainable development is needed as are well-designed methods focusing on the social outcomes of the state's investment. Furthermore, the government should target social development rather than economic growth, as the ultimate objective of developing the western region is to make its people better off. Overemphasizing the GDP growth rate of that region, or even worse, setting a GDP growth rate as a political objective, will increase ecological degradation, which has gradually become a major constraint on sustainable development in China. Sustainable development can be achieved with a transparent system which in turn is essential for achieving equality in income distribution.²⁹⁶

²⁹⁵ Dreyer: 2004.

²⁹⁶ http://www.adb.org/Documents/Reports/2020_Project/chap01.pdf, accessed 5 April 2010.

6 QINGHAI PROVINCE IN TRANSITION

Qinghai Province is located in northwestern China, partly on the Tibetan Plateau²⁹⁷. It is bounded to the north and east by Gansu Province, to the southeast by Sichuan Province, to the south and west by the Tibet Autonomous Region (TAR), and to the west and northwest by the Uyghur Autonomous Region of Xinjiang. The capital is Xining. The province elicits its name from the largest inland salt lake, Qinghai Hu (Blue Lake), historically known as Koko Nor in Mongolian and Tso Ngonbo in Tibetan. The population of Qinghai Province is 5.18 million²⁹⁸. The population consists of the Han (Chinese) and minority nationalities of Tibetan, Mongol, Hui (Chinese Muslims), Salar, and Tu (Mongour Tu). The sparseness of its population is second only to that of TAR.

Map 5. Qinghai – Tibetan Plateau. Shown are the major rivers, international boundaries and provincial boundaries.²⁹⁹



Qinghai Province is one of the twelve provincial-level units included in the Western Region Development strategy. Over the past ten years, Qinghai has witnessed major

²⁹⁷ The Qinghai-Tibet Plateau, also known as the roof of the world, is the largest plateau in China, covering 2.5 million square km, or nearly a quarter of the country's total land area. It is also the highest plateau on earth with an elevation ranging between 3,000 and 5,000 meters. Its annual temperature is between -4 to 6 Celsius. It covers most of the Tibet Autonomous Region and Qinghai Province in China and Ladakh in Kashmir. Many major rivers originate from its snow-capped mountain ranges. The ecosystem of the plateau is unique and fragile and it is home to rare wildlife such as the Tibetan antelope and snow leopard.

²⁹⁸ <http://www.unescap.org/esid/psis/population/database/chinadata/qinghai.htm>, accessed 20 October 2009.

²⁹⁹ http://www.cwru.edu/affil/tibet/tibetanNomads/documents/Harris_2010.pdf, accessed 1 June 2010.

infrastructure projects and large-scale ecological construction projects. In spite of that, Qinghai remains one of the most underdeveloped provinces in China. Why has Qinghai not benefitted from the policies of the western region development plan more energetically? What are the factors hindering the development of Qinghai?

6.1 Studies on Qinghai

Previous Amdo-Qinghai³⁰⁰ research was based on studies and narratives of early missionaries, anthropologists, and explorers. For example, Robert Ekvall (1898-1978), a son of missionary parents was first a teacher and school administrator in China, and then in Tibet, an explorer, ethnographer, and missionary throughout the 1930s. He highlights the nomadic lifestyle and ethnic relations in his research *On the Kansu-Tibetan Border* (1938).³⁰¹ His study *Fields on the Hoof* (1983) is influenced by Buddhism, and brings out aspects of the social system and culture, as well as reflecting the ecological arrangements of pastoral nomadism – “the adaptation of man to animal and animal to man.” An American scholar A. Doak Barnett, also born in China, travelled in China in the late 1940s and in 1988. He visited Inner Mongolia, the areas of Hui Muslim in the northwest, the Uighur and Kazakh regions in Xinjiang, the Tibetan areas in Qinghai and Western Sichuan, as well as multiethnic regions in Yunnan. His *China's Far West, Four Decades of Change* (1993) is about the change he witnessed in government policies, economic development, and social changes, as well as in the relations between ethnic groups.

Albeit studies on Qinghai are increasing, research on Qinghai, overall, is quite limited. However, there are important books and articles on Tibetan nomads written by international NGOs working in the region. These studies illuminate many prevailing problems in connection with the western region's development policies, with evidence of rich scientific data and field experience. For example, in a report *Depopulating the Tibetan grasslands* (2008),³⁰² Marc Foggin reviews several key policies affecting pastoralists, giving special attention to Sanjiangyuan region of Qinghai Province. Furthermore, in *Rangeland Utilization and Biodiversity on the Alpine Grasslands of Qinghai Province, People's Republic of China* (2001),³⁰³ Foggin and Smith criticized the development of pastoralism (animal husbandry) arguing that it was the “result of policies focused only on increasing the number of livestock, rather than their productivity or quality, and a false hope that China can emulate the ranching systems of North America, Australia and New Zealand irrespective of underlying natural resource and ecosystem constraints.”

Goodman condemns the lack of a cultural strategy for the province (*Qinghai and the Emergence of the West: Nationalities, Communal Interaction and National Integration*, 2004), and, in another article on Qinghai *Exiled by Definition: The Salar*

³⁰⁰ Amdo is the historical name of the northeastern part of ethnic Tibet. Today the region is administered by the Chinese provinces of Qinghai, Gansu, and Sichuan.

³⁰¹ Ekvall 1938 and 1983.

³⁰² Foggin 2008.

³⁰³ Foggin and Smith 2001: 247-258.

and *Economic Activism in Northwest China* (2008) he focuses on the Salar, a Turkic and Islamic (Sunni) people mainly living in Xunhua County next to Gansu province.

As Tibetans form the biggest minority group in Qinghai, I have given attention to the question of Tibet. Tsering Shakya's *The Dragon in the Land of Snows: A history of modern Tibet since 1947* (2000) makes use of Tibetan sources and English language material while he seeks to understand and present the Chinese viewpoint and lighting complex reality. Barry Sautman and June Dreyer in *Contemporary Tibet, Politics, Development and Society in a distributed Region* (2006), highlight a contemporary perspective on the Tibet Question in a balanced way. Furthermore, Tibetan studies, as well a contemporary anthropology of China are presented in the book *Amdo Tibetans in Transition* (2002) edited by Toni Huber covering reflections on Tibetan responses to reform and opening up (*gaige kaifang*) throughout post-Mao China. Andrew Martin Fischer focuses on current social conditions in Tibetan areas; specifically in the TAR and Qinghai in *State Growth and Social Exclusion in Tibet* (2005). His examination of factors that determine ethnic exclusion, include the processes of urbanization, immigration, employment, and education, all resting on ongoing structural economic change. Fischer's research is based on fieldwork and combines official statistics and references from Chinese and western sources. My earlier study, *Western Region Development Strategy: The Impact on Qinghai Province* (2005) confirmed that *Xibu Da Kaifa* may also widen the disparity gap and deepen the social exclusion of minorities, and therefore it is necessary to obtain a socio-economic perspective for sustainable provincial development.

None of these studies, however, has taken a deep look on how the quality of governance in Qinghai is related to economic progress. Hence, this study aims to fulfill this gap.

6.2 Historical overview

Through the centuries, Qinghai has been an important link between Xinjiang and China Proper, being a sub route of the western Silk Road from Gansu to Xining. Hence, Qinghai is a place where different cultures and ethnicities co-exist, mixing Tibetan, Han Chinese, Mongol, and Turkic influences. Qinghai, with its picturesque lakes and snow-capped mountains has an image of being the Wild West of China, has also been called the Siberia of China, because it has been a place for political exiles and criminals, including the victims of the Cultural Revolution during the Mao Zedong era.

6.2.1 Amdo

Cultivable land near Koko Nor (Qinghai lake, Koko Nor in Mongolian, Tso Ngömpo in Tibetan) was settled in prehistoric times and may have been the original home of the tribes who settled in Tibet. Most of Qinghai (except Yushu Tibetan Autonomous

Prefecture TAP) , called Amdo in Tibetan, was long considered part of Tibet. Traditionally, areas classified as Tibetan are Central Tibet, Amdo, and Kham. Central Tibet was considered the core, and Amdo and Kham as the outer provinces. Today, traditional Amdo corresponds to what are now Tibetan areas in Qinghai, the Gannan TAP in Gansu, and the Aba TAP in Sichuan whereas Kham is now divided between the Tibetan Autonomous Region, Sichuan, and the southwest of Qinghai.

The Han Empire established a military outpost near the lake, which was, however, soon abandoned, but near the end of the Han period (206 B.C.– A.D. 220), during the reign of the Xiandi emperor (A.D. 189-220), a Xiping prefecture was set up east of Koko Nor. Dry-field and irrigated farming gradually expanded in the area at that time. Following the decline of Han power, a branch of the Xianbei tribe established a state called Tuyhun in the Qinghai region extending into present-day Gansu that lasted more than three centuries.

In the 7th century, a Tibetan Kingdom based in Lhasa had control over the region, its power reaching a peak in the 8th century. The territory of this Tibetan Kingdom extended far to the northeast up to the Tang capital of Chang'an (near present-day Xi'an in the province of Shaanxi). Relations between Lhasa and Chang'an during the Tang period (A.D. 618–907) were friendly. Buddhist monks and pilgrims crossed Qinghai and traders met near Koko Nor to exchange horses for Chinese tea.³⁰⁴

The Amdo-Qinghai region, was later ruled by Tangut leaders (Tangut is the Mongolian name for Tibetan) who established a state called the Western Xia (A.D. 1038-1227) near Koko Nor. In the 14th century, after the Mongol conquest of north China, northern Qinghai was separated from Tibet and joined to Gansu, and thus Qinghai became part of the Yuan dynasty (A.D. 1279 -1368) based in Dadu (Beijing). Tsong-kha-pa, the founder of the Yellow Hat sect (Dge-lugs-pa) of Tibetan Buddhism, was born near Koko Nor in 1357; his 16th-century successor converted Mongolia to Tibetan Buddhism and was given the title Dalai Lama by the Mongolian khan.³⁰⁵ During the Ming dynasty (A.D. 1368-1644), the regions of Amdo and Kham, as part of “Bod” (Tibet) or ”Kawa Chen” (the snowland), remained closely allied with Tibet while the relations with China increased through trade and tribute missions. The autonomous tribes governed themselves under tribal laws and Tsanpo’s laws. Tibetan laws based on Buddhism were administered in Tibetan courts by officials of the various Tibetan governments (Thurman 1988). Meanwhile, Tibetans living in what is now Qinghai province had strong religious, but loose administrative ties with Central-Tibet (U tsang). In 1642, a Mongolian dynasty was established in central Tibet that lasted until 1717, when a local uprising caused the Chinese to directly interfere in the affairs of the region.³⁰⁶ The exact nature of Sino-Tibetan relations during the Ming Dynasty (A.D. 1368–1644) of China is unclear. Some Chinese scholars assert that the Ming Dynasty had unquestioned sovereignty over Tibet, pointing to the Ming court's

³⁰⁴ Falkenhei 2009.

³⁰⁵ Ibid.

³⁰⁶ Ibid.

issuing of various titles to Tibetan leaders, while some argues that Tibet has been an integral part of China since the 13th century, thus a part of the Ming Empire. Whereas Western scholars tend to say that Tibet remained an independent region outside Ming control, and that it simply paid tribute it ³⁰⁷ until the reign Jiajing (1521–1566) who ceased relations with Tibet. ³⁰⁸

During the Qing dynasty (1668–1911) Central Tibet administered itself and had its own officials and laws, while Chinese influence and authority were implemented at the top through Manchu (or Han) imperial commissioners stationed in Lhasa together with a small bodyguard. Qing governance was limited in the area surrounding Xining while the region to the west was controlled by Mongolian tribes known as Khoshots, originally being part of the federation of Western Mongols near Urumqi in Xinjiang, who in the early seventeenth century moved to the southeast into Koko Nor. The Khoshots extended their influence over Tibet under the leadership of Gush Khan (d. 1656), an adherent of the Yellow Hat Sect ³⁰⁹ teaching of Buddhism. Gush Khan was aided by the Fifth Dalai Lama (1617-82) in crushing his rivals of the Red Hat Sect. For the rest of the seventeenth century, the Khoshots were the de facto power holders in Lhasa. In the 1670s, the Qing Emperor Kangxi exerted his authority over the southwest and made it an integral part of the empire. The next stage of Chinese expansion was to the northwest. Although Kangxi defeated Galdan, the Mongol leader, the Khoshots continued to resist Qing domination until another Mongolian tribe called the Zunghars invaded Tibet in 1717. The Kangxi emperor sent an army to drive out the Zunghars and Lhasa was recaptured in 1720. The Qing military intervention, however, did not resolve the conflicts in Tibet. In 1724, the Emperor Yongzheng sent an army to suppress a “rebellion,” while Qing forces burned lamaseries and massacred thousands of monks. A Qing general, who had brutally defeated the Mongolian rebel Khoshots, re-established the hegemony of the Qing state and incorporated Qinghai into the empire. Migration policies were established to transform the northeastern corner of the region into a settlement frontier of Manchu and Han farmers in order to integrate it with the Chinese heartland. The plan, including provisions for military security, economic development, and administrative

³⁰⁷ The tribute system was the centerpiece of the Chinese world order. The giving of gifts and the ritual of a foreign prince or his envoy kowtowing in front of the Chinese Emperor were symbolic of a hierarchy that placed the Emperor at the centre of the civilized world. Such rituals were seen as expressions of foreign acceptance of the superior status of the Chinese Emperor and thus of China itself. China's rulers viewed trade as subordinate to tribute and on many occasions sacrificed economic substance to preserve political form.

³⁰⁸ Falkenhei 2009.

³⁰⁹ The Gelug or Gelug-pa, a school of Buddhism founded by Tsongkhapa (1357-1419). The Yellow Hats (Gelupa) emerged in the 15th century. It was given a big boost in the 16th century when the Mongols decided to support it. The sect became preeminent in the middle of the 17th century, through the efforts of Mongolian supporters and Tibetan supporters inspired by the charismatic 5th Dalai Lama. The Yellow Hats took control of the central plateau and maintained control until British and Chinese incursions into Tibet in the 19th century. The 5th Dalai Lama, Ngawang Lobsang Gyatso (1617-82) is regarded as the greatest of the Dalai Lamas. See: Tibetan Buddhist sects. <http://factsanddetails.com/china.php?itemid=221&catid=6&subcatid=34#02>, accessed 19 September 2010.

reform, was designed to ensure that Qinghai, formerly an autonomous territory ruled by Mongolian tribes, would become a permanent part of the Qing realm. The territories of the Mongolian tribes were now fixed and no tribe could interfere with another tribe's pastureland. The Khalka were explicitly defined as a new tribe [buluo] and settled separately from the Koshots in Qinghai. Different ethnic classifications aided to promote divide-and-rule policies that westerners called "setting barbarians against barbarians." It is clear that the Chinese state and civilization made permanent gains in the region under the policies of the Qing dynasty. The area around Xining was brought permanently into the Chinese world during the second half of the Qing dynasty through imperially subsidized settlement policies. Settled farmers pushed agriculture into higher elevations with the support of government. A Qing official promoted the development of agriculture as a way of establishing government sovereignty over the area. Over the next centuries, many Tibetan clans moved westward or southward to areas around Koko Nor or south of the Yellow River (more deeply into Amdo) while agriculturalists took over their pastures. The county of Hualong is an example of the structural transformation of the Qinghai region. The area was dominated by Tibetans and pastoralism in 1724, but by the time the People's Republic was founded, the economy of the Hualong County was based on agriculture.

In 1928, Qinghai became a province of the Republic of China (1911-1949). A local Hui leader Ma Qi (1869-1931) was the military commander and governor of Qinghai from 1925 to 1931, and after his death his brother Ma Lin was appointed governor of Qinghai. His son Ma Bufang (1903-1975) governed Qinghai Province from 1938 to 1949. The Chinese central government tacitly supported Ma Bufang's repression of Mongols and Tibetans, allowing Ma to destroy numerous Buddhist monasteries, to carry genocidal expeditions into the Golog region and kill thousands of Tibetans.³¹⁰ On the other hand, Barnett describes Ma Bufang's regime "although completely authoritarian, as one of the most energetic, disciplined, and efficient," in comparison to many other areas he visited in 1948". He said "both the discipline and quality of his troops and the way in which his government policies aimed at economic development made Qinghai quite different in many respects from other warlord regimes such as those in Ningxia or in Shanxi", and he described how the regime of Ma Bufang introduced some modern medicine to treat syphilis, trachoma, and other diseases rampant in Qinghai, established local schools (Tongren school and Kunlun school) for poor children (especially Hui), built small factories, and organized a semi-governmental monopoly the Huang Zhong Company to promote commerce.

What happened to the Muslim warlord regime after the Communist take over? Ma Bufang, unquestionably the most virulent anti-Communist leader in the northwest in the 1940s, was able to organize resistance against the Communists throughout most of the 1950s. Actually, the main fighting between his forces and the People's Liberation Army (PLA) was not in Qinghai, but near Lanzhou (in Gansu) where the PLA defeated Ma Bufang's main forces on August 13, 1949. Then, three separate

³¹⁰ Uradyn 2002: 54.

PLA units from the Gansu area entered the Xining area to establish military control. Some of Ma Bufang's forces went underground and continued their resistance. In 1951-1952, fighting in Datong and Hualong, not far from Xining, was most severe. Some of Ma Bufang's forces went far into the grasslands and mountainous areas and continued resistance there. In Guoluo (Golog) and Yushu, the resistance ended by 1954 and the area was "cleaned out" by 1955. Some remnants of Ma Bufang's cavalry survived for a while in Xinjiang Province, until they went to Afghanistan while the Kazakhs survivors eventually fled to Pakistan.³¹¹

6.2.2 New China

After the establishment of the PRC in 1949, the new Chinese government invaded eastern Tibet in October 1950, captured the bulk of the Tibetan army stationed there, and forced the government of Tibet to negotiate. Before that, on the 6th of May 1950, Geshe Sherab Gyatso, a noted Tibetan scholar who acted as a Deputy Chairman of the newly established Qinghai Provincial Government, warned in a radio broadcast that the Chinese would use force if necessary to "liberate Tibet." He also stated that relying on British or American intervention was "futile." In October 1950, the Chinese launched a full-scale military invasion of Tibet. Tibetans could offer little of resistance. The Chinese made clear that obstacles raised by Britain and India had forced them to adopt a military solution. A Tibetan delegation went to Beijing in 1951 and reluctantly signed a "Seventeen Point Agreement for the Peaceful Liberation of Tibet" by which Tibet formally acknowledged Chinese sovereignty in exchange for China's agreement to allow the Dalai Lama to continue and to keep the traditional politico-economic system intact. Chinese troops moved into Lhasa in the fall of 1951, and remain to this day.³¹² The first Tibetan uprising of 1959 resulted in the flight of Dalai Lama and about 80,000 Tibetans. During these years thousands of Tibetans were allegedly executed, imprisoned, or starved to death in prison camps. The Great Leap Forward resulted in national famines and the next phase of Mao's revolutionary politics, the Cultural Revolution in 1966 continued in Tibet until 1979. During these years, all religious activities were prohibited and the monastic system in Tibet was dismantled. The campaign included an attempt to eradicate the ethnic minority's culture and distinctive identity as a people.

The dispute over Tibet is rooted in religious and political disputes starting in the thirteenth century. China claims that Tibet has been an inalienable part of China since the thirteenth century under the Yuan dynasty.³¹³ Tibetan nationalists and their supporters counter that the Chinese Empire at that time was either a Mongol (in Chinese, Yuan) empire or a Manchu (Qing) one, which happened to include China too, and that Tibet was a protectorate, wherein Tibetans offered spiritual guidance to

³¹¹ Barnett 1993: 279-281.

³¹² Tsering 2000: 37.

³¹³ http://news.xinhuanet.com/english/2008-04/08/content_7935999.htm, accessed 4 April 2010.

the emperors in return for political protection. When British attempts to open relations with Tibet culminated in the 1903-04 invasion and conquest of Lhasa, Qing-ruled China, which considered Tibet politically subordinate, countered with attempts to increase control over Tibet's administration. But in 1913, a year after the Qing dynasty collapsed, Tibet declared independence and all Chinese officials and residents in Lhasa were expelled by the Tibetan government³¹⁴. Hence, Tibet functioned as a de facto independent nation until the Chinese army invaded in 1950.

The "Tibet Question" became internationalized when the Dalai Lama fled into exile in Dharamsala in northern India in 1959. Now India is home to about 120,000 Tibetans, the world's largest Tibetan community outside Tibet. China blames British influence at the time for promoting the idea of Tibetan independence and refuses to be bound by any treaties signed between Tibet and Britain such as in the 1914 Simla convention, where the British recognized Tibet as an autonomous area under the suzerainty of China. Goldstein says that Washington has been opportunistic in its dealings with Tibet. During the Cold War in the 1950s and 1960s, the U.S. Central Intelligence Agency (CIA) covertly funded and armed Tibetan guerrilla forces to fight against Communist China. However, even during this period of covert support, the official position of Washington on Tibet did not change, as it continued to recognize Tibet as a part of China. Washington's policy is inherently contradictory "while officially recognizing Tibet as part of China, the U.S. Congress and White House unofficially encourage the campaign for independence."³¹⁵ Furthermore, China only accepts the term Tibet for the area now called the Tibet Autonomous Region (TAR). The Tibetan exiles have been demanding a Greater Tibet which includes the political Tibet in modern times (TAR) as well as ethnic Tibetan areas east of TAR, most of which Tibet had lost in the eighteenth century. These areas, earlier known as Amdo and Kham, are now scattered among parts of the Chinese provinces of Sichuan, Qinghai, Yunnan, and Gansu.

The March 2008 anti-government protests, which started in Lhasa, soon spread among the ethnic Tibetan areas in these provinces. As a consequence, the "Tibet Question" still remains a highly charged and controversial issue, both within Tibetan areas and worldwide. Many Tibetans (especially those outside China) consider China's action to be an invasion of a sovereign country, and the continued Chinese presence in Tibet is deemed an occupation by a foreign power. The Chinese, on the other hand, argue that Tibet has been a part of China for centuries and that they liberated Tibet from a repressive regime where much of the population lived in serfdom. There is truth in both assertions although public opinion outside China (especially in the West) has tended to take the side of Tibet regarding as an independent entity (or at least a highly autonomous one). There is no question, though, that the 14th Dalai Lama, the exiled spiritual and temporal leader of Tibet, has

³¹⁴ Proclamation Issued by His Holiness the Dalai Lama XIII, on the eight day of the First month of the water-ox year (1913). Source: W.D. Shakabpa, *Tibet: A Political History* (New Haven, 1967), pp.246-248 <http://www.tibetjustice.org/materials/tibet/tibet1.html>, accessed 4 April 2008.

³¹⁵ <http://www.cfr.org/publication/15965/#p5>, accessed 4 April 2010.

become one of the world's most recognizable individual.³¹⁶ Experts agree that unless there is political reform within China, the resolution of the Tibetan question remains open. As Adam Siegel, one China expert points out “there is a fear that if Tibet gets independence, Uyghurs and Taiwan will want independence.”³¹⁷

In Qinghai, following the proclamation of the People's Republic of China, the communists gained control in spite of the resistance from local people, regardless of their nationality. The Communist government delineated autonomous districts for the Tibetans, Chinese Muslims, Kazakhs, and Mongols. According to Barnett Hui Muslims, who dominated politically before the takeover by the Communists, were not given positions of real power in the new regime. It was notable that there was no Hui representation at the top level of the regime. Of the minority cadres, Hui cadres constituted only 4.3 percent of all cadres, whereas Tibetans constituted slightly over 11 percent. Although, Tibetans were (well) represented in local government bodies where they were the majority ethnic group, they were much less (well) represented in bodies operating at the provincial level. As Barnett discovered, in 1988 the underrepresentation of the Hui was due to the fact that the Han-dominated power structure was still wary of the Hui population in light of political dominance of Ma's clan in the years before 1949, but also because of their lower educational level and economic disadvantage in comparison to the Han. The large migration of educated Han into the province also strengthened the dominance of the Han Chinese in almost all technical and non-traditional fields, especially at top levels.³¹⁸

In 1956, the provincial government set out a strategy for the rapid development of Qinghai. The goal was to establish an industrial base in Xining, to attract migrants from eastern provinces, and to have 10 million people in Qinghai by 1967. The plan for migration did not succeed. During the period of the Great Leap Forward (1958-1960) there was another attempt to encourage migration to assist large-scale industrial construction which was proceeding rapidly during those years. Agricultural output dropped and resulted in a massive famine and the exodus of half a million people from the province during 1960-1963. During the Cultural Revolution (1966-1976), there was significant in-migration at the rate of 100,000-150,000 people a year, but it was for the most part balanced by the numbers of those, who left the province during the same period. People who migrated from other areas, however experienced difficulty in adapting to conditions in Qinghai. Again, migration from the east was unsuccessful in attracting permanent settlers. In the early 1960s, large numbers of local leaders, especially Hui, Salar, and Tibetans, were sent to “Reform through Labor” camps for political crimes, and often merely on suspicion of opposing the regime. Assimilation policies were pursued: education was to be conducted exclusively in Modern Standard Chinese. Resettlement programs for nomads were

³¹⁶ <http://search.eb.com/eb/article-9117343>, accessed 4 April 2010.

³¹⁷ Bajoria, 2008.

³¹⁸ Ibid 327.

introduced. Places of religious worship were heavily restricted, and later they were closed altogether.³¹⁹

In the 1980s, the “Open Up” policy promoted the development of Qinghai. Barnett, who visited Qinghai again in 1988 found how the Qinghai provincial government aimed to promote trade contacts keeping in touch with central government bodies and officials, and assisting personnel from Qinghai when they visited capital. Furthermore, Qinghai’s leaders sought greater cooperation with provinces in the northwest in order to increase trade. Trade and even tourism increased, but nevertheless, the results in overall were modest in comparison to the rapidly developing centers in the east of China. According to Barnett, the reasons were quite basic: weak infrastructure, inadequate capital and a lack of trained personnel. Nevertheless, he found impressive contrasts between his visits in Qinghai in 1948 and his second one in 1988. In 1948, there was really no modern transportation, as the province had neither a railway nor an airline connection. The only “modern” road was from Lanzhou to Xining, surfaced partly with crushed rock and partly with dirt. In 1988 Xining had a major railway line connecting it with Lanzhou, and public roads although of varying quality reached most of the province’s cities, towns, and townships. There were also two airports offering a regular service in Xining and Golmud. However, in spite of this progress, Qinghai’s economic relations with foreign countries were modest and not a single equity joint venture with a foreign business corporation had started in Qinghai by 1988. A major problem that raised serious obstacles to further economic development was the weakness of the educational system in Qinghai. Local higher education was underdeveloped, and therefore roughly 1,700 students a year were sent to study at universities elsewhere in China, but many of those students did not return to Qinghai, because they found more attractive jobs in other provinces. Furthermore, Qinghai was subjected to the criticism, because of the repression of national minorities during the late 1950s, and because of the disastrous persecution of the minorities during the Cultural Revolution. To overcome the legacy of past conflicts, efforts were made to raise the economy and the culture of the minorities. The Provincial Minority National Affairs Commission in Xining outlined “special privileges” to be granted to minorities within the province, including the central government’s annual subsidy to Qinghai, earmarked for development programs relating to minorities, funds for supporting minority educational institutions, and tax exemptions to encourage the development of industrial enterprises in minority areas, especially new enterprises producing “distinctive minority goods.” In addition, loans with relatively low interest rates in some cases less than one percent were allocated to minority enterprises. As a result, according to Barnett, the average incomes of the minority peoples were raised, especially in the Tibetan grasslands. Actually, as he states “in some grassland areas the per capita income level was somewhat higher than in agricultural areas inhabited by Han and Hui farmers, even though many of the poorest areas in the province still

³¹⁹ Tsering 2000: 7.

were ones located in remote Tibetan regions.” Furthermore, local cultural and religious expression was permitted. Mosques, temples, and monasteries were reopened and revived.³²⁰

6.3 The environment

Qinghai is the fourth largest provincial level unit in China, after the Xinjiang Uygur Autonomous Region, the Tibet Autonomous Region and the Inner Mongolia Autonomous Region. It has a vast area of 721,200 sq. km, spanning 1,200 km from east to west and extending 800 km from north to south.

Qinghai is an area with complicated natural conditions: high altitude and thin oxygen, glacier, desert, plateau and grassland. Qinghai is an area with a variety of natural conditions: high altitude, glaciers, deserts, plateaus, and grassland. The topography in Qinghai varies greatly, with high mountains and deep valleys in the east and wide mountainous plains and basins in the west. Most of the province consists of mountains and high plateaus. The average elevation is more than 3,000 meters above sea level while over 54 percent of the area is between 4,000 and 5,000 meters. In the north are the Altun and Qilian mountain ranges, through the south-central part of the province extend the Bayan Har (Bayankala) Mountains (a spur of the Kunlun Mountains), which serve as the watershed of the headwaters between the Yellow River (Huang He) and the Yangtze River (Chang Jiang). In the south, the Qinghai-Tibetan boundary parallels the snow-capped Tanggula Mountains, where the Yangtze rises. The Qaidam (Tsaidam) Basin, covering 220,000 square km at an altitude of about 3,000 meters, occupies most of the northwest, between the Altai Mountains to the north and the Kunlun range in west-central Qinghai. The Gobi desert, hills, plains, and lakes are distributed from the fringe to the center of the basin, which has a terrain descending from northwest to southeast. The region was almost inhabited, until major mineral and other resources began to be developed in the 1950s.

The extensiveness and complex terrain of the region result in great variations in climate and vegetation. On the whole, the climate is continental, being influenced by the distance from the sea and by the mountain ranges in the south and east that bar maritime winds. The average annual precipitation in most places is less than 100 mm, and decreases from east to west. Winter is long, dry, cold, and windy. Summer is short and warm. Strong winds from the Mongolian Plateau cover the region with sand, a serious menace to agriculture. On the other hand, the plentiful sunshine in the region is beneficial for plant growth. Grass thrives on the vast plateau; hence, the region possesses some of China’s best pasturelands for sheep, horses, and yaks. Antelope, wild horses, wolves, foxes, bears, snow leopards, and exotic birds such as black-necked cranes are found there. Owing to its elevation and climate, agricultural resources are largely restricted to the northeast corner of Qinghai, whereas the west

³²⁰ Barnett 1993: 271-339.

and southern areas are often characterized by nomadic lifestyles mainly based on animal husbandry.

Hence, environmental conditions shape the lives and livelihood patterns of the locals, and particularly of Tibetan nomads who face a process of urbanization, willingly and unwillingly. Clearly the ongoing change promoted by the western region development plan and its policies has an impact both on the livelihood of Tibetans and their culture as well on the economic development of the province. No doubt, the province's cultural diversity with its large Tibetan population, poses a challenge for China that is seeking a harmonious society. The environmental challenges faced by the province of Qinghai are also intertwined with its geography and diverse natural resources. Everyone agrees that the environment of Qinghai needs various measures and policies for its protection. The issues of the grasslands with population resettlement policies and the impact of Qinghai-Tibet railway on environment reveal how complicated and difficult it is to protect environment in connection with economic development and preserving culture.

The Qinghai-Tibetan plateau shapes the environment and climate not only in Qinghai, but also in China and the world. Living conditions in Qinghai are harsh, particularly in mountainous areas with bitter cold, strong winds, heavy snowfalls, hail, and frost. Cold winters, short and cool summers, long hours of sunshine and strong radiation are also characteristic. Qinghai has a rich biodiversity although it is extremely fragile, which means that it is slow to recover from any damage arising from human activities or global warming. Animal and plant resources are diverse and include the Tibetan antelope, the white-lipped deer, the snow leopard, the wild camel and wild yak, and plants like the caterpillar fungus, rhubarb, and medicinal herbs.

The province of Qinghai is also the source of three of China's major rivers: the Yangtze River, the Yellow River and the Lancang River (Mekong). The Yellow River in Qinghai has abundant waterfalls, from Longyang Gorge to Sogou Gorge with falls of 850 meters; hence Qinghai has the highest number of hydroelectric power plants in any of the northwest provinces.

Qinghai Lake is the largest inland salt lake in China at an elevation of 3,195 meters. In addition, Qinghai has more than 30 salt lakes with proved reserves of potassium chlorides that accounts for 96.8 percent of the total reserves of the country. Lithium, magnesium, strontium, and boron are found in these salt lakes.

Furthermore, the Qaidam Basin in the northeastern part of the Qinghai-Tibet Plateau possesses oil, gas, and minerals. Hence, Qinghai has one of the ten biggest oil fields in China with total oil reserves of 2.23 billion tons and natural gas reserves of 350 billion cubic meters. Mineral resources are also plentiful: 123 minerals have been found in Qinghai, and asbestos, lead, and zinc have also been discovered. Moreover, Qinghai has new forms of energy such as solar energy, wind power, biological mass-energy, and geothermal energy.

6.3.1 Grasslands

Qinghai has a long history of pastoralism, and consequently the livestock of 20 million sheep, yaks, horses, cattle, and camels and their products such as Xining wool, carpets, leather coats, leather shoes, milk powder, and dried beef, play an important role in the economy of the province, especially for minority ethnic groups. It has been estimated that domestic livestock grazing has been carried out in Qinghai for at least 2,200 years.³²¹

The province has 3.86 million hectares of grassland that accounts for 53.6% of the total area of the whole province, making it one of the five largest pastoral areas in China. Qinghai province is a typical upland pastoral region of Northwest China. Alpine pasture is the major land resource for the extensive pastoral livestock industry in Huangnan, Guoluo, Yushu, Hainan and Haibei Prefectures. The grasslands in Qinghai as in elsewhere China, however, suffer from various degrees of degradation. In the late 1990s, awareness on the part of Chinese scientists and policy makers about rangeland degradation on the Qinghai-Tibetan Plateau increased as several disasters occurred. The flooding of the Yangtze River killed thousands of residents and caused economic losses; the Yellow River runs dry increasingly often; and dust and sand storms originating in the western rangelands were felt in the cities of eastern China.³²²

In response to ecological deterioration in the western region (including Qinghai), the central government has launched various programs, such as the “Return Cropland to Forest” program in 1999 (as a response to floods caused by upstream deforestation); the “Grassland Restoration” program in 2000, followed by the “Converting Pastures to Grassland’s” program in 2002. An ongoing resettlement program of the central government from late 1990 has received the most debate, also internationally, because it has forced thousands of nomads to migrate from their traditional residential areas to designated resettlement locations. The case study, the *Conversion of Herding Areas to Grass*³²³ by Harris, conducted in Dari County in Qinghai Province, examined grassland restoration. According to the study, the degradation is serious as 70% of its usable grassland area is of degraded resulting from the activities of rodents (Plateau Pica), which bring small piles of black earth to the surface as they dig holes. In the study three main factors causing grassland degradation were reported: overstocking, climate change and the spread of a small rabbit. In response the central government provided RMB 2.5 million to enclose, reseed, and set aside 50,000 mus (3,300 hectares) of degraded pasture, divided between 181 households. Picas were also to be eliminated. In addition, the county government invested an additional RMB 800,000. Moreover, the participating families were required to take out poverty alleviation loans totaling BMB 690,000, which resulted in each household having about RMB 3,800 of debt, as their contribution to the costs. Then a private contractor from Hainan prefecture was hired

³²¹ Swift, Baas and Liu 2005.

³²² Ibid.

³²³ Harris 2009.

to do most of the seeding work, thus the role of the households remained largely passive. Critics add that this is a typical example of how the government handles problems. The results are often quite unsatisfactory, because while many of the resources and finances are used, the project management is poor and project monitoring is not done properly, if at all.³²⁴ Moreover, Foggin, a biologist, believes, that the pica is innocent and that actually it is a keystone species for plateau diversity.
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Certainly, earlier international research on pastoralism has also influenced China in its chosen policies. Garret Hardin's *Tragedy of Commons*³²⁶ (1968) has had a large impact on environmental research and policies concerned with environmental degradation and desertification. His thesis is straightforward:

The tragedy of the commons develops in this way. Picture a pasture open to all. It is to be expected that each herdsman will try to keep as many cattle as possible on the commons...As a rational being, each herdsman seeks to maximize his gain. Explicitly or implicitly, more or less consciously, he asks, "What is the utility *to me* of adding one more animal to my herd?" This utility has one negative and one positive component.

1) The positive component is a function of the increment of one animal. Since the herdsman receives all the proceeds from the sale of the additional animal, the positive utility is nearly +1.

2) The negative component is a function of the additional overgrazing created by one more animals. Since, however, the effects of overgrazing are shared by all the herdsmen, the negative utility for any particular decision-making herdsman is only a fraction of 1.

Adding together the component partial utilities, the rational herdsman concludes that the only sensible course for him to pursue is to add another animal to his herd. And another; and another... But this is the conclusion reached by each and every rational herdsman sharing a commons. Therein is the tragedy. Each man is locked into a system that compels him to increase his herd without limit--in a world that is limited. Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the commons. Freedom in a commons brings ruin to all.³²⁷

In consequence, Hardin's thesis provided the rationalization for World Bank programs that urged the privatization of land and the commercialization of livestock production. Hence, world donors encouraged local pastoralists to sell more livestock and reduce grazing programs in turn to fund projects against desertification. In the 1980s, mainstream opinion essentially followed Stephen Sandford,³²⁸ who argued that "most of the world's rangelands are suffering from desertification and that. . . in most cases the cause of desertification is overgrazing by domestic animals," which in turn was

³²⁴ <http://www.chinadevelopmentbrief.com/node/144>, accessed 13 February, 2008.

³²⁵ Smith and Foggin 1999.

³²⁶ Hardin 1968.

³²⁷ Hardin 1968: 1244

³²⁸ Sanford 1983:11.

caused by an increase in the number of animals. This view was adopted by a majority of governments and development officials. The solution proposed was privatization of the land tenure system³²⁹ as part of a modernization framework (including free enterprise and entrepreneurship) was strongly advocated by the World Bank and its major funders from the United States, Japan, and the European Community.

A number of Chinese papers list the practices of the pastoralists as “traditional” or “backward” and see them as the cause of degradation, without specifying which practices they mean,³³⁰ whereas Smith and Foggin (1996) argue that overgrazing and rangeland degradation were the result of policies from the early Communist period rather than the product of “backward” traditional practices. The changes that occurred have had an impact both on biodiversity and the pastoralists, primarily through attempts to modernize husbandry methods. Husbandry was collectivized for most of the period between 1956 and shortly after the end of the Cultural Revolution (1966-1976) and was then formally privatized in 1985 under the Household Contract Responsibility System are a trade-off between traditional lifestyles and the protection of grassland environment.³³¹

Harris (2009) has compiled and analyzed a rich collection of data on rangeland degradation on the Tibetan Plateau. According to his study, Chinese scholars generally claim that rangeland degradation results from a combination of overstocking of livestock, unscientific livestock management, historical-cultural impediments to adopting modern concepts of livestock management, global climate change, and excessive soil disturbance from small mammals. Whereas Western and some Chinese scholars, in contrast, argue that the cause of the degradation is due to rapid changes in the area’s socioeconomic systems and the alteration of land tenure arrangements.³³² Although most Chinese scientists and officials put blame overgrazing and climate change as the primary causes of grassland degradation, increasingly their opinion is that grassland conservation and development cannot be separated from the pastoralist culture of the people. To conclude, Harris argues that rangeland degradation, however, is constrained by its close association with politically charged issues, because the pastoralists are Tibetan, Mongolian, and other non-Han ethnic minorities whereas political authority rests largely in the hands of the Han Chinese.³³³

Recently, there was news that “an extra large gold mine was discovered in Qinghai, in Maduo Township in the Yushu Tibetan Autonomous Prefecture in October 2009.” The gold mine is expected to produce in excess of exceed 300 tons,

³²⁹ The land tenure system has profound consequences for livelihood security by affecting which livelihood assets people will rely upon and will invest in. For example, where pastureland is open access, users will usually be unwilling to invest in the land (terracing, fertilizing, destocking, planting forage crops, etc.) because there is no way to exclude free riders. See also: Swift, Baas and Liu 2005: Chapter 3.2. <http://www.roboroz.ca/grazing/graz3.html>, accessed 20 September 2010.

³³⁰ Harris 2009.

³³¹ Foggin 2008.

³³² Harris 2009.

³³³ Ibid 2009.

and thus become a major source of gold in China.³³⁴ In my view, also the prospects of gold resources in Yushu, the birthplace of the Yangtze and Langcang Rivers with vast grasslands which is one of the major herding areas of Qinghai, may have impact on relocation policies.

6.3.2 Resettlement

As the Western Development Strategy began, the first priority program to be adopted and implemented was the “Grain to Green” policy (also called the “Farmland to Forest” policy; *tuigeng huanlin*), a nationwide environmental restoration program. In grassland areas it is known as the “Rangeland to Grassland” policy (*tuimu huancao*). It argues that a decade’s respite from livestock grazing is necessary for degraded grassland to be restored to its natural state, and that therefore domestic livestock (and herders) should be moved away. Now, tens of thousands of families have been asked to move off the grassland and to adopt new livelihoods in farming or to live in new towns. In Qinghai, for example, thirty-five resettlement communities have already been built and fifty-one are under construction. According to government plans, over 100,000 people (i.e., 17 percent of the population) will be relocated from the San Jiang Yuan region by 2010 with the aim of restoring the grassland ecosystem.³³⁵

In 2000, China established its largest nature reserve on the Tibetan Plateau, the San Jiang Yuan (Three Rivers Headwaters) to protect environment. In areas where grassland is to be “protected,” households are identified for resettlement. For the pastoralists resettlement means a transition from semi nomadic herding over large areas to household-level ranching on much smaller areas, or selling their herds and abandoning the raising of livestock entirely. These households receive a basic sum for a period of five to ten years from the government. Hence, pastoralists in China and Qinghai are facing rapid change brought about by the ecological and migration policies of the central government, which have resulted in the large-scale resettlement of nomadic people with an enormous impact on herders’ livelihoods.

In 1979, after decades of fully collectivized ownership, the rights to the land and livestock were transferred to producers as part of the household responsibility system. The livestock were divided as well as the summer and autumn pastures among individual households without restrictions on grazing numbers although the former brigade leadership was retained. In some areas, however, herders still manage the rangelands communally, even though officially the land has been divided between households. Such communal arrangements are permitted under the law. The Grassland Law of the Peoples’ Republic of China (PRC) first passed in 1985 was revised in 2003. Both promote resettlement in varying forms — either by settling nomads on their own land, or altogether removing them from the rangelands through

³³⁴ <http://chinatibet.people.com.cn/6779285.html>, accessed 8.12.2009.

³³⁵ Foggin 2008.

rural-urban migration. These policies are implemented in the pastoral regions of China, including Qinghai, Tibet and Inner Mongolia.³³⁶

In Qinghai, resettlement related to the San Jiang Yuan Nature Reserve Area, the source of the Yangtze, Yellow, and Lancang rivers. The San Jiang Yuan constitutes the three prefectures of Golog, Yushu, and Haixi with sixteen counties at an altitude of 4,000 meters, with a total population of 557,200 people, mostly Tibetan. Resettlement began in 2003. According to Li Xiaonan, the Deputy Director of the San Jiang Yuan ecological preservation and construction office, the public infrastructure has been constructed for 86 immigrant communities. Furthermore, the government of Qinghai has spent more than RMB 950 million for fencing pastures and subsidizing the herdsmen for 2.6 million hectares of grasslands from grazing. The total investment will increase to RMB 3.1 billion in order to restore over 6.4 million hectares.³³⁷

The gains to environment from resettlement have been published by the Qinghai Provincial Meteorological Bureau. The director of the bureau, Chen Xiaoguang says that after 30 years of continuous deterioration, the vitality of the San Jiang Yuan area has been restored as a result of the ecological protection project. And, moreover “the Qinghai Provincial Government has been establishing a long-term ecological compensation mechanism, in an effort to curb the ecological degradation and realize harmonious economic and social development in the region in order to help the San Jiang Yuan area regain its title of an ecological paradise.” In addition, the Xinhua News has reported on the gains of protection at San Jiang Yuan: “Four years ago in the county of Maduo, the reporters saw wind-blown sand, degraded grasslands, and dried-up lakes. Now, they saw herds of Tibetan antelopes, wild Tibetan donkeys foraging around lakes, and wild animals running on the plateau and glistening lakes”.³³⁸ Hence, the official view of the Chinese government, supported by the majority of Chinese scholars is that the resettlement was necessary to protect the environment. Whereas, most western scholars backed by international NGOs, have argued that the Chinese government has destroyed the traditional Tibetan culture by resettling the nomads, as they face losing their traditional lifestyle and their livelihood.

Increasingly, Chinese media reports how the provincial government has helped the herdsmen adapt to their new life, by providing new housing, offering vocational training, and setting up a fund to encourage them to start their own businesses. In addition, new schools have been built and tuition fees for students at secondary schools have been cut. It is reported that the annual income of those resettled reached RMB 2,000 (in 2008), that is double their annual income, before their relocation. Cases of “happy herdsmen” are illustrated in the media. For example, Dongbao, who, with 1,800 other Tibetan herders from 388 households, “left” the grasslands four years ago and moved to a migrant community in the outskirts of Maxin County in

³³⁶ Cincotta et al 1992. A study of Tibetan and Hui pastoralists of Menyuan Horse Farm in Qinghai Province 1984 -1991.

³³⁷ <http://www.cctv.com/english/special/tibet/20091014/103934.shtml>, accessed 8 November 2009.

³³⁸ <http://www.cctv.com/english/special/tibet/20091014/103934.shtml>, accessed 8 November 2009.

Qinghai Province relates how he became a worker at a Tibetan-style carpet factory after he finished a training course organized by the local government, and said that “we were relocated for the sake of the country’s ecological environment and in the interest of our future generations.” Another Tibetan herdsman Tashi Dondrup, who settled down in an immigrant village in the county of Henan, has found a new life in stone carving for his family having learnt stone carving skills in a government training program. The local government set up a stone sculpture company backed by the collective investment of more than 700 immigrants in the village. “I have just accepted an order for RMB 27,000 from the government company and hopefully I can earn as much as RMB 40,000 this year,” he said. In another village in the county of Maqen, a 47-year-old Tibetan woman weaving Tibetan-style carpets says that “I am now accustomed to an eight hour work day and the new life here.”³³⁹

Sentiments of a rather different kind concerning the “new life” of the resettled nomads, are described in one NGO’s report. In exchange for giving up their traditional dwellings, the newly settled villagers now have robust three-roomed houses, each equipped with its own TV set as well receiving annual cash payments of between RMB 2,600 and RMB 5,600 for ten years to complete the settlement package. The negative feelings of resettled nomads are highlighted by one of the ecological migrants. Zhou Qiong says, “I don’t know how to find a job. My husband and I stay at home everyday and do nothing. Life is very boring now.” “The government money is not enough to buy fuel or food for a year,” she continues. “I cannot speak or read Chinese, so it is impossible to find work. I am afraid that we will starve,” and “we can’t live on charity forever.”³⁴⁰

Increasingly, researchers question the Grassland law. In July 2008, the Chinese Academy of Social Sciences (CASS) hosted the 16th International Union of Anthropological and Ethnological Sciences’ Conference at Kunming to discuss the grassland environment and changes in herders’ lives. At the conference, in spite of the fact that the mainstream analysis focused on the technical side of the issues, some scholars tried to bring more cultural and people centered perspectives. Hao Bing, the coordinator of the People and Grasslands Network (earlier A Grasslands Conservation Network, with funding support from the Ford Foundation) said, “we will pay more attention to herders opinions.” In addition, Hu Jingping, who leads the policy of regulatory division of the National Commission of Ethnic Affairs, affirmed that some policies have failed in many places, and there are discussions within the government to re-think the relationship between the nomads and the ecosystem.³⁴¹

A scholar at the Chinese Academy of Social Sciences, concerned with nomadic affairs, in a conversation with me in 24 September 2009, explained that the nomads have no stable income, because there are no proper jobs for them. “Actually, they are

³³⁹ <http://www.highbeam.com/doc/1P2-20678165.html>, accessed 8 November 2009.

³⁴⁰ Perrement 2006.

³⁴¹ Scholars question the division of pastoral lands. <http://www.chinadevelopmentbrief.com/node/1166>, accessed 19 April, 2009.

moving from the grasslands into the poverty,” because most of the herdsmen do not speak the Chinese language, and therefore they cannot find work on the regular job market. In his opinion, although the government offers micro-finance and a tax-free period in order to open up businesses, this does not help because the herdsmen do not know how to run other businesses only herding. In addition, housing compensation and other subsidies provided by the government create unpredictable problems. For example, the compensation is the same for every household, not based on the number of family members. Thus, some households benefit more from the compensation than others. Highlighting complaints about unfair land allocation and about a corrupt bureaucracy that does not monitor results, he concluded that “most of them are unhappy, as they have no means to adapt to a new life.”

Indeed, the issue of grassland protection tied to the resettlement policy is a controversial matter. Since my first visit to Qinghai, I have discovered contrasting views concerning the resettlement policy. The most striking was that in the opinion of some Tibetans overgrazing and bad land management were not the only reasons for the resettlement policy. Instead, they suspected that the government has a hidden motive, namely, to destroy Tibetan culture. In Beijing, I found that the resettlement was a daunting issue, very often because Westerners (like me) interfered in this affair. “The cry of the westerners has largely condemned the resettlements, because they do not know how bad the environmental degradation is in the western area due to overgrazing,” one official at the central government said. Then, what would be a viable solution to this problem? Some scholars criticize the underlying policies while they advocate going back to the nomadic style of living and production, whereas some scholars propose a strategy combining traditional pastoral strategies and indigenous knowledge. Among Tibetans are different opinions as to whether they would like to go back to their more traditional system. Some of the households regard the resettlement programs as a threat to their long-term livelihood, while there are also many households willing to move.³⁴² For many nomads, in my view, there is no realistic way of returning to traditional herding and lifestyle, and it is not even a desire of all nomads to do so. It is of the utmost importance, however that Tibetan nomads, at the grassroots level, are heard. Tibetans must have their say on the planning, implementing, and monitoring all the plans and processes which affect their environment and lives. Otherwise, people will not commit themselves to any new system, whether it is desirable or not, as human nature resists changes and to takes orders from up to down. Tibetan herders have acquired a huge amount of knowledge about their natural environment that has enabled them to survive for hundreds of years in an extremely harsh environment, thus among them are experts who could be empowered to manage their own development.

The environment is fundamental to Tibetans living in the TAR and the Tibetan autonomous areas in Qinghai, Gansu, Sichuan, and Yunnan, where animal husbandry and agriculture are still primary sources of livelihood for Tibetan herders. During the

³⁴² Yeh 2005: 104.

last ten years, the government implemented many policies to protect the environment, but the reasoning behind various projects has been inadequate, false, or almost non-existent. It seems that many Tibetans consider that they have not been heard, and therefore feelings are mixed, varying from uncertainty to social exclusion. Projects concerning the grasslands and resettlement, and the Qinghai-Tibet Railway are opposed because the people living in those areas have not been adequately heard during the planning, implementation, and monitoring of these projects, although the government has spent enormous amounts of money and resources.

However, there is no lawful excuse not to hear the people, as the legal foundation for public participation exists. The key laws in China's current environmental public participation regime are the 2003 Environmental Impact Assessment Law (EIA Law), the 2004 Administrative License Law (ALL), and various measures concerning their implementation. Selected provisions for public participation in Chinese law, as described in the China Environment Series³⁴³, include:

Public participation is required for:

- Construction projects that may have a major environmental impact (EIA Law, Art. 21);
- Certain "special plans" which may cause an adverse environmental impact and directly interfere with the environmental rights and interests of the public (EIA Law, Art. 11; EIA Implementing Measures, Art. 33).
- When the licence is of direct significance to the interest of the applicant and others and the hearing is requested following a public notice period (ALL, Art. 47); and,
- When license applicants and interested parties request a hearing in cases of significant impact on their interests (ALL Implementing Measures, Art. 5).

Public hearings are permitted:

- When the license is of great importance to public interest and the agency considers it necessary (ALL, Art. 46);
- Whenever environmental agencies desire to hold a hearing for administrative licenses touching upon major environmental protection in the public interest (ALL Implementing Measures, Art.5);
- In connection with EIAs for construction projects (ALL Implementing measures, Art.6);
- In connection with environmental impact reviews of government policy "plans" (ALL Implementing Measures, Art.7); and

³⁴³ Moore and Warren 2006.

- Whenever environmental agencies are drafting policies that engender great divisions of public opinion, and for environmental legislation (ALL Implementing Measures, Art. 39).
- In each case above, there are exceptions to protect “state secrecy”. Public participation obligations are often discharged through surveys or collection of expert opinion. (2006, Issue 8, 2006)

So far, public participation as a civil right is not used in China. Truly, in China many things are possible according to the laws and constitution, but prevailing practice for one reason or another, ignores the basic legality. In this particular matter, however, it would be beneficial for all the parties, people, and the government to act in the legal framework given above, in spite of the fact that the local government is responsible for all the costs involved in ensuring public participation, while the central government does not allocate any funding to support these efforts. Furthermore, local environment bureaus are ill-equipped and without an enforcement capability, while some local officials often attempt to influence environmental officials to ignore laws and regulations for different reasons, either because these officials are under pressure to keep jobs by ignoring the regulations or because they have personal or financial ties with local polluting enterprises.

In Qinghai, the provincial government demonstrates the concerns of the government about ecological areas and environmental protection on its official web-pages. It includes a lot of material in relation to environmental protection, such as “The Environment First,” “the local environmental protection year,” “and “the environmental capacity building including environmental monitoring measures and strengthening the protected areas of the Three Rivers.”³⁴⁴ Certainly, the importance of the environment in Qinghai has acknowledged by the central government, provincial government, scientists and scholars, but it seems, however, that a defined environmental strategy is missing, although the environmental concern of the provincial government has been awakened.

The resettlement projects have demonstrated conflicting interests between the government and Tibetan nomads. Some nomads opposing current government policies, methods and systems to protect the environment have no other channel to express their opinion. In the absence of participation this can result in social instability. In many people’s opinion – one that I share is that public participation can bring diverse knowledge and expertise, alert all parties to environmental problems, enhance public knowledge about and support for development projects, and strengthen the civil enforcement of environmental regulations.

³⁴⁴ <http://www.qh.gov.cn/>, accessed 2 December 2009.

6.4 Economic development

Qinghai can be divided into four major economic regions. The Xining Region consisting of Xining,³⁴⁵ the capital of the province and the Haidong Prefecture³⁴⁶ and Huangnan Tibetan Autonomous Prefecture³⁴⁷ constitutes the first region, with Xining and Haidong dominating the economy of the province. The second region, concentrated on the Qaidam Basin, is a major area for mining and industries producing raw materials. The third region around Lake Qinghai includes the prefectures of Haibei³⁴⁸ and Hainan,³⁴⁹ as well one county in the Haixi³⁵⁰ Prefecture,

³⁴⁵ Xining, the capital city of Qinghai province lies to the east of the Qinghai-Tibet plateau and the upper reaches of the Huangshui River. It is the political, economic and cultural center of the province. Xining has one state-level development zone, namely the Xining Economic and Technological Development Zone. In 2007, Xining's GDP accounted for forty-five percent of the province's total. Xining has formed industrial chains based on machinery, textiles, chemicals, building materials, metallurgy and leather and food processing. The major export products of Xining are ferrosilicon, machine tools, bearings and cotton yarn and the most important trading partners of the city are Japan, South Korea and the U.S. Tourism is designated as one of the pillar industries. Both, the Ta'er Monastery, one of the six famous monasteries in the Gelugpa Sect of Tibetan Buddhism, and the Dongguan Mosque, one of the most famous mosques in the northwest region of China, are attracting visitors with natural scenic attractions such as Riyue (Sun and Moon) Mountain, Bird Island and Qinghai Lake. <http://news.alibaba.com/article/detail/business-in-china/100133299-1-city-introduction-qinghai%252C-china%253A-xining.html>, accessed 21 November 2009.

³⁴⁶ The Haidong Prefecture, located east of Qinghai covers an area of 17,010 sq km and has a population of 1.6 million. The Qinghai-Lhasa Railway runs through the region. Ping'an County, the capital of Haidong, is only 7.5 km from Xining Caojiabao Airport. In 2007, the region's GDP accounted for approximately 13.4% of Qinghai's total and ranked third after Xining and Haixi Region in the Province. The agricultural sector generated value-added output of RMB 2.0 billion in 2007, accounting for 19.8% of the region's GDP while the output of secondary industry (industry and construction) accounted for 37.6% of the region's total. The service sector, the largest contributor to the region's economy, contributed 42.6% to the region's GDP. <http://news.alibaba.com/article/detail/business-in-china/100133322-1-city-introduction-qinghai%252C-china%253A-haidong.html>, accessed 21 November 2009.

³⁴⁷ The Huangnan Tibetan Autonomous Region, located in the southeastern part of Qinghai Province, covers an area of 18,800 sq km and has a population of only 223,793, and is the home of fifteen ethnic minority groups including Tibetans, Mongols, and Hui that account for 65.9%, 13.5%, and 7.9% of the total population, respectively. Over 60 rivers and streams run through the prefecture representing a potential hydro energy source. Huangnan is famous for its Regong art and Tongren County is reputed to be the "Home of Tibetan Culture and Art." <http://news.alibaba.com/article/detail/business-in-china/100133303-1-city-introduction-qinghai%252C-china%253A-huangnan.html>, accessed 21 November 2009.

³⁴⁸ The Haibei Prefecture, located in the northeastern part of Qinghai Province covers an area of 39,354 sq km and has a population of only 276,466. Many ethnic minority groups live in Haibei such as Hui, Tibetans, Mongols and Tu of which the Hui and Tibetans account for one fourth and one fifth of the total population, respectively. Haibei is rich in mineral resources. The Yellow River runs through the prefecture and Qinghai Lake as well as folk songs, horse racing, wrestling, and archery, which are the cultural symbols of the Haibei region, attract tourists. Furthermore, the Qinghai-Tibet Railway runs through Haiyan and Gangcha, two of the southern counties under the administration of Haibei. <http://news.alibaba.com/article/detail/business-in-china/100133332-1-city-introduction-qinghai%252C-china%253A-haibei.html>, accessed 21 November 2009.

³⁴⁹ The Hainan Tibetan Autonomous Region is located in the eastern part of Qinghai Province and south of Qinghai Lake. It covers a vast land area of 46,000 sq km and has a population of only 427,900. Hainan is rich in natural resources. The pasture area amounts to 3.3 million sq km, accounting for about 74% of the prefecture's total land area and 10.4% of the province's total land area. The Yellow River runs through

and is an area of pastureland. Its animal husbandry makes it an important economic region. The fourth economic region, Qingnan, or South Qinghai, includes the two largest autonomous prefectures, Guoluo³⁵¹ and Yushu.³⁵² It covers most of the south, being the remotest, highest, and coldest area of the province. For the most part, its inhabitants have been Tibetan herdsmen engaged in animal husbandry.³⁵³

In Qinghai, agriculture consists of crop cultivation, livestock and medicinal plants. The main crop a kind of highland barley that is fast ripening and drought-resistant called *qingke*. In addition, there are a rich variety of vegetables and fruits as well as medicinal plants used as ingredients in Tibetan medicine. Livestock includes sheep, yaks, and horses, thus Qinghai increasingly produces meat, sheep wool, and leather.

five counties of the prefecture. Reserves of copper, tin, mercury, tungsten, and marble as well Tibetan medicinal herbs are found in Hainan. Tibetan-related tourism is increasing, and in 2007 1.1 million tourists visited the region. Transportation in Hainan mainly relies on highways; State Highway 109 (Qinghai-Tibet), State Highway 21 (Qinghai-Yunnan) and the Provincial Highway 101 connect Hainan with other regions and counties. <http://news.alibaba.com/article/detail/business-in-china/100133318-1-city-introduction-qinghai%252C-china%253A-hainan.html>, accessed 21 November 2009.

³⁵⁰ The Haixi Region is located in the western part of Qinghai Province, bordering the Xinjiang Uygur Autonomous Region, Gansu Province, and Sichuan Province. It covers a vast land area of 325,800 sq km and has a population of 560,000. Haixi is rich in mineral resources, including reserves of crude salt, potassium, magnesium, lithium, strontium, asbestos, mirabilite, bromine, and boron. Oil and natural gas production, electricity, non-ferrous metals, salt-chemicals, and coal mining are the pillar industries. The Haixi-based PetroChina Qinghai Oilfield Company, the local Qinghai Salt Lake Group, and the Western Mining Co. are the largest industries in the region. Haixi has access to transportation through the Qinghai-Tibet Highway, the Qinghai-Xinjiang Highway, and the Dunhuang-Golmud Highway intersects with Haixi. Golmud Airport is located in Golmud County. <http://news.alibaba.com/article/detail/business-in-china/100133307-1-city-introduction-qinghai%252C-china%253A-haixi.html>, accessed 21 November 2009.

³⁵¹ The Guoluo Tibetan Autonomous Region, located in the southeast of Qinghai Province, bordering Gansu Province and Sichuan Province, covers a vast land area of 78,000 sq km and has a population of only 157,695. Tibetans account for 89% of the total population. Guoluo has the largest forestry center in Qinghai, and hydroelectricity reserves with nine hydropower stations currently working in the region. In addition, mineral resources such as copper, cobalt, sulfur, cadmium, gold, silver, coal, and limestone, are abundant. The Guoluo-based Qinghai West Copper Company, which is the subsidiary of the Shanghai-listed company, Zijin Mining Group, operates in Guoluo. Transportation in Guoluo mainly relies on the Xijiu Highway, a provincial highway that runs through Guoluo and extends to Sichuan Province. <http://news.alibaba.com/article/detail/business-in-china/100133326-1-city-introduction-qinghai%252C-china%253A-guoluo.html>, accessed 21 November 2009

³⁵² The Yushu Tibetan Autonomous Region, located to the west of Qinghai Province, bordering Xinjiang Uygur Autonomous Region and Sichuan Province, covers a vast land area of 267,000 sq km and has a population of only 283,100. Tibetans constitute 97% of the population. Yushu is an important Tibetan area with vast grasslands. The Yellow River, the Yangtze River, and the Mekong River, the largest river in Southeast Asia, all originate in the Yushu Region. Reserves of hydro energy and mineral resources such as gold, silver, copper, iron, aluminum, coal, sulfur, crystal, and jade, are abundant. The agricultural sector contributes over sixty percent to the GDP of the region. <http://news.alibaba.com/article/detail/business-in-china/100133295-1-city-introduction-qinghai%252C-china%253A-yushu.html>, accessed 21 November 2009.

³⁵³ Barnett, 1993: 300-301.

6.4.1 From the 1950s

Economic development in China has largely been shaped by the policies of the central government. From the 1950s, investment policy favored heavy industry, and funds were poured into the interior provinces at the expense of the coastal provinces. Furthermore, national security considerations in the 1950s and 1960s culminated in the *Third Front* program,³⁵⁴ which also favored investments in the interior provinces. This laid the basis for long-term economic problems in Qinghai. Industrial development in Qinghai began in early 1950. During the period of the Great Leap Forward, in 1958-1960, there was large-scale construction of factories, hence industrial output quadrupled. Economic depression followed the Great Leap Forward, agricultural output dropped steeply, and was followed by a strong decline in industrial production. During the Cultural Revolution, from the mid-1960s to the mid-1970s, large and medium-sized factories were established with equipment that was transferred from the northeast of China, Shandong Province, Luoyang in Henan, Shanghai, and other cities. Although, roughly Yuan 2 billion was invested in industrial development, it was extremely wasteful, because of poorly planned projects, a lack of raw materials, and the high cost of transportation, all resulting in extraordinarily low efficiency.

In 1978, Deng Xiaoping initiated the “Open Up” policy and reforms. The reforms were mainly implemented in the eastern regions while reforms in the west were carried out at slower pace. The economy of Qinghai started to develop. The four major industries of hydropower, oil and gas, salt production and non-ferrous metal production progressed. At the same time, metallurgy, medicine, construction materials, agriculture, and animal husbandry developed. Many large state-owned enterprises however remained unprofitable, because of “national problems” such as the dual price system.

In 1988, Qinghai introduced an economic strategy for fighting against poverty. Xining and a group of test areas for reform was set up, such as the resource development area in Qaidam, the Kunlun economic development area, the minority economic construction area in the county of Minhe and the economic development area in Datong. Financial resources were concentrated on large projects, such as the Longyangxia hydropower station, the Black Spring Reservoir, the extension project of the Qinghai cement factory, the Dagan’gou hydropower station in Golmud, the Ping’an copper foil factory and the extension of the Qilian asbestos factory. From 1978 to 1994, the province’s growth rates varied from 5 percent to 12.6 percent. In

³⁵⁴ In the aftermath of the Great Leap Forward, the Sino-Soviet split, and rising international security threats, Mao decided in the autumn of 1964 that China should build its defence industries in the third-front areas to prepare for a defensive war. This top-secret program, referred to as the Third Front strategy (*san zhan*), came in response to the understanding that China could no longer count on Soviet support in the event of war with the United States. The Third Front strategy started out as a program for economic and social development of interior provinces, but was redesigned as a strategy for national defence. The immensely costly Third Front Program was drastically cut in 1971 with the rapprochement with the United States. Apparently Mao and Zhou Enlai felt more secure with improved ties with the United States. See: Garver 2002: 300-301; Hutchings 2001: 157, 226.

1994, Qinghai was the slowest growing province's, with one of the lowest incomes in China.³⁵⁵ In 2000, the GDP of Qinghai was RMB 26.359 billion and the average per capita income was RMB 2,225. Total investment reached RMB 15.114. The growth rate surpassed 10 percent, mainly due to the subsidies and investments of the central government that rose from 20 percent to 27 percent of GDP.³⁵⁶

In Qinghai, industry leads the economy with 51.60 percent of GDP, the service sector comes second with 37.60 percent, and agriculture is third with 10.80 percent of GDP (2006). The GDP of Qinghai increased from RMB 30.01 billion in 2001 to RMB 76.1 billion in 2007.³⁵⁷ Even though this is nothing compared with the eastern provinces. For example, the GDP per capita of Qinghai was RMB 10,239 (2005), while in Shanghai it was RMB 51,474, five times that of Qinghai³⁵⁸ and in Guangzhou GDP was 10 times that of Qinghai. The province's fiscal revenue of RMB 4.2 billion (2006) was smaller than that of a district or a county in Beijing.³⁵⁹ In 2006, imports and exports amounted USD 0.6 billion, exports amounted to USD 0.5 billion while imports came to USD 1.0 million. Major export items were aluminum, silicon, yarn, wool fibers, and carpets. Major export markets included Japan, Hong Kong, and the U.S. Major import products were aluminum oxide, semi conductors, and parts for auto data processing equipment, motor vehicles, and chassis. Major sources of imports were Australia, India, and Bosnia. In 2006, the province had an actual utilized FDI of USD 0.3 billion. Foreign investments were mainly channeled into manufacturing industries, accounting for 65.5 percent of total FDI. Hong Kong was an important source of FDI in the province, accounting for 28.4 percent of the province's contracted FDI in 2006. The economic performance of the province of Qinghai, however, is one of the lowest in China. In comparison to other western provinces, Qinghai ranks as one of the three provinces at the bottom, when measured by GDP and GDP per capita as shown in Chart 2.

6.4.2 The World Bank project

Qinghai has enjoyed some international aid projects, such as the Haidong Agricultural Comprehensive Development Project aided by the World Grain Program, the Qinghai Livestock Breeding and Potato Development Project aided by the European Union, and the Qinghai Community Development Project aided by the Australian government. Generally, however, it seems that Qinghai has not been successful in gaining other projects than that of the central government. This is demonstrated in the following case of the World Bank.

As World Bank projects are widely considered as a tool for development, enabling poverty alleviation and capacity building, I examined what projects the

³⁵⁵ Wang and Hu 1999: 49-52.

³⁵⁶ Yeung and Shen 2004: 311

³⁵⁷ China Statistical Yearbook 2006: 63.

³⁵⁸ China Statistical Yearbook 2006: 54-66.

³⁵⁹ <http://olympics.scmp.com/Article.aspx?id=703>, accessed July 16, 2008.

World Bank had in Qinghai. The World Bank has been operating in China since its first loan in 1981 supporting the development of Chinese universities. Cumulative lending to China as of June 30, 2008, was close to USD 43.7 billion for a total of 296 development projects. World Bank-supported projects can be found in almost all parts of China and in many sectors of the economy. The portfolio contains transportation, urban development, rural development, energy, and human development. The Bank Assistance Program uses three main instruments: loans,³⁶⁰ grants,³⁶¹ and non-financial services that include analytic and advisory services, capacity building to provide knowledge and skills. Today, China is eligible only for the International Bank for Reconstruction and Development (IBRD) loans. On the other hand, China's improved financial situation has reduced its need for external assistance.³⁶²

My findings confirmed that Qinghai's ability to gain development projects is weak. World Bank - Supported Projects in China, by Sector (1981 – 2006) covering rural development, industry, energy, transportation, education, health, urban development & environment, and technical & other, totaled USD 40,533.81 million. Nevertheless, the province of Qinghai is the least successful to gain the projects as shown in Table 7 (data is combined by the author). Qinghai has gained less than USD 14.83 million, a share of 0.04 percent. The best-performing provinces (in the total share of projects) are Shanghai (5.59 percent) in the east, the provinces of Henan (6.11 percent) in the center, and Hubei (5.05 percent), and Sichuan (5.69 percent) in the southwest. In the northwest, the best performing province is Xinjiang with a total share of projects (3.23 percent).³⁶³

Why Qinghai had so small share of World Bank projects? I examined one of the bank's projects, which attracted international considerable attention at the end of the 1990. The project entered the portfolio of World Bank in late 1996, covering three provinces of China: Inner Mongolia, Gansu, and Qinghai. In the component of

³⁶⁰ The World Bank through two closely affiliated entities – the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) – offers two basic types of loans and credits: investment loans and development policy loans. Investment loans are made to countries for goods, works, and services in support of economic and social development projects in a broad range of economic and social sectors. Development policy loans (formerly known as adjustment loans) provide quick-disbursing financing to support countries' policy and institutional reforms. IDA long-term loans (credits) are interest free but do carry a small service charge of 0.75 percent on funds paid out. IDA commitment fees range from zero to 0.5 percent on un-disbursed credit balances. <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,contentMDK:20103838~menuPK:1697023~pagePK:51123644~piPK:329829~theSitePK:29708,00.html>, accessed May 17, 2007.

³⁶¹ Grants are designed to facilitate development projects by encouraging innovation, co-operation between organizations, and local stakeholders' participation in projects. In recent years, IDA grants – which are either funded directly or managed through partnerships – have been used to: relieve the debt burden of heavily indebted poor countries, improve sanitation and water supplies, support vaccination and immunization programs, combat HIV/Aids, support civil society organizations, and create initiatives to cut the emission of greenhouse gasses. *Ibid.*

³⁶² <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/CHINAE/XTN/0,contentMDK:21564436~menuPK:318982~pagePK:1497618~piPK:217854~theSitePK:318950,00.html>, accessed 15 January 2010.

³⁶³ The World Bank 2006.

Qinghai, the project aimed to alleviate poverty by “voluntarily” resettling 57,775 poor farmers from five counties in Haidong Prefecture and one county in Xining City to another area, 450 km to the west. In April 27, 1999, an article from the Tibet Information Network claimed that the bank had not duly carried the assessment of the environment and social aspects. In response to the article and growing external criticism, the bank conducted an internal review of the environmental and social aspects of the Qinghai Project, and as a result reopened negotiations with the Chinese Government. On June 18, 1999, the International Campaign for Tibet (ICT), a U.S. based non-governmental organization, submitted a request for Inspection to the Panel. The claim was that the Tibetan and Mongolian ethnic peoples would suffer potentially irreversible harm from the Project and that this harm stemmed from management’s failure to comply with several of the bank’s policies and operational procedures. Appraisals, visits, and negotiations followed, and on September 9, 1999 the Board authorized a panel to conduct an investigation into the Qinghai component of the project.³⁶⁴ As a result, the Qinghai component was cancelled.

Table 7. World Bank-supported projects in China, by province (As of June 30, 2006)

PROVINCE	USD Million Total	% of Total Lending
Anhui	1036.53	2.56
Beijing	887.89	2.19
Chongqing	662.30	1.63
Fujian	1083.99	2.67
Gansu	664.03	1.64
Guangdong	1495.57	3.69
Guangxi	991.15	2.45
Guizhou	237.73	0.59
Hainan	147.89	0.36
Hebei	971.14	2.40
Heilongjiang	686.54	1.69
Henan	2476.55	6.11
Hubei	2048.07	5.05
Hunan	1503.26	3.71
Inner Mongolia	1128.11	2.78
Jiangsu	2175.78	5.37
Jiangxi	866.51	2.14
Jilin	355.34	0.88
Ningxia	112.98	0.28
Qinghai	14.83	0.04
Shaanxi	737.12	1.82

³⁶⁴ Source: World Bank 2000.

Shandong	1168.40	2.88
Shanghai	2264.11	5.59
Shanxi	819.93	2.02
Sichuan	2305.50	5.69
Tianjin	907.40	2.24
Xinjiang	1308.51	3.23
Yunnan	653.39	1.62
Zhejiang	2589.24	6.39

But “the Chinese government continued to implement and finance the project, according to the initial plan, and successfully completed the project in 2004,” as I was told in Beijing at the office of the central government. As I discussed this Qinghai project, with the officials of World Bank in Beijing and Tokyo, and “unofficially” with a high-level civil servant at the Ministry of Finance in Beijing, it became clear that the incident was a great embarrassment, both for the bank and the Chinese government. One of the officials of the World Bank said that China was a the strong task master when it came to projects that means, which I assumed meant that the central administration decides where and what projects are carried out. Then followed a description of what administrative bodies are responsible for the projects, and the procedure and criteria used for their acceptance. The Ministry of Finance is the chief counterpart agency for all World Bank Operations in China, whereas the National Development and Reform Commission plays a central role in program formulation. The lending program supports the priorities of the central government, which means in practice that the central government decides what and where to invest although the bank claims that “program proposals may be submitted by either side” (WB and/or Chinese government). Thus, the provincial government initiates the project by submitting a proposal to the central government, and the central government decides whether to proceed with it or not. The central government makes its decision based on the quality and feasibility of the proposal; in other words, the central government judges the “ability of the provincial government to manage and implement the project.” Other criteria used, according to this official of the central government, include the “size of the population” in the province, and the “urgency of the matter.” The latter, I interpret as political criteria, as used with regard to ethnic and border issues, such as giving the economic boost to a province to secure social stability and to maintain national unity. The incremental approach of the government also plays a role. Even in the context of western region development strategy, certain provinces, such as Yunnan and Sichuan (Yunnan is on the border and Sichuan with a large population) are the front-runners in terms of receiving aid and support.

One might well ask whether the cancellation of this project has had an effect on the faith of other projects? It is hard to say as both the bank and the ministry alleges that the subsequent drying up of projects in Qinghai was not caused by this case. The fact is, however, that from 1998, not a single project targeted solely at Qinghai can be found in a list of provincial projects (As of June 30, 2006). Hence, I argue that this

whole incident has had an effect on ability to obtain projects although there are also other reasons in connection with the project initiative, selection, and approval processes, as well as the ability of the province in promoting itself to the central government and other stakeholders.

6.4.3 The impact of the Western Region Development Strategy

The Western Region Development Strategy was initiated to secure overall growth in China and to diminish the increasing gap between the prosperous eastern region and the less developed western region. Qinghai Province economically underdeveloped as it is, is one of the twelve provincial-level units included in this ambitious long-term plan. The plan has initiated a push for infrastructure development. As a consequence, the Xining-Lanzhou Expressway, started before the adoption of the Western Region Development Strategy, was completed in 2003 forming a key link with the rest of China. The most ambitious of the projects, namely, the west-east gas transmission project and the railway connection from Xining to Lhasa in the Tibetan Autonomous Region (TAR) have been completed. Although the Qinghai-Tibet (Qing-Zang) Railway project was heavily debated because of its impact on the environment and the Tibetan people, it was completed in 2006. Furthermore, a new airport terminal in Xining was opened in 2006 with a new two-lane highway from the airport to Xining. A public road network has spread over the whole province and all highways have been asphalted. Mobile phones seem to be the main way of communicating in Qinghai, as is the case in China as a whole. During my visit in September 2009, I saw for the first time a broadcast on CCTV9 (English language channel) in Qinghai, but the China Daily newspaper still was not on regular sale. Real estate construction was booming in 2007, so when I arrived to Xining in September 2009, I hardly recognized the area where I used to stay. The street under construction work was surrounded by new high-rise buildings. The next day the wide main street was asphalted and in the middle of the street there was a green belt with newly planted trees. An additional finance package, due to the economic recession, from the central government has speeded up the investments on infrastructure compared to before.

During the western region development plan, subsidies and investments from the central government have sharply increased. There is direct budgetary support for the local government to cover the provincial deficit (expenditure minus revenue), while most of the central government's investments have gone into urban, industrial, mining, and infrastructure development, thus investments for infrastructure construction are the main source of growth. But, how can growth be accelerated, other than through funds allocated by the central government, in an impoverished province handicapped by its harsh natural conditions? The big problem is the fact that Qinghai, being almost unable to generate capital locally, remains to this day extremely dependent financially on the central government. To accelerate growth, external investments and organic growth are needed. Investing in Qinghai involves significant capital and investing in human resource development, either to enhance existing

resource-based industries that suffer from outdated processing equipment or to build up new industries and services. Furthermore, the capacity building of human resources is essential, if they are to succeed.

In September 2004, Qinghai participated in the 8th China International Fair for Investment and Trade (CIFIT) in Xiamen Fujian Province. CIFIT is held annually to introduce the investment projects of all the provinces. I also visited the fair and Qinghai's stand at the fair. It was a small stand, far from the glittering stands of well-off provinces, and I found only one leaflet, one page in Chinese, which was shared with Gansu Province. Then the official representative of the province arrived. He spoke only Chinese. Nevertheless, he proved to be an important contact. He put me in touch with the official in charge of foreign direct investment in Qinghai, who acted as my host during my second visit to Qinghai in November 2004 and on subsequent visits. When arrived to Xining, I was picked up from the airport by my host and taken directly to dinner with three "leaders" of the province. During the dinner with provincial authorities in charge of investments, I was asked, how Qinghai, handicapped by its distance from world markets, could attract foreign direct investments. They confessed that this was a big problem, because they didn't know how to approach or how to create relations with foreign investors. Overall, the province lacks market knowledge and promotional skills. Demonstrating that the provincial government had tried to do something in order to attract foreign investors to Qinghai, they said that the province had prepared a special preferential policy, which had been approved by the central government. According to this preferential policy, Qinghai offered competitive incentives to potential investors, for example, the lower land leasing prices than those found in neighboring provinces. My argument was that lower land leasing prices were unlikely to be the answer, because the reasons of investors (multinationals) when deciding on investments are much more complex than the price of land. Instead, foreign investors are seeking resources, efficiency, markets, and strategic capability with global communications facilities, transportation, information-processing technologies, and machinery.³⁶⁵ I also added McDonalds and golf course (which were not found in Qinghai) to the list for attracting multinationals.

No doubt, Qinghai needs investments to generate new capital, new products and new processing technologies. Today, the investments already made in infrastructure have created a better business environment, so that the western region has started to attract companies from the eastern region as well foreign companies to invest. Then, there is the issue of choosing the right type of companies to be allowed to investing. Again, I emphasize that it is essential for sustainable development that the provincial government sets strict standards for companies to invest in Qinghai, so that the provincial government even raises the environmental standards to ensure a non-polluted environment. High environmental standards are required, because a clean environment can also be a prerequisite for some companies to invest in Qinghai as it is for Qinghai Gelatin Company, listed on the stock markets and engaged in

³⁶⁵ Cypher and Dietz 2004: 408

pharmaceutical industry which I visited in September 2009. In the best case, companies with a strong sense of their social responsibility can help in the capacity building of local people by organizing on-the-job and other training, as was the case in Qinghai Hucuis Printing Company, which I visited in November 2004. Companies that are only interested in maximizing profits can ruin the environment and cause social problems either by ignoring local workers or treating them badly.

Economic development within the western region's development policies presents something of a challenge for the provincial government. The policies have put pressure on provincial leaders to seek external assistance for planning and to enhance the skills of local cadres. For example, the officials in Qinghai told that the provincial government requested help from the Academic Institute in Lanzhou to formulate the Province's 11th Five Year Plan for 2006-2010, and each year, from 2000, the provincial government has sent cadres and other managers to be trained in China's more developed regions. In addition, the provincial authorities have established preferential programs to attract talented people from overseas.³⁶⁶ Furthermore, there are a couple of projects in the pipeline, I was told in April 2007 at the World Bank in Beijing, but no details about them were forthcoming. In mid 2009, I the Qinghai provincial government announced on its web pages the latest development attempt to build a modern logistic industry in Qinghai. The planned logistics project is large, consisting of a comprehensive plan to build logistics parks in Xining City, Golmud, and Qinghai Lake, "to give full play to the advantage of rail transportation." An Air Logistics Corridor formed by Xining Airport, Golmud Airport, and Yushu Airport integrates Qinghai with the enhanced railroad system to the other parts of China and elsewhere.³⁶⁷

Hence, the economy in Qinghai is in transition. The key question now is whether and how Qinghai can achieve sustainable economic development while protecting the environment and responding to the needs of its minority population. Again, in my view, the provincial governance is responsible for responding to these challenges of economic development.

6.5 Cultural diversity

In Qinghai, the challenges of the environment and economic development are intertwined with how to manage cultural diversity. Qinghai's cultural diversity with its large ethnic population, which is handicapped by poverty in remote mountainous areas, is a challenge for the local government. How can this cultural diversity be managed in such a way as to maintain social stability and national unity? I argue that the answer is bound up with the issue of how to advance economic progress, while also advancing social justice for minority groups. In particular, it involves how to

³⁶⁶ Cheng 2003. I discussed the same program with officials during my visit in Qinghai in November 2004.

³⁶⁷ <http://www.qh.gov.cn/html/31/103481.html>, accessed 5.10.2009.

respond to the social needs of Tibetans in a process of transition, how to create new jobs, and how to empower people for innovation. Qinghai has a long history of pastoral livelihoods, thus the resettling programs have profoundly changed the pastoral practices of the nomads, their source of livelihood, and no doubt their traditional lifestyle.

6.5.1 Population

The province of Qinghai has a population of 5.43 million (2005). There are 43 minorities in Qinghai with a population of 2.38 million, accounting for 45.5 percent of the total population, while Han Chinese makes a little over half of the total population. The officially recognized ³⁶⁸ minority (*minzu*) groups in Qinghai include Tibetans³⁶⁹ (21.96 percent), Hui (15.91 percent), Tu (4.14 percent), and Salar (1.75 percent). The major religions in Qinghai are Tibetan Buddhism (Lamaism) and Islam. After Tibet, Qinghai is the least populated province in China; the average population density is 7.2 people per square km (2005). In addition, the population is unevenly distributed – sparse in the west and dense in the east. The urban population is 2.13 million with 3.30 million living in rural areas, accounting for 39.25 percent and 60.75 percent of the total respectively.³⁷⁰ In this research, the focus is on the biggest ethnic group in Qinghai, the Tibetans. The total population of Tibetans, living in Tibetan areas of China is estimated to be 7.25 million. The Tibetan areas of China are the Tibet Autonomous Region (TAR), most of Qinghai Province, half of Sichuan Province, and a large portion of Gansu and Yunnan Provinces, consisting of one region, ten prefectures, and two autonomous counties constituting a large part of the western region and nearly one fourth of the total land area of China.

6.5.2 Social development

The Human Development Index (HDI) measures the average achievements of the country according to four indicators of human development: life expectancy; adult literacy rate; the school enrolment rate, and the gross domestic product per capita. The HDI in Qinghai classifies Qinghai with index of 0.684 (low); its life expectancy with index of 0.730; and education with index of 0.714. Based on these figures Qinghai ranks 27th in comparison with other provinces. The worst performing provinces are Gansu 28th, Yunnan 29th, Guizhou 30th, and Tibet 31st.³⁷¹

³⁶⁸ The PRC recognizes 56 *minzu*, meta-ethno-categories, of which ethnic minorities make up 55, while all the Han people, who are the majority, form one *minzu*.

³⁶⁹ The number of Tibetans in China is 7,25 million, according to China's 2005 census. Most of them live in the Tibetan plateau region (which includes a large portion of Qinghai Province). About 2.76 million of China's Tibetan population live in the TAR. Less than twenty percent live in urban areas. Wang: 2009:14.

³⁷⁰ China Statistical Yearbook 2006, 100-101.

³⁷¹ UNDP 2005: 154.

The World Bank (2005) has estimated that about 85 million rural people in China live in poverty, and that severe rural poverty is now concentrated particularly in the western provinces. According to the bank although ethnic minority groups make up less than 9% of the total population, they account for about 40% of the absolute poor and often live in the deepest poverty.³⁷²

In Qinghai, nearly 68 per cent of the provincial population, or 3.7 million people, are crowded into Xining and its Haidong prefecture. They account for 58 percent of the provincial economic output. Furthermore, the inequality of the rural income is widening in Qinghai. Urban per capita income in 2007 was RMB1 0.276, while rural per capita income was just RMB 2.684. Table 8 demonstrates the income disparity between urban and rural households in China and Qinghai from 1980 to 2004. It shows that although each has experienced growth since 1980, the income disparity remains large.

Table 8. Capita Annual Income of Urban and Rural Households (Yuan, RMB)

Year	Per Capital Annual Net Income of Rural Households		Per Capital Annual Disposable Income of Urban Households	
	China	Qinghai	China	Qinghai
1980	191.3	204.31	477.6	
1985	397.6	342.94	739.1	849.2
1989	601.5	463.52	1373.9	1274.9
1990	686.3	559.78	1510.2	1335.9
1991	708.6	555.56	1700.6	1486.6
1992	784	603.4	2026.6	1757.9
1993	921.6	672.56	2577.4	2081.4
1994	1221	869.34	3496.2	2769.5
1995	1577.7	1029.77	4283	3379.9
1996	1926.1	1173.8	4838.9	3829.9
1997	2090.1	1320.63	5160.3	4015.4
1998	2162	1426	5425.1	4257.5
1999	2210.3	1486.31	5854.02	4727.4
2000	2253.4	1490.49	6280	5196.6
2001	2366.4	1610.87	6859.6	5883.8
2002	2475.6	1710.8	7702.8	6510.1
2003	2622.2	1817.38	8472.2	7140.8
2004		2004.59		7785.1

³⁷² World Bank 2005.

Source: (1) National Bureau of Statistics of China, *China Statistical Yearbook 2004*, China Statistics Press, 2004. (2) Bureau of Statistics of Qinghai Province, *Qinghai Statistical Yearbook 2005*, China Statistics Press, 2005.

The level of socio-economic development in Qinghai, as in most Tibetan areas of China, remains low. In Qinghai, the harsh conditions of the Plateau contribute to difficult living and socio-economic conditions. Health and health care on the Tibetan Plateau are among the poorest in China. This vast and sparsely populated region lacks medical infrastructure and basic health education. Therefore, there is a high incidence of diseases,³⁷³ in some areas resulting from malnutrition. In Qinghai, poverty and poor health is predominant in rural and pastoral areas, particularly in remote mountainous areas that lack accessible drinking water, adequate sanitation facilities, and access to education. The present-day organization of health care in the rural areas of the province of Qinghai, and much of western China, consists of the county hospital, township health centers, local clinics, and village doctors. This in some ways resembles the early days of the “barefoot doctor” (*chijiao yisheng*) medical system with untrained village doctors, which had an important role in rural healthcare, in preventing minor ills and wound, implementing nation-wide vaccination campaigns, and thus providing a “safety net” in health care. Now each family must independently assume most of the expense for their health care.

6.5.3 Jobs and education

The unemployment rate in China was last reported at 4.2% in March of 2010.³⁷⁴ In Qinghai the unemployment rate was reported at 3.62 percent in 2009,³⁷⁵ which is in line with all official unemployment rates in China, while the reality looks different. In Qinghai, there are job losses largely due to the urbanization process resulting from ongoing changes. Overall, employment opportunities are fewer while the competition of work places is keener. A government policy that guaranteed employment in the Tibetan areas of Qinghai ended in 2001 for college and university graduates and in 2002 for high-school graduates, as was the case in the rest of China. I found that the migration of Han Chinese, mainly from the east coast, is raising bitter sentiments among some Tibetans, because they think that they are not able to compete with the Han on the job market. This is case for those who are not literate and fluent in Chinese language.

³⁷³ In addition to diarrhoea, arthritis and pneumonia, which vary in prevalence throughout the area, it is also reported that the TAR has the highest rate of tuberculosis in China, and one of the highest incidences in the world of the rare Kashin-Beck (Big Bone) disease, which causes deformities and stunted growth.

³⁷⁴ The labor force is defined as the number of people employed plus the number unemployed but seeking work. The nonlabour force includes those who are not looking for work, those who are institutionalized such as in prisons or psychiatric wards, stay-at home spouses, kids, and those serving in the militar. <http://www.tradingeconomics.com/Economics/Unemployment-Rate.aspx?Symbol=CNY>, accessed 21 September 2010.

³⁷⁵ <http://www.hktdc.com/info/vp/a/wr/en/2/1/1/X07332P/Huangnan-Qinghai-City-Information.htm>

Two decades of reform have transformed China's economy and the rising incomes have made it possible to increase investment in education in China. In 1949, 80 percent of the population was illiterate and less than 20 percent of school-aged children were actually enrolled in school. By 1980, adult literacy had reached 70 percent, and nearly all children received a primary education. Reductions in poverty increased resources for educational investment. Yet, new challenges have emerged. Interregional disparities have also widened disparities in schooling, and the challenges are particularly great in rural China. Rural settings are commonly described as suffering from lack of funds, high dropout rates among the poor, and teachers with little training and support. In Qinghai, according to the Ministry of Education (2000), there were eight institutions of higher education, fifteen specialized secondary schools and 3,429 primary schools. The school-age children enrolment rate was 94.20 percent and the number of college students per 10,000 people was 25.69.³⁷⁶ Education in Qinghai lags behind that of other provinces, particularly in Tibetan-inhabited areas. There are 1,161 primary and middle schools in Tibetan-inhabited areas in Qinghai, with a total of 336,000 students and 18,655 faculty staff. According to the education office for ethnic groups of the Education Bureau of Qinghai Province, the provincial government has spent RMB 83.11 million (12.26 million dollars) on education in Tibetan-habited areas during the last five years. Meanwhile, the Central Government has spent about RMB 740 million (108.26 million dollars) on renovating dilapidated schools or building new boarding schools. Furthermore, in 2009, the provincial government of Qinghai spends RMB 650 million (95.1 million dollars) for building boarding schools in Tibetan areas.³⁷⁷

High-quality public education is related to policy choices associated with the reform of the fiscal system of the central government. The government has decentralized the responsibilities of the expenditure as well on the revenue. Thus, in poor areas the local (county) governments struggle, because the taxation system does not generate revenue enough. In addition, the profitability of state-owned enterprises has eroded, new enterprises are too few, and people are too poor to pay taxes. The Gansu project (2000) investigating the key issues affecting rural educational outcomes in China, found that " school spending in rich and poor villages within the same county did not differ significantly, but the average income levels were highly correlated with spending and other indicators of school quality in counties within the province."³⁷⁸

In poor areas, children tend to start school later and drop out earlier. About one million children drop out of school every year because of poverty, particularly amongst ethnic minorities and girls. When economic pressures affect poor families, girls are the first to drop out.³⁷⁹ A high dropout rate is characteristic of minority

³⁷⁶ <http://www.moe.edu.cn/english/list.htm>, accessed 22 February 2006.

³⁷⁶ Postiglione 2008: 1–20.

³⁷⁷ <http://english.peopledaily.com.cn/90001/90782/90872/6626154.html>, accessed 13 November 2009.

³⁷⁸ Hannum and Park 2002.

³⁷⁹ http://www.unicef.org/china/children_873.html, accessed 17 January 2010.

schools, as in some areas two-thirds or less of the minority students finishing primary school. A number of studies have examined the lower educational attainment of children in poor minority families. The most obvious reason is that poor families lack the financial ability to pay the school fees required. Today, under the Law on Nine Year Compulsory Education, primary schools are tuition-free while parents pay a small fee per term for books, transportation, food, and heating. Long distances to schools increase the cost of school attendance while the poor quality of schools increases safety concerns, while the physical construction of schools raises safety concerns. The rotten schools in the Tibetan areas are deficient. Another explanation is the parental attitude to education. For example, parents used to expect that if their children went to school they would become a government official. Today, there is not even a guarantee of getting a job after graduation from university as is the case elsewhere. Poverty with low education level of the parents has also offered to explain the low school attendance. In my view, this combination may affect negatively but also positively. Some poor parents with low education level are too depressed to see any reason for educating their children, while some parents with similar conditions are willing to do their utmost in to arrange an access to education for their children. Common problems in minority schools are the shortage of qualified teachers, inadequate textbooks, incompetent teaching methods and the lack of minority (Tibetan) language teaching. The textbooks, mainly translations from textbooks in Mandarin, provide stories and figures concerning the Han majority and life-style in urban or Han areas that the minority students are not familiar with while they learn nothing about their traditional culture. Learning is based on great amounts of memorization and recitation, a traditional way of learning in China. Furthermore, there is a shortage of minority teachers who are able to teach the spoken minority language as well as a shortage of qualified teachers in spoken Mandarin.³⁸⁰

Language is one of the major components of China's policy for its 55 ethnic minority groups. The Constitution guarantees the right to use indigenous languages in education with Article 4 specifying that each ethnic group has the freedom to use and develop its own language and writing system, and Article 19 specifying that the national government promotes a common language to be used throughout the country.

Furthermore, Article 6 of the Compulsory Education Law specifies that "schools should promote the use of Mandarin (*Putonghua*), the common language which can be used everywhere in our country." Moreover, in 1980, the Ministry of Education and the China State Ethnic Affairs Commission required that "every ethnic group that has its own language and writing system should use that language for educational instruction and master its own language while also learning spoken and written Chinese." Controversial policy and practice have resulted in the bilingual language policy.³⁸¹

In some minority areas, there are four types or grades of ethnic schools: primary schools, junior middle schools, high schools, and university. Many minority students

³⁸⁰ Postiglione 2008.

³⁸¹ Ma Rong 2008: 137.

have to jump from an ethnic school at a low stage to ordinary school (non-ethnic) at high stage where Mandarin is the teaching language. Thus, they face serious difficulties in another language environment.³⁸² Mandarin is perceived as too difficult for minority children, particularly for those who have never been in contact with the language before.³⁸³ Therefore, many minority students drop out because they fail to pass the examination in the Chinese language. No doubt, Mandarin is a difficult language, but the problem may also lie in the manner in which the language is taught, failing to acknowledge the methods of second language teaching. For the reason, the preferential policy of “standard-ling” to lower grade requirements in some study areas is applied for ethnic minorities to give them an access to higher education. Does the standard-ling advance the access to higher education of minority students, or does it worsen the quality of their education? There is no unambiguous answer. The examination-oriented education system in China is demanding, and indeed, it is even difficult for a poor minority student to go through the education system and pass the national examination to gain admission to university. Ma Rong explains that the low educational level of the minority population is due to the fact that their proficiency in Chinese is poor and in consequence, the starting point of minority students is relatively low. Then, when lower scores for university admission, simpler examinations and looser course requirements are applied, minority students with a poor educational foundation result in low academic achievement and employment difficulties after their graduation.

In spite of many problems with boarding schools, the 20-year-old policy of sending Tibetan children to such schools supported by the “three guarantees” including food, clothing, and accommodation, to relieve families of costs associated with schooling have resulted in a new generation of Tibetans with a better education and Chinese language ability. Increasingly, parents want to send their children to learn Chinese to be able to compete in the expanding market economy as they realize that the requirements for finding jobs and advancing in life are increasing. As Postiglione has pointed out, competence in three completely different languages: Tibetan as the native language; Chinese as the national language; and English as the international language, will be the ticket to capitalize on China’s economic and social development.

The central government has increased investment in education in the ethnic minority areas of western China. In June 2002, the Chinese Ministry of Education began to implement ‘The Development of Basic Education in Western China’ project. The World Bank lent a total of RMB 10 million at low interest rates to five western province-level units, namely Yunnan, Sichuan, Guangxi, Ningxia, and Gansu, covering 98 counties where Tibetan culture predominates. Interestingly, Qinghai was not included in this project. The goal of the project was to improve the quality of education and to enable minority students in poor areas to complete their education. The results showed that the enrolment rate has risen and the dropout rate has

³⁸² Ibid: 110-111.

³⁸³ Lopsang 2006.

decreased as a result of giving higher priority to improving basic education in boarding schools, public schools, and schools in which instruction is in Tibetan. The results from Gansu Province were reported as being representative of all the other Tibetan areas in China. The results had positive media coverage. For example, Kangbao, the headmaster of a boarding school in Dawu County in the Guoluo Tibetan Autonomous Prefecture in Qinghai said: “At boarding schools in Tibetan-inhabited areas in Qinghai, students can have free education, food, clothing, accommodation as well as free school supplies, as the Central Government grants more than RMB 2,000 to each primary student and even more to middle school students. All the subsidies added up can satisfy the basic needs for studying and living of a student for a whole year,” and furthermore, “four or five years ago, staff from local governments and teachers had to go to herdsmen to persuade them to send their kids to school. Now, most herdsmen voluntarily send their kids to school.”

The government aims to reduce disparities and it appears that steps in improving educational opportunities have been taken. Many children in poor areas in Qinghai and elsewhere in China, however, continue to live in harsh environments, and many issues associated with their reality are beyond the educational system’s capacity to address. Thus, the challenge of providing education for the poor in remote areas remains.

Commonly, education is perceived as a way of building up an individual’s personal capacity to empower them to be creative. Enhancing the job skills of individuals helps them to integrate into society and act as full members of society, not solely as an economic animal, but also as a participant affecting community driven development. Hence, the demand for quality education is increasing in developing societies. Furthermore, addressing institutional and structural development as the “hardware” of the education system and the social-cultural perspective as the “software,” are both needed to improve the quality of education. Improvements in quality, however, require resources. No doubt, the lack of government resources has put a great strain on the ability of local communities to finance public education. In general, the government budget only finances teachers’ wages, other costs are paid from local resources. The essential components of improving educational quality is to allocate financial and other resources, both from central and local levels, to the learning environment, supply learning material that encourages and motivates learning, adopt learning methods that promote self-reflection, and have trained teachers for the core subjects who are proficient with the languages. Thus, improving the quality of education is a great challenge for the poorest areas, which are the least likely to have the capacity to raise local funds, because poor areas simply lack activities that generate revenue.

The challenge for central and local governments together is to develop educational strategies for changing the life trajectories of people living in poverty and strategies for quality education for capacity building that goes hand in hand with empowerment. The planning and implementation of these educational strategies necessitate transparency and must therefore be a “community-driven” development

that is accepted by all the players involved in the process. How Qinghai responds to this challenge, remains to be seen.

6.5.4 The railway

The Qinghai-Tibet Railway (Qing-Zang) opened on July 1, 2007, was heavily criticized nationally and internationally for its impact on the environment and Tibetans. The railway, with a highest pass (La-nyag) at 5,072 meters above sea level runs across desert, mountains, and frozen ground. In response to critics on its impact on the environment, the Chinese government invested RMB 1.5 billion to protect the environment along the railway, because “Environmental protection has aroused great concern as the Chinese government faces criticism from overseas media for neglecting the environment as it seeks high-speed economic development.” Now, sewage disposal from the railway has also become a concern. Furthermore, the ecosystem of Qinghai Lake is under threat as the Qinghai-Tibet Railway brings 400,000 new visitors to Qinghai Lake every year, where the population has already grown since the 1950s from 20,000 to 90,000.³⁸⁴

What is the impact of the railway on life in Tibetan areas? Some argue that the railway is destroying Tibetan culture and is an attempt to sinize Tibet completely: claim supported by the Tibetan Government-in-Exile (TGIE),³⁸⁵ whereas some other people, including both Hans and Tibetans, welcome the railway for bringing opportunities this backward region. The most debated impact of the railway has been the influx of Han Chinese into Tibet and other Tibetan areas. Already during the construction of the railway it was claimed that the major proportion of employment opportunities went to engineers and semi-skilled laborers from eastern China. The “Go West Han” policy has brought more people to exploit economic opportunities in the western region which in turn has caused mixed feelings amongst Tibetans.

The ethnic structure of registered residents in the TAR shows that during a 10-year period of *Xibu Da Kaifa*, the percentage of Tibetans in total declined by 2.7% and the Han Chinese increased, so that in 2005 Tibetans represented 95.3% and Han Chinese 3.9% of the population respectively.³⁸⁶ Then, how many temporary migrants live in Lhasa? Ma Rong from Peking University has conducted several projects to analyze the ethnic structure, migration trends, and regional economic patterns in the west of China. The 2005 Lhasa survey was part of a research series organized by Ma Rong, with Dr. Tanzen Lhundup from the China Tibetology Research Center in charge of conducting interviews in Lhasa. The finding was that in 2005, according to the figures of the Urban District Public Security Bureau, the total registered number of migrants was 52,812 while those migrants who rented apartments numbered 69,924. In reality, the real number of temporary migrants is much larger. The

³⁸⁴ http://www.chinadaily.com.cn/china/2007-07/11/content_5432972.htm, accessed 8 December 2009.

³⁸⁵ China’s Railway Project. Where will it take Tibet? August 2001. www.tibet.net and www.tibet.com.

³⁸⁶ Ma Rong 2008: 320.

Commercial Bureau of the Lhasa District keeps the registration records for enterprises, shops, and people working in commercial businesses. Interestingly, according to the same survey most of the temporary migrants the number of temporary migrants came from two provinces, Sichuan (30.3% percent) and Gansu (24.3%), while the number of temporary migrants was low, for example, from Zhejiang 1.1%, Jiangsu 0.6%, and Shandong 0.5%. Most jobs are in construction projects and tourism services.

Ma Rong finds that Han from Sichuan and Hui from Gansu both have some advantages in the following services: restaurants, retail sales, vegetable growing, and transportation, while Tibetans tend to own small hotels, sell handicrafts, and run teahouses. Ma Rong argues that although there is inevitable competition in individual cases, labor migration increases interaction between the Han majority from the East and local ethnic minorities, and there are also business relations between Tibetans, Han and Hui migrants.³⁸⁷ However, Wang Shiyong finds that only a limited number of Tibetans are able to run their own businesses. He points out that Tibetan Buddhism has an impact on values and is responsible for unfavorable attitudes to trading: traditional monastery-based Tibetan society lived on agriculture and animal husbandry. Therefore, he argues, most Tibetans have little or no business experience in need as today.³⁸⁸ Tanzen Lhundup says that Tibetans were mainly doing business by exchanging the goods, but in contrast to Wang he says that today Tibetan Buddhism has no impact arguing, instead as Tibetan nomads have had no other experience except trading in animal husbandry, they simple do not know how to engage in other types of businesses. Tanzen Lhundup has found that the situation is quickly changing in Tibetan areas. Born in the TAR, he visits the region regularly and has witnessed the influx of Han and other ethnic groups into Lhasa. Describing vividly to me how Tibetans are now learning in many aspects, he argues that simple by observing how migrants set up small businesses, many Tibetans are learning how to do so themselves. He said that earlier times Tibetans were not under too much pressure to compete with other apart from nomads. That in these changing times, market forces are forcing them to find new ways of coping with these new circumstances and compete, and some are learning very rapidly he concluded.³⁸⁹

Indeed, the implementation of the Western Region Development Plan with its massive infrastructure construction since the late 1990s has aroused considerable criticism, but has also been seen as an opportunity for the underdeveloped region. Having examined the western region development strategy and its impact on Qinghai (2005) and after many discussions in Qinghai and elsewhere, with scholars, students, and government officials including Tibetans and Hans, I found quite a polarization of views. Many people told me that these projects do not benefit the ethnic groups (Tibetans), because they do not open up job opportunities for local people, as more and more Han coming from the east are taking the available jobs. In Particular, some

³⁸⁷ Ibid: 333.

³⁸⁸ Wang 2009:21.

³⁸⁹ Discussions with Tanzen Lhundup at the Tibetology Center in Beijing 23 September 2009.

Tibetans think that they have limited opportunities to compete on the labor market. Consequently, they think that these ongoing changes are destroying their traditional livelihood and Tibetan culture. On the other hand, some people think that the economic push, brought by the western region development plan, may lead to an increase in opportunities for the people, if adult education, vocational education, and on-the-job education are available enabling people to adapt to these change. I share this view. I found that Tibetans have also different views on how things are or should be, depending to a large extent on how successfully they have integrated into the society. Tibetans, who are members of the party, successful in business, and Tibetans living in poverty being concerned with their everyday livelihood – do not drive radical changes.

The main issue, so often raised is, the wish to be heard. Economic growth as such will not necessarily provide jobs for those people in need if they lack the skills necessary for the job. Hence, education is one way to improve job skills and build up people's competencies in order to compete for the jobs. Moreover, education is a tool for empowering people, to do things differently and to create new jobs. Hence, education is an investment, both by the government and individuals.

6.6 Governance in Qinghai

Qinghai Province is administratively divided into one prefecture-level city Xining, one prefecture of Haidong Prefecture, and six autonomous prefectures: The Haibei Tibetan Nationality Autonomous Prefecture; The Hainan Tibetan Nationality Autonomous Prefecture; The Haixi Mongol and Tibetan Nationalities Autonomous Prefecture; The Huangnan Tibetan Nationality Autonomous Prefecture; The Guoluo Tibetan Nationality Autonomous Prefecture; and the Yushu Tibetan Nationality Autonomous Prefecture. All of these are in turn divided into four districts, two county-level cities, thirty counties, and seven autonomous counties. Xining is the capital of the province.

6.6.1 Leadership

With regard to the method of employing the right persons, Mo Tzu laid down the simplest and most appropriate principle, which was "Elevating the Worthy." His meaning is that ruling the country and nourishing its people is difficult task. Therefore the man in high position must possess of extraordinary abilities, so elevating the worthy became "the basis of government."³⁹⁰

Who wields power in Qinghai Province? Qinghai, like every other administrative level has a dual system of administration. The Chinese Communist Party (CCP) maintains political control over the provincial-level units and the officials who rule in

³⁹⁰ Hsiao 1979: 251.

Qinghai are the governor of the People's Government of Qinghai and the local party leader. The governor is in charge of the administration, while the party leader ensures that the interests of the communist party are being fulfilled and thus secures the party's ruling position. Hence, the local party leader, as "the leader of the first hand" (*yibashou*) has the final word.

The current power holders, both of Han nationality, in Qinghai are: Song Xiuyan, who was "elected" governor of Qinghai Province in 2005 and Qiang Wei, who was "elected" secretary of the Qinghai Provincial Committee of the Communist Party of China (CPC) on May 27, 2007.³⁹¹ Both were born in the 1950s and both have made a long journey from the bottom of the hierarchies involved to reach these positions.

Song Xiuyan 宋秀岩, was born in 1955 in Tianjin Municipality. Before Song joined the Communist Party of China (CPC) in 1978, she had worked for seven years in the Railway Bureau in Gansu Province. She has been working in Qinghai for more than 30 years. Within her position as being Governor of the People's Government of Qinghai Province, she is also a member of 17th Central Committee of the CPC, and Deputy Secretary of the Provincial Committee of CPC of Qinghai Province.³⁹²

Qiang Wei 强卫 was born in 1953 in Wuxi in Jiangsu Province and joined the CPC in 1975 after his military service in the People's Liberation Army (PLA) (1969-1975). In the 1980s, he worked at a Beijing Chemical factory, and in the early 1990s he moved into politics. He was a secretary of the party committee while he studied. He holds a Master 's degree from the University of Science and Technology of China in Anhui Province. He served as deputy secretary of the Beijing Municipal Committee of the CPC between March 2001 and March 2007. He is a member of the 17th Central Committee of the CPC and has been also secretary of the Qinghai Provincial Committee of the Communist Party of China (CPC) since May 2007.³⁹³

According to Landry, the decentralization of China's government often conclude the political authority of the central government has been eroded, while the role of institutional and political controls, particularly the power of appointment to central Party institutions, remains. Certainly, control over provincial appointments facilitates policy enforcement as the Central Committee of the Communist Party of China (CPC) always retains direct *nomenclature* authority over provincial leaders. Since the CPC controls directly only a handful of posts below the provincial level, it must trust that appointed provincial leaders have both the will and capacity to implement a personnel selection policy that does not undermine the political authority of the Party at the sub-provincial level, as has been pointed by Landry. They have an obligation to recruit and promote officials who deliver good governance, however defined, but for the most part, in terms of economic growth to achieve the goal set by the CPC, of achieving a relatively wealthy society (*xiaokang shehui*).

³⁹¹ <http://www.china.org.cn/english/MATERIAL/212094.htm>, accessed 15 November 2009.

³⁹² <http://www.china.org.cn/english/chuangye/119766.htm>, accessed 15 November 2009.

³⁹³ <http://www.china.org.cn/english/MATERIAL/212094.htm>, accessed 15.November 2009.

The leadership choices of the CPC are intended to secure what kind of politics expected for the region. The provincial government makes the leadership choices, for the lower levels of province. In Qinghai, the important leaders, chosen by the provincial government, are: He Ting, Han Jianhua, and Yao Lin.

He Ting 何挺 of Han nationality was born in 1962 in Shangdong Province and is the Vice-Governor. He studied at the Southwest Institute of Politics and Law and obtained his doctorate in law from the China University of Political Science and Law. He is a Class I Police Commissioner. He Ting joined the CPC in 1982. From 1996 to 2002, He Ting was a Deputy Chief at the Criminal Investigation Department of the Ministry of Public Security, then from 2002 to 2003 he was the Chief of the Counterterrorism Department, and from 2003 to 2007 he was Chief at the Criminal Investigation Department. From 2007 to 2008, he was the Assistant Governor of Gansu Province. From 2007, he served as Secretary of the Public Security Department of Qinghai Province, while in 2009 he was elected vice-governor of Qinghai Province.³⁹⁴

Han Jianhua 韩建华 of Salar nationality was born in 1965 in Qinghai Province, was elected Vice-Mayor of the city of Xining, the capital of that province in 2006. He joined the CPC in 1991. He served in the Construction Office (1999-2003) as Deputy Director and as Chief of the Qinghai Provincial Communications Department (2003-2006). From 2006, he served as a member of the standing committee of the Xining Municipal CPC Committee.³⁹⁵

Yao Lin 姚琳 of Han nationality was born in 1959 in the province of Shanxi and was elected Vice Mayor of Xining City in 2005. He also serves as a member of the standing committee of the Xining Municipal CPC Committee. Yao Lin joined the CPC in 1983 and has worked in various government jobs in Qinghai since 1988, including finance, administration, economy, and trade.³⁹⁶

In Qinghai, it seems that the rotating of cadres at provincial level is not very fast in contrast to the much criticized system where leaders change after three or four years in service. The faster rotation is commonly explained as being a way of preventing corruption, in that when cadres spend only a couple of years in an executive position, opportunities for “corrupt” or “localist” behavior are less likely to a rise.³⁹⁷ On the other hand, short terms of service are regarded as promoting the career path of an individual, weakening their commitment to the affairs of a province.

Also in Qinghai, as elsewhere, the top provincial leaders are typically in their fifties. Having a female provincial leader as in Qinghai is still rare. In Qinghai, ethnic minorities are in high posts in all “autonomous areas” as elsewhere in China, but their jobs are restricted to government posts while Han officials hold key Party posts. In the provincial government of Qinghai, the ethnic minorities are under represented by one

³⁹⁴ http://www.chinavita.com/biography/He_Ting/full, accessed 16.11.2009.

³⁹⁵ http://www.chinavita.com/biography/Han_Jianhua/full, accessed 16.11.2009.

³⁹⁶ http://www.chinavita.com/biography/Yao_Lin/full, accessed 16.11.2009.

³⁹⁷ Landry 2003:47.

Salar, although almost half of the population of Qinghai is of the ethnic minorities, and Tibetans are the largest minority group.

The leaders of Qinghai Province do not seem to belong to the so-called *princelings*, that is, they are not members of prominent families. Instead, they have climbed the career ladder: in their career by climbing the ladders: from lower level jobs in government and/or state-owned enterprises (SOEs) to secretary and deputy posts in government and then on to a governorship. Neither has education been a decisive factor in obtaining a high position. Instead, loyalty to the party, tested by service in remote areas like Qinghai, seems to be more important as can be seen with earlier governors of the province of Qinghai, since 1999.

Earlier governors of the People's Government of Qinghai include the following: Tian Chengping 田成平 (1993 – 1997); Bai Enpei 白恩培 (1998-1999); Zhao Leji 赵乐际 (2002-2003); Yang Chuantang 杨传堂 (2004-2004); Luo Yulin 骆玉林 (2004-2007); and Song Xiuyan 宋秀岩 (2005 -). The only common feature of all these governors is that they are all of Han nationality and male, except for the current governor Song Xiuyan, who is the only female governor in China. All these governors, apart from Zhao Leji, who is a native of Xining in Qinghai Province, originate from other parts of China. Two of the governors were born in the mid 1940s and the rest in the 1950s. Their education varies, from engineering (Tian Chengping, Bai Enpei) to philosophy and commerce (Zhao Leji), to being a soldier in the PLA (Yang Chuantang). Luo Yulin has no recorded education, but he has made his career in economic and finance affairs in Qinghai Province, being Mayor of Xining City from 2004, and a governor from 2004 to 2007. Song, the governor from 2005, studied political sciences at the China Youth University. Tian Chengping joined the party in 1964. He spent over ten years in Qinghai. From 1988 to 1997, he started as the Deputy Secretary of the Provincial Committee of Qinghai Province and served four years (1993-1997) as Governor of the People's Government of Qinghai. Bai Enpei served four years in four different posts in Qinghai and before that had spent seven years in the Inner-Mongolia Autonomous Region. Yang Chuantang worked at the Shengli Petrochemical Complex of Shandong Province in the 1970s, and was also the acting secretary of the Party Committee in Shengli. Subsequently, in 1993 he was transferred to Tibet, and from there came to Qinghai in 2003 where he stayed for a short period from 2003 to 2004, first as a vice-governor and acting governor, and then as governor. Then he was moved back to Tibet until 2006 when he was promoted Vice Chairman of the State Ethnic Affairs Commission. Zhao Leji, the only native of Qinghai has held various positions in Qinghai since 1980. In 2008, he was also appointed Director of the CPC Shaanxi Provincial People's Congress. All earlier governors, except Luo Yulin, who is the current Mayor of Xining City in Qinghai Province, are now part of the state elite, as well as the present governor. Hence, they enjoy appearing and travelling with Hu Jintao, the head of the central government, President of the PRC, Chairman of the CPC Central Military Commission, the General Secretary of the 17th CPC Central Committee, the Member of the Standing

Committee of the Politburo Bureau of the 17th CPC Central Committee, and other important political figures.

These top cadre choices clearly demonstrate that the goals of the central and provincial governments in Qinghai are exactly the very same, namely, to “unite the nationalities,” as I was told by one official of high rank in Qinghai. This brave individual strongly disagreed with most of the policies of the government in relation to environmental protection, dependence on the central government for economic development and generating massive infrastructure projects, while health care and education do not receive sufficient attention. According to him “aluminum is a good cash cow to the government, but bad for the environment”. He even said that there is no use of the Xibu Da Kaifa as long it brings only the quantity. Instead, quality should be the central guideline for all policies in this vast, sparsely populated province with its ethnic diversity. Nevertheless, “there is no one in the provincial government that can change the system so that people could be heard.” He concluded, a “complex system needs simple solutions”.

6.6.2 Collaboration with the Center

Then, how do the top leaders of Qinghai collaborate with the central government in a “decentralized” pattern? It is difficult to gain real insights into elite politics in Qinghai or in China, other than by studying what is written and what someone has said, or not said.

The fundamental element is that the provinces receive certain institutionalized or ad hoc benefits while in return the provincial officials guarantee that they will behave in certain way on behalf of the center. Therefore, relations between central and local governments are embedded in coercion, bargaining, and reciprocity.³⁹⁸ In my view, Qinghai for various reasons does not occupy a strong position when it comes to relations with the central government as I discovered in discussions with many scholars and with some officials of the central government. I was told that “Qinghai has no capacity to convince the central government about its ability to carry out projects.” In addition, some people described Qinghai’s leadership as with no charisma and equipped with old fashion mindset. My encounters with the officials in Qinghai, with those I managed to meet, were sometimes fulfilled with rhetoric but also informative.

Although, recently Qinghai has received a lot of infrastructure projects from the central government, this does not mean that provincial leaders have the same degree of bargaining power as the leaders of rich provinces like Guangdong Province and the municipalities of Beijing, Shanghai, Tianjin, and Chongqing province, whose leaders also possess more skills and skills, knowledge, and certainly *guanxi*³⁹⁹. In big push of

³⁹⁸ Göbel 2008.

³⁹⁹ Rooted in Chinese culture, *guanxi* arises from family connections, a common place of origin, shared experience (school or military service), or a shared loyalty. Building *guanxi* means building

the western region development plan, the central government has allocated more resources to Qinghai, in the forms of aid and finance to realize big infrastructure projects. Furthermore, an additional injection by the central government, due to the recent economic recession (2008) and demonstrations in Tibetan areas in March 2008, has speeded up infrastructure development, as I witnessed during my last visit to Qinghai in September 2009. Moreover, the recent “Tibetan policy” incorporated in the *Xibu Da Kaifa*, was issued in mid 2009 by the central government. This Tibetan policy focuses on the development of Tibetan areas. The Department of Commerce has carried out an in-depth study of Tibetan areas in Qinghai, because “Qinghai being neither a border area nor an autonomous area does not enjoy state preferential policies and in consequence Qinghai is relatively slow in economic and social development” and therefore “the CPC Central Committee and the State Council attached great importance to bringing comrades to the Tibetan areas of Qinghai Province.”⁴⁰⁰ Then, how does the governance of Qinghai Province impact on development? The output, in the form of economic and social development is still rather weak. At the same time, Qinghai has a somber image, an impression that has not changed. The incidents in Qinghai and other Tibetan areas in 2008, before the Olympic Games, brought the Tibetan question national and international attention. Tibetans and the Tibetan Question continue to be a burden to the Communist Party, which does not seem to be able to find a way of winning hearts of Tibetans.

During my research work, I learned that the combination of the issues of governance, the western region, Qinghai Province and the Tibetans, is a sensitive one. For example, on a few occasions I was asked to address my questions in writing which would only be answered after my visit as officials seemingly felt uneasy about the purpose of my visit (to obtain information on these issues). To overcome this situation, I was able to convince the official involved that our conversation would remain confidential and that his views would be handled in such a way that his identity would remain anonymous. I also learned that the provincial government in Qinghai is more closed, “inward looking” in Qinghai than of Gansu. For example, in Gansu, I had lively discussions with several official from the government at the University of Lanzhou in two occasions whereas in Qinghai it was quite an effort to meet even one official. No doubt, in Qinghai the provincial government has an enormous role to play in local development, and it can either be an obstacle to development, or it can foster development.

relationships. This is achieved through socializing within one’s group, and also among members of different groups in order to expand one’s web of relations.

⁴⁰⁰ <http://www.qh.gov.cn/html/31/103481.html>, accessed 5 October 2009. Also:

<http://www.qhnews.com/index/system/2008/12/25/002657420.shtml>, accessed 5 October 2009.

7 CONCLUSIONS

This study has examined governance in China and particularly provincial governance, through investigating the results of provincial government. The aims of this study were to demonstrate that provincial government has an important role in the provincial development and that the quality of governance, overall, does matter. The focus was on Qinghai Province, which is one of the less developed provinces in China, and is usually ranked just above the province of Gansu and the Tibetan Autonomous Region. Hence, the two main research questions were: Why has Qinghai developed so poorly? How has governance and particularly provincial governance, affected the development of Qinghai?

7.1 Theoretical implications

To answer these questions, a multi-disciplinary approach and qualitative methodology were adopted. In addition, the triangulation method of collecting documents, conducting interviews, and making observations as in ethnography studies was used to understand the complexity of the research project.

The theoretical framework was built on the basis of the “Three Worlds” approach to analyze three main themes, namely, the environment, economic development, and culture. This framework structured both the empirical work and the literature analysis, and it demonstrated clearly that all three issues were intertwined. Furthermore, the paradigms, models, and concepts of political philosophy, both of the Western canon and Chinese traditional thought, were employed to deepen our understanding of the notions of governance and good governance.

The methodological challenge was to collect relevant and reliable research data on China in China. As data without theory says nothing, the grounded theory was used to reflect possible insights provided by the data. “Critical theory” as developed by Habermas, was employed to interpret and explain the literature that came from Western and Chinese sources.

The literature analysis showed that academic literature, like all literature, reflects the values of the writer, thus the western scholar sees things through western lenses whereas the Chinese scholar views the world through the Chinese lenses. It was important to understand this before one could arrive at one’s own interpretations. To analyze my interviews and observations, the models of Constructionism and Emotionalism were combined the better to observe what the interviewees actually do or mean while reflecting their perceptions, meanings, and emotions. This was particularly useful in meetings with government officials as I was more able to understand their rhetoric. Furthermore, to understand Chinese society on its own

terms, and, for example, analyze how notions of good governance are understood and perceived in China, the functionalist approaches of Malinowski and Radcliffe Braun were adopted.

7.2 Summary of findings

The research findings are grouped into three subjects: governance, the western region, and Qinghai Province.

Governance

- The authoritarian tradition continues to play a role in the system of government of China.
- Neither the universal notions of good governance, seen by the West as essential for the development of good governance, nor those characteristics of good governance to be found within Chinese traditional philosophies, act as guidelines for the Chinese government.
- Notions of good governance in China are based on purposeful political intentions, formulated with “Chinese characteristics” – which means with meanings and interpretations from traditional Chinese political philosophy.
- The system of government is a top-down dual system containing political and administrative functions, from the central government to all lower levels of administration in China. The most powerful figure at all levels of government is the Party secretary, who is always a Han Chinese, to ensure the obedience of all administrative actors to the party – and to the governing system. Ethnic autonomy, although regulated by law, has not eliminated Han dominance of provincial party leadership posts.
- The formal organization of the government is a highly complex and hierarchical system although the system is fragmented given the existence of informal relation *guanxi*, which means that one does not find the sort of collaboration between colleagues that one might expect. Professional cooperation between government officials (exchanging information and knowledge, sharing experiences) from different departments of government, or between central government and provincial government, is weak, almost non-existent.
- Government reforms have focused on decentralization and the civil service while political reforms remain off-limits (as pointed out in chapter 4.4.). Although distributing administrative power from the central government to the local level has given them more

decision-making authority, the responsibility of local levels for providing services, such as basic education and health is a burden for poor local governments such as that of Qinghai Province, because they have few opportunities to match spending needs with taxes due to the low income of the province's population. Consequently, financial aid, and support from the central government is needed. Depending on a province's bargaining power and ability to deal with the central government, provinces can obtain development projects and public-private partnership projects, which must be backed by the central government for them to be realized. Hence, the transfer of decision-making and responsibilities to the local level does not mean independence from the central government, as long as local economies do not generate their own organic growth. The civil service reform has resulted in two systems: one that aims to select "the best and brightest," and a second that selects using different criteria that are irrelevant to the job and is often linked to corruption. Political reform, however, remains off the agenda and criticizing the party is forbidden. Instead, the Chinese political model, emphasizes national conditions, and culminates in achieving a "Harmonious Society," namely, the wish to "unite all ethnic groups" to live in peace and harmony. The ultimate aim is to secure the legitimacy of the party.

- The major challenge of the government arises out of the fact that the environment, economic development, and cultural diversity are all intertwined. Public concern about the environment is increasing in China, and in the absence of any real possibility of public participation, dissatisfaction with their leaders is bursting out increasingly in demonstrations. The economic development of the country is of utmost important for the government, although it comes second after political preservation. The goal of the government is to maintain "balanced" growth to keep people "happy" and thus to secure the legitimacy of the regime. Cultural diversity, today promoted by the government, is publicly demonstrated in ethnic cultural parks, and increasingly in TV programs presenting remote and exotic areas with dancing and singing ethnic groups. These people with their own identities and the remote border areas inhabited by them, however, are very important for China. Thus, how to manage cultural diversity which is intertwined with policies to protect the environment, and how integrate ethnic groups to economic development is the real challenge to the government, and as long as voices from the

grassroots levels of ethnic groups are ignored, real progress cannot be made.

- The future of the party has been secured, so far, by economic growth. Although, economic growth has increased the size of the middle class, the question is whether this growth pattern will continue, and whether the growing middle class emerging with its new demands for a clean environment, unrestricted access to the internet, and food that is safe to eat, will remain content with the existing limited rights and channels to express their dissatisfaction and demand for change. The legacy of the party may be jeopardized due to external and internal currents, if they are not managed in a proper way.
- The political survival of the Chinese Communist Party is the most important consideration for today's "fifth generation" leaders who face diverse problems, such as growing economic disparities, frequent social unrest, and environmental disasters, and thus need to respond to economic globalization, social justice, political democratization, and environmental protection. How this can be done without political reforms, remains to be seen.

The Western Region

- The western region is of the utmost important for China, because it possesses a huge area that is strategically located bounded as it is by eight countries, rich in natural resources and a large population from the various ethnic minorities. The physical environment of the western region varies enormously with huge differences in elevation and climate.
- The current western region development strategy stems from the uneven development between China's eastern and western regions. These growing disparities are the result of earlier policies, geographical conditions, and the quality of governance.
- The western region development strategy aims to accelerate growth in twelve underdeveloped provincial-level units, secure the overall growth of the nation in order to maintain social peace and most importantly preserve the unity of the country.
- The attempt to encourage foreign and domestic enterprises to invest in the western region has had little success to date.
- The challenge of the government is how to respond to ecological degradation, economic growth associated with urbanization and the high dependence on agriculture, and cultural diversity with many ethnic groups.

Qinghai Province

- Qinghai is one of the most underdeveloped provinces in China.
- Environmental degradation in Qinghai is severe, but none of the government's policies have been able to solve this problem. For example, the policy of resettling nomads in Qinghai and in other grasslands in China has raised national and international debate as to whether this policy is destroying the traditional lifestyle of Tibetan herders and Tibetan culture.
- The province's modest economic development is too dependent on infrastructure investments by the central government, and in consequence there is little organic growth in business activities to support the province's economy.
- The low level of social development in Qinghai has culminated in harsh living conditions with many Tibetans living in poverty in remote areas at high altitudes. In addition, the low educational level of Tibetans correlates with a high unemployment rate amongst Tibetans at a time when the province is in the process of urbanization.
- The cultural diversity of Qinghai is poorly managed and this, together with the poor social-economic development of the Tibetans (minorities), can cause social exclusion or social unrest, which in turn can jeopardize the attempt to build the so-called "harmonious society."
- In Qinghai, governance or the way in which the province is governed carries the official goals of the central government to accelerate economic development in the province and to protect the fragile environment of Qinghai, while enforcing the primary goal of the central government to "unite the nationalities" in Qinghai.
- Qinghai has not been the most important target in the western region development program and thus is not a priority of the central government. The situation may, however, change as Qinghai is included in the recent Tibetan plan which has been integrated into the western region development plan.
- Qinghai's government is weaker viz-a-viz the central government than that of many other provinces.
- In sum, Qinghai Province is not powerful, because it is weak in communication with the central government and in collaboration with its stakeholders and civil society⁴⁰¹ marking inward looking image of the province.

⁴⁰¹ The term "civil society" is often translated as "Shiming Shehui", "Mingjian shehui" and "Gongming Shehui" in Chinese. According to Yu Keping these three different Chinese terms do not have the same meaning and there are some nuances between them. Shiming Shehui is a most popular term and a classical translation of civil society. It originates from the Chinese translation in Marxist classical

7.3 Discussion

What do these findings mean? What are the lessons to be learned? What might be the implications of this study for future policy and practice?

My findings show how government is organized and structured to govern China, which is a large country with the largest population in the world. In addition, this study confirms that governance in China is a complex dual system, in which orders originate with the central government and passes down to all the lower levels of the administration, where the one party political system is based on the dominance of the Communist party that determines how China is ruled and how power, wealth, and resources in society are distributed. Furthermore, it affirmed that provincial government has an important role and impact on provincial development although the impact of the central – local relationship matters greatly. Moreover, this study confirmed that the quality of governance is important, as can be seen from the analysis of the results of governance in Qinghai. The examination of the results chosen: the environment, economic development, and cultural diversity in Qinghai, demonstrates well the diverse reasons for its underdevelopment and it also confirms the failure of provincial governance, as evidently Qinghai is one of the less developed provinces in China. The analysis of these results demonstrates four main reasons for the underdevelopment of the province of Qinghai. Firstly, although Qinghai has abundant natural resources, it is an isolated inland province with no access to the sea and thus somewhat cut off from world markets. Secondly, Qinghai has a small population that is dispersed across a vast area. Thirdly, although Qinghai has a large minority population, it does not enjoy the status of an autonomous region and thus does not have policies designated to increase the autonomy of the province. Fourthly, it appears that Qinghai is neither sufficiently powerful in its relationship with the center in order to gain adequate support from the center, nor does it enjoy strong cooperation with local stakeholders (local enterprises, academics, the media and the public in general) and civil society (NGOs, GONGOs). Hence, further questions follow: How can the environment of the province be protected? How can the economy be developed to benefit all? How can cultural diversity of the province be managed? As is well known, the fragile environment of Qinghai and its water resources, which are nationally significant, can not endure any pollution from industry. It follows that economic development based on the earlier growth model of the east coast, is not a

works. But this term is actually used in a more or less derogatory sense. In fact, many people think that it means bourgeois society. Mingjian shehui is the translation of civil society by Taiwan scholars, and historians like it. This term is widely used in research in China's modern civil organizations. It is a neuter, but many scholars and especially government officials think that it has marginal nature. Gongming Shehui is a new translation since the reform, and it is a commendatory term. It emphasizes its political dimension, that is, citizens' political participation and check on state power. More and more young scholars like using this new translation. Many scholars actually use these different Chinese versions of civil society simultaneously". See: Yu 2007b.

viable model for the province of Qinghai. In addition, economic development must not solely focus on growth. Instead it must be adhered to environmental protection taking into account the possible consequences of business decisions such as their impact on the environment and how people will obtain jobs also in the future. Furthermore, social development, particularly education, is important in developing economy and the environment. The cultural diversity of the province should be fostered with an approach to move from cultural nationalism or chauvinism to cross cultural communication, as has been pointed out by Amartya Sen. He also says that while each culture has a unique importance, there is a need to understand cross-cultural influences and to enjoy other cultures.⁴⁰² In sum, all the issues: the protection of the environment, the economy, and managing cultural diversity, are intertwined.

How should the provincial government develop the province of Qinghai? I argue that managing the challenges facing Qinghai, according to the precepts of good governance, is a key for sustainable development and that the provincial government is a key, because it has power viz-a-viz the work of all the various levels of local government. At times the provincial government can be an obstacle or an opportunity, depending on how to govern, but ultimately it can choose how to govern. Thus, it is very important how the provincial government cooperates with all the actors of society, so that the grassroots level is also heard, because the provincial government has the power to impact on the planning, implementation, and monitoring of all the plans and actions that affect the lives of the people.

Subsequently the key issues affecting the quality of governance in Qinghai are: how the provincial governor and the party leader cooperate together; how the provincial government collaborates with stakeholders and cooperates with the civil society; and how effectively the provincial government can negotiate and bargain with the central government. The findings of this study confirm that the development or underdevelopment of the regions and provinces depends greatly on the quality of government, how it governs, or how it collaborates, communicates and cooperates with others. Collaboration with the central government is essential in order to gain resources and support for the province, and communicating with stakeholders, such as local enterprises, academics, the media and the public in general, is crucial for achieving development objectives, although the objectives of the shareholders might be independent from those of the government while cooperation with civil society (NGOs, GONGOs) might be a key for the real development of the province. Then, lessons can be learnt from Qinghai's experiences, and used to respond to the challenges facing the western region, and to China, as a whole.

How can good governance in Qinghai be exercised in order to develop the province in a sustainable way? How can there be good governance without democracy? Pye (1966) regarded democracy as the essential ingredient for development whereas Huntington (1965) emphasized that political development is connected with the broader processes of modernizations in a society. According to

⁴⁰² Sen 2000: 244.

Huntington, political development that involves national integration and democratization is a key aspect. He pointed out that democratization focuses on pluralism, competitiveness, and the equalization of power whilst frequently emphasizing that mobilization, or participation, is characteristic of political modernization.⁴⁰³ Officially, China says that democracy is an impossibility in a country as large as China. Shirk asks how the government, which has a fixation on social stability, and is fearful of large-scale unrest that could bring down the communist regime, can convince the Chinese public that the Communist Party is essential for maintaining order and prosperity? But one might reasonably ask, how democracy is possible in India which has one billion people? One of the answers is that unlike in China, religion controls the people.⁴⁰⁴

How does Chinese tradition perceive good governance? This study has demonstrated that economic development in China, as in other East Asian countries, is often connected to the cultural roots of Confucianism. In China, the recent adherence to the concept of the harmonious society also has a connection with Confucius. As the futurologist Herman Kahn (*World Economic Development: 1979 and Beyond*) points out, all nations have cultural traits that are difficult to change, but which can often be modified.⁴⁰⁵ Hence, Confucius suits to idea of a secular society as his teaching concerns practical ethics without any religious content. Confucius, learnt lessons from Chinese history, and some of his ideas serve the purposes and goals of China's central government: to maintain social stability based on relationships and complementary obligations while seeking to maintain harmony. Western philosophical thinkers also have different views. Like Confucius, Machiavelli (1469 – 1527) also advised rulers, advancing the idea of seizing absolute power (*The Prince* 1532),⁴⁰⁶ whereas Montesquieu (1689-1755) strongly criticizes despotism as a symbol of political corruption, which threatens every type of government (*On the Spirit of Laws*, 1748).⁴⁰⁷ Consequently, he outlines his key idea of the separation of powers (the legislative/parliament, executive/the king and the judiciary/ judges of courts), which has become one of the most influential ideas of western thinking on government. He also provided the typology of three forms of government: republican, monarchical, and despotic. As Hofstede points out, in the Chinese tradition, virtuous behavior toward others consists of treating others as one would like to be treated oneself: a basic human benevolence, which, however, does not extend as far as the Christian injunction to love one's enemies.

Does the model that combines good governance together with Chinese tradition, as outlined in Chapter 2.1.4, provide any guidance on how to govern China, or to solve the problems encountered earlier, in Qinghai, or elsewhere in China? The aim of this model combining characteristics of good governance with Chinese tradition is to

⁴⁰³ Huntington 1965.

⁴⁰⁴ Shirk 2007: 52-53.

⁴⁰⁵ Herman Kahn has formulated the neo-Confucian hypothesis in his book *World Economic Development: 1979 and Beyond* (Croom Helm, 1979). See: Hofstede 1988.

⁴⁰⁶ Boucher and Kelly 2005: 81, 139-59.

⁴⁰⁷ Ibid: 219-234.

provide a platform to reflect the similarities of Chinese and Western minds, and thus to learn from each other. True, Confucianism seeks equilibrium, or harmony, as the current Chinese government claims in its promotion of a harmonious society. Furthermore, in spite of the fact that Chinese tradition is used to support market liberalism and to unite the country, it may also open up new and unexpected paths. Perhaps, the thoughts of Mencius, the greatest Confucian thinker after Confucius, are pertinent in this context. He believed that “ultimate sovereignty lay with the people.” Therefore, not solely in times of dynastic change should the people be allowed to indicate their choice regarding a successor, by resisting or accepting him, but also in ordinary times the major policies of the government should reflect popular opinion. This was government by “Consulting the grass and firewood gatherers” [an expression used by a Great Officer of early Chou times in the Ode “Pan”].⁴⁰⁸

In China, the people are not heard and are not allowed to participate in decision-making with the exception of village elections and with the exception of the millions of Chinese bloggers. Instead, a one party system combines the Chinese tradition of hierarchy and authoritarianism with the customs, practices, values, and beliefs of the past. Throughout Chinese history, political regimes changed either through dynastic collapse, *coups d'états*, or the revolutionary upheaval. As discussed in Chapter 4, the democracy discourse in China is going on with various scenarios envisaged as to whether China will become a stable liberal democracy or collapse as a result of some as yet unforeseen event.

Since the 16th National Congress of the Communist Party of China in 2003, the so-called Harmonious Society has been emphasized. Whereas in 2007, at the Party's 17th National Congress, top priority was given to building a well-off society to ensure balanced economic growth, an improvement in the people's well-being, and social justice by 2020, as Hu Jintao, the general secretary of the CPC's Central Committee declared. Interestingly, the report contained a section “Unswervingly Developing Socialist Democracy” whilst “democracy” was mentioned more than 60 times. According to the *China Daily*, senior party officials have appeared at recent national congresses of other political parties and delivered congratulatory messages, which observers say demonstrates “a greater will of the CPC towards multi-party cooperation.” Furthermore, the Information Office of the State Council of China issued the country's first ever white paper on China's political one-party system. “The political party system China has adopted multi-party cooperation and political consultation under the leadership of the Communist Party of China”, the white paper says⁴⁰⁹. It was “a manifestation of the sincerity and determination of the CPC to promote and deepen the system of multi-party cooperation and political consultation under the Communist leadership”, said Xu Jialu, chairman of the China Association for Promoting Democracy. The eight non-Communist parties: the Revolutionary Committee of the Chinese Kuomintang, the China Democratic League, the China Democratic National Construction Association, the China Association for Promoting

⁴⁰⁸ Hsiao 1979:158.

⁴⁰⁹ http://www.chinadaily.com.cn/china/2007-11/15/content_6256489.htm, accessed 23 March 2010.

Democracy, the Chinese Peasants and Workers Democratic Party, China Zhi Gong Dang, the Jiu San Society and the Taiwan Democratic Self-Government League, are regarded by the CPC as “friend parties that conduct close cooperation with the CPC”.⁴¹⁰ After the CPC holds its national congress, the other eight parties convene their own national conventions. Moreover, political reform was high on the agenda of the Chinese President and CPC General Secretary Hu Jintao when he delivered a speech at the Second Plenary Session of the 17th Central Committee of the CPC in Beijing on 27 February 2008. The goal of the central government is to form an efficient administrative system with Chinese characteristics by 2020. So, what happened at the recent 11th National People’s Congress (NPC) in March 2010? The Second Session of China’s top legislature concluded its nine-day agenda on 12 March. At the conference, Premier Wen addressed several issues as follows: on the stimulus package, he noted that China has prepared plans to cope with even bigger difficulties amid the financial crisis and is ready to roll out a new stimulus package at any time; he announced a target of eight percent economic growth in 2010; on Tibet, he claimed that Tibet was an inalienable part of China and that issues related to Tibet were China’s internal affairs and that as such foreign countries should not interfere with them; on political reforms he stated that China will actively advance reforms of its political system to develop socialist democracy, promote equity and justice, and strengthen supervision over the government; and finally on the G20 meeting, he mentioned that China will build more hospitals and schools in Africa, allow more African students to study in China, and send more medical staff and teachers to Africa.⁴¹¹

Where are the speeches on democracy, party reform, and multi-party politics that were heard at the 17th Central Committee of the CPC just two years ago, in 2008? What is happening behind the scenes, asks Cheng Li, a China researcher at the Brookings Institution based in Washington, DC. In the 2012 Communist Party Congress the next generation of leaders will take over, the reins from Hu Jintao and Wen Jiabao and more than half the members of the ruling Politburo are expected to retire or step aside because of their age. Certainly, newcomers will emerge as the principal figures responsible for the country’s political and ideological affairs, economic and financial administration, foreign policy, and military operations. Could this becoming change of power-holders be a reason, not to continue the discourse about political reform in the National People’s Congress in 2010? It seems that the political focus in China is shifting from ideology to policy decision makers, as is the case in the Western world, but this may not be the explanation for the absence of political reform.

What might be the implications of this study for policy and practice? This study has demonstrated, not only the reasons for the poor performance of the government, but has also sought to motivate the provincial government to choose to govern in a sustainable way, instead of leaning solely on growth factors with too little

⁴¹⁰ http://www.chinadaily.com.cn/china/2007-12/04/content_6295987.htm, accessed 23 March 2010.

⁴¹¹ http://www.chinadaily.com.cn/china/2009-03/13/content_7577161.htm, accessed 23 March 2010.

consideration for the impact on environment and people. Recent reforms have transferred much of the power from the center to the localities. Consequently, today's provincial governors carry significant political weight in the governance of the provinces. As Li demonstrates, provincial governors are powerful, for three reasons. First, the provinces and municipalities are large socioeconomic entities, which are much bigger in terms of population than most European countries. For example, China's five largest provinces—Henan, Shandong, Sichuan, Guangdong, and Jiangsu—are more populous than the five largest countries in Western Europe: Germany, England, France, Italy, and Spain. Hence, the economic significance of these provinces is important as the total GDP of Guangdong Province has already surpassed three of the “East Asian Tigers”: Singapore, Taiwan, and Hong Kong. Second, the provincial leadership in China today has more autonomy to advance their provincial interests, thus they are constantly engaged in political networking, policy lobbying, and coalition building both among themselves and with the central authorities through their liaison offices in Beijing (*zhujingban*). Third, and most importantly, the post of provincial chief (provincial governor or party secretary) may be a stepping stone to top national leadership offices. No doubt, some of the 31 provincial-level governors of China are more powerful and influential than others while the provincial Party secretaries are higher than the provincial governors. In addition, the six provincial party secretaries who are the members of the Politburo, are unquestionably the most powerful ones. The Party secretaries of the municipalities of Beijing, Shanghai, Tianjin, and Chongqing, also hold seats in the Politburo. Also, the Party secretary of China's richest province, Guangdong, serves in the Politburo during his tenure as the provincial Party boss. Hence, as the post of provincial chief is a springboard for further promotion, serving in one of the above-mentioned cities or provinces opens up the possibility of gaining access to membership of the Politburo.⁴¹²

Certainly, Qinghai is not among the most powerful provinces in China in terms of GDP, nor is the provincial government influential in comparison to many governments of the eastern provinces. Indeed, the provincial government of Qinghai has a complex task in managing the vast underdeveloped province with its large ethnic population while implementing the policies of the central government to boost growth and development. In spite of the fact that democracy is not prevailing in China and reform of the communist party is still on the waiting list, my argument is that Qinghai's provincial government can have a major positive impact on provincial development, if it decides to do so, because it has major role in developing the province and thus have an impact on the lives of its people.

Qinghai as the source of three of China's main rivers is significant to the ecology of China while it is also strategically important, as it has large Tibetan population as do other neighboring provinces. The central government is evidently executing an incremental approach in developing the western region and Qinghai has

⁴¹² Li 2008b.

not been at the top of the priority list of the central government like some wealthy municipalities, or populous Sichuan, or the politically sensitive TAR, or Xinjiang, which possesses huge reserves of oil but also separatist Uyghurs seeking for independence, The recent Tibetan plan, however, may change the situation and more resources might be directed to Qinghai. Then, the capacity of the provincial government will be quite decisive when it comes to allocating resources. The governor and the Party secretary are the top power holders in Qinghai, as in other provinces in China, and, as this study has noticed, to some degree at least, the development of Qinghai is dependent on the capabilities and vision of its provincial leaders. Although the strategy for the western region sets out certain development goals, the tools for realizing the strategy are in the hands of the provincial leaders, as are the decision on how to use those tools. If the capacity of the provincial government is inadequate or the mindset is inward looking, as was argued by myself and some of the scholars and government officials that I interviewed, then the provincial government will be too weak to execute the policies of the central government and to negotiate with the central government. Therefore, if this is indeed the case, it will be necessary for Qinghai's provincial government to open up (change from its inward mindset to outward), build up its capacity, and to collaborate with the central government, stakeholders and civil society.

New trends, however, are evident. On January 30, 2010, Luo Huining 骆惠宁 (b. 1954) was appointed as the new Governor of Qinghai Province. He holds a doctorate in Economics, being one of only eight current provincial chiefs to hold a doctorate⁴¹³ thus, the capacity of the provincial government in terms of expertise in economics is increased. Song Xiuyan, who served as governor of Qinghai from 2005 to 2010, currently holds the post of first secretary of the All-China Women's Federation.

True, this study has demonstrated that Qinghai has developed poorly in comparison to many other western provinces and has also pointed out the diverse issues that challenge the provincial government. One of the most severe, the cause *célèbre* is the resettlement of Tibetan nomads from areas that the government has designated as nature reserves in order to protect the environment. The same strategy has been used around the world to control troublesome indigenous peoples and assimilate them into the economy: This strategy needs to be re-evaluated and its consequences require measures to correct the damage attributed to it. It is not a question about romantic notions of Tibetan nomadic life and the traditional Tibetan economy, which is reliant on yaks and goats and the herding of animals. The real issue is about choices and participation: Do the herders have a choice whether to resettle or not? Do the herders have a say in the policies that shape their lives? Until now, this is not the case.

How the new Tibetan policy, which covers all Tibetan areas, will affect the development of the province remains to be seen. Above all, how Qinghai's provincial

⁴¹³ <http://chinavivae.com/>

government conducts this policy and any other policies for provincial development remains a key question in terms of shaping province's future.

In September 2000, during my visit to Qinghai, I by chance was invited to the internet café that had only opened some two weeks earlier. Surprisingly, the trendy place was packed with young Hans, Tibetans, and Westerners who were sipping their lattes, browsing the internet, and singing old western hits. Although totally unexpected, this was enjoyable moment in Qinghai. Is this café a sign of more liberal trends in the government? I am not sure what this may mean or even whether this place still exists.

To conclude, as Amartya Sen says, the economic growth of a country and an increase in the incomes of individuals are important means to expanding freedoms, such as social and economic arrangements (education and health care) and political and civil rights (for example participation in public discussion) though he questions the narrow view of development of the Washington Consensus. Instead, Sen points out that the opportunities and the capabilities of the people can be enhanced by removing poverty and giving them freedom of choice and political participation. In his view, political freedoms promote economic development and social opportunities and therefore there is a strong rationale for recognizing the positive and constructive role for expanding human freedoms. This process stimulates capabilities of the government while it challenges governance, and this also applies to at all levels of government in China. Certainly, reforms in administration increase the efficiency of institutions. How to govern to benefit the people of the province? My argument is that governance matters. Good governance is about the quality of government and about the choices how to govern to do good.

7.4 Future research

Perhaps the strongest recommendation that this study can give concerns the participation. This study confirms the concern about the neglecting participation opportunities of people in decision-making. However, this study is not designed and cannot give an unambiguous answer to the question how to govern and what kind of policies should be used for the provincial development. The main advantage that follows from this study is the analysis of impact of governance on provincial development. and the richer and more comprehensive picture of Qinghai Province. No doubt, the quality of governance correlates with provincial development. The approach towards good governance gives a variety of tools to provincial government of Qinghai and other policy makers to govern in their search for sustainable development. In this way the challenges of the environment, economic development and cultural diversity are encountered properly.

As this study, however, has limitations, my suggestion for further governance-related research is to study three themes: first, the quality of governance at the county level, because of its changing role due to the urbanization process; second, Tibetan

concepts of good governance; and third, the role of the individual, and how an individual can affect good governance.

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APPENDIX 1

The Fieldwork Questions

The fieldwork questions were not static. The questions “developed” changed during the years as more knowledge was gathered. The main questions, modified according to the target group and people were as follows:

- How the central government/provincial government collaborate with stakeholders and civil society?
- What good governance means to you/in China?
- How the government aims to accelerate the growth in the western region/Qinghai to benefit all?
- What are major challenges in the western region/ Qinghai Province?
- Western region provinces seem not be in equal position to receive resources and support, why is that?
- How you encourage enterprises to invest in the western region/Qinghai?
- How the central government/provincial government monitor the implementation of its policies?
- Why Qinghai Province seems to be a loser in provincial development?
- What are the measures taken to protect fragile environment of Qinghai?
- How provincial government of Qinghai integrates the Tibetans to economic progress?

APPENDIX 2

The list of interviews

Tibetan students, Qinghai, 4.2.2004, 3 students.
Qinghai Normal University, Xining, 4.2.2004, 2 teachers.
Arura Tibetan Medicine, Xining, 4.2.2004, 2 managers.
Golden Solar Energy Co., Ltd., 5.2.2004, 1 manager.
QingHai CESAR Tibetan Pharmaceutical Co., Ltd., 5.2.2004, 3 managers.
Qinghai Economic and Trade Development Bureau, 5.2.2004, 2 officials.
Trace Foundation, Xining, 6.2.2004, 2 officials.
Bridge Foundation, Xining, 6.2.2004, 3 officials.
Qinghai Investment Promotion Bureau, 6.2.2004, 2 officials.
Qinghai Investment Bureau, Xining, 8.11.2004, 4 officials.
Xining Economy Development Zone, 9.11.2004, 2 officials.
Changqing Aluminium Corporation, Xining, 9.11.2004, 2 managers.
The Qinghai Hucais Printing Co., Ltd, 9.11.2004, 1 manager.
The Western Mining Company Co., Ltd, 10.11.2004, 3 managers.
Sanjing Group Corporation, 10.11.2004, 2 managers.
Peking University, Beijing, 16.8.2005, 1 scholar
Tsinghua University, Beijing, 16.8.2005, 1 scholar
Department of Economic and Social Affairs, Office of the leading Group for Western Region
Development, Beijing, 16.8.2005, 2 officials
Waseda University, Tokyo, 4.4.2006, 3 scholars
The World Bank, Tokyo Office, 4.4.2006, 1 official
The Japan International Cooperation Agency (JICA), 6.4.2006, 1 official
The Japan Bank for International Cooperation, Tokyo, 6.4.2006, 1 official
The Delegation of European Commission to China, Beijing, 11.10.2006, 1 official
Department of Economic and Social Affairs, Office of the Leading Group for Western Region
Development of the State Council, Beijing, 10.9.2006, 3 officials
The Chinese Academy of Social Sciences CASS, Beijing, 11.10.2006, 3 scholars
The Japan International Cooperation Agency (JICA), Beijing, 12.10.2006, 1 official
The World Bank, Beijing, 17.10.2006, 1 officer
The International Finance Corporation, World Bank, Beijing, 17.10.2006, 2 officers
Peking University, Beijing, 12.10.2009, 1 scholar,
The Asian Development Bank, Beijing, 19.10.2006, 1 officer
Qinghai Investment Promotion Bureau, Xining, 25.10.2006, 1 official.
Xining National Economic Technology Development Area, 25.10.2006, 3 managers.
Xining New Energy Development, Xining, 25.10, 2006, 1 manager.

The Office of the Leading Group of West Development in Qinghai Province, 26.10.2006, 1 official, 1 scholar.

Qinghai Normal University, 26.10.2006, 2 scholars.

Qinghai Normal University (College of Minorities), 26.10.2006, 3 scholars.

Lanzhou University, Gansu, 30.10.2006, 6 scholars.

The Northwest Minorities University, Lanzhou, Gansu, 30.10.2006, 1 scholar.

The Xiahe County Government Office, Xiahe, Gansu, 1.11.2006, 3 officials.

The Party School, Xiahe, Gansu, 1.11.2006, 2 officials.

The Tax Office, Xiahe, Gansu, 1.11.2006, 1 official.

The World Bank, Beijing, 10.4.2007, 2 officials.

The China Development Brief, Beijing, 11.4.2007, 3 officials.

The Ministry of Finance, Beijing, 13.4.2007, 1 official.

Tsinghua University, 13.4.2007, 4 scholars.

Qinghai Normal University, 15-18.4.2007, 2 scholars.

The Tibetan magazine office, Xining, 16.4.2007, 2 officials

The Trace Foundation, Xining, 17.4.2007, 1 official

Qinghai Provincial Government, Provincial Development and Reform Commission, 17.4.2007, 1 official. 17.9.2009, 1 official.

The Lanzhou University, 18.4. 2007, 5 scholars.

Gansu Provincial Government, Provincial Development and Reform Commission, 19.4.2007, 1 official.

Gansu Provincial Government, Trade Commission, 19.4 2007, 1 official.

Peking University, Beijing, 27.10.2008, 2 scholars.

Tsinghua University, Beijing, 28.10.2008, 1 scholar.

Hangzhou Forum 31.10.-1-11-2008, several scholars and media people.

Renmin University, Beijing, 28.10.2009, 2 scholars and 1 student.

Renmin University, Beijing, 29.10.2009, 1 scholar.

The Hong Kong Chinese University, Hong Kong, 12.1.2009, 1 scholar.

The Hong Kong Chinese University, Hong Kong, 14.1.2009, 1 scholar.

Peking University, Beijing, 14.9.2009, 3 scholars.

Qinghai Normal University, Xining, 16.9.2009, 2 scholars.

Tibetan friend, Qinghai, Xining 15.9. - 18.9.2009. 1 scholar.

Plateau Perspectives, Xining, 17.9.2009, 2 officials.

Qinghai Provincial Department, Xining, 17.9.2009, 1 official.

The Qinghai Gelatin Co., Ltd., 18.9.2009, 1 manager.

The Ministry of Foreign Affairs, Department of European Affairs, Beijing, 21.9.2009.

Peking University, Beijing, 22.9.2009, 2 scholars.

The China Tibetology Research Center, Beijing, 23.9.2009, 1 scholar.

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CASS, The Central Institute for Nationalities, Beijing, 24.9.2009, 2 scholars.

APPENDIX 3

The characteristics of good governance as defined by the United Nations (UN).

Participation

Participation by both men and women is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that representative democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision-making. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.

Rule of law

Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force.

Transparency

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media.

Responsiveness

Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe.

Consensus oriented

There are several actors and as many view points in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community.

Equity and inclusiveness

A society's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups, but particularly the most vulnerable, have opportunities to improve or maintain their well being.

Effectiveness and efficiency

Good governance means that processes and institutions produce results that meet the needs of society

while making the best use of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

Accountability

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law.