



The University of
Nottingham

China Policy Institute

Briefing Series – Issue 1

THE NEW POLICY INITIATIVES IN CHINA'S 11TH 5-YEAR PLAN

by Yongnian ZHENG

© Copyright China Policy Institute

November 2005

China House
University of Nottingham
University Park
Nottingham NG7 2RD
United Kingdom
Tel: +44 (0)115 846 7769
Fax: +44 (0)115 846 7900
Email: CPI@nottingham.ac.uk
Website: www.nottingham.ac.uk/china-policy-institute

The China Policy Institute was set up to analyse critical policy challenges faced by China in its rapid development. Its goals are to help expand the knowledge and understanding of contemporary China in Britain, to help build a more informed dialogue between China and the UK and to contribute to government and business strategies.

The New Policy Initiatives in China's 11th 5-Year Plan

Summary

China must address the widening gap between rich and poor, face up to environmental issues and move away from the single-minded pursuit of rapid economic growth, according to the latest 5-year plan approved by the Communist Party's Central Committee.

The plan, the first major policy package since President Hu Jintao took office three years ago, sets out new initiatives for sustainable and more balanced development, addressing social problems and reducing income disparities between different groups and different regions.

It also calls for a new focus on the problems of poor rural areas neglected during two decades of rapid industrial growth in the booming cities of China's Eastern seaboard.

The plan outlines measures to create a more harmonious society, the hallmark of the new leadership which took over from President Jiang Zemin in 2002.

The 11th Five-Year Plan for the National Economy and Social Development from 2006 to 2010 was approved at the fifth plenary session of the 16th Central Committee of the Chinese Communist Party, which was held in Beijing on October 8-11.

President Hu Jintao's call for a more harmonious society gave an early boost to his popularity after coming to power, and the plan marks an effort by the Party leadership to respond to mounting pressure for change.

The Chinese government has faced a growing wave of social protests and violence over the past two years. China's Public Security Minister, Zhou Yongkang, was recently quoted as saying that there had been 74,000 incidents of social unrest in 2004 – a 28 percent jump on 2003. Attacks on Chinese policemen left 23 policemen dead and 1,800 injured in the first half of 2005 alone.

The plan calls for efforts to address social ills, land dislocation issues, inadequate rural social security and health care, and to industrialise the rural sector. This puts rural issues, marginalised for years in China's development plans, back on the policy agenda.

While maintaining rapid economic growth and doubling per capita GDP by 2010 from the level achieved in 2000, the plan proposes a redistribution of the fruits of economic development, emphasising a new doctrine of common prosperity and social justice in place of the old philosophy of allowing a few people and regions to get rich first.

It calls for reduced energy consumption, increased efficiency and a more scientific approach to economic development.

The plan urges a balance between urban and rural development, balanced development among regions, balanced economic and social development and achieving a balance between man and nature and between domestic development and foreign investment.

The 11th Five Year Plan is the Hu-Wen leadership's first attempt to systematise and package its policy philosophy since it came to power, and will be a major test of their ability to deliver on their promises.

Analysts will now be watching to see whether the central government is able to implement the plan against likely resistance from local vested interests in the Chinese provinces. In the past the central government has sometimes leveraged populist support to keep such resistance in check. But the Hu-Wen leadership displays little willingness to empower ordinary citizens beyond certain limits. Without participation from below, the leadership will continue to face massive hurdles in policy implementation. Barring substantial political reforms, pro-people policies are likely to remain more rhetoric than reality.

The New Policy Initiatives in China's 11th 5-Year Plan

By Yongnian Zheng*

The Fifth Plenum

- 1.1 The fifth plenary session of the 16th Central Committee of the Chinese Communist Party (CCP) was held in Beijing from 8- 11 October, 2005. Prior to the event, many speculated that there would be major personnel changes at the top level of the CCP. But it turned out that no personnel changes took place. As predicted, the Plenum reviewed and approved the proposals for formulating the 11th Five-Year Plan for National Economy and Social Development (2006-2010), which enshrines many of the ideas promoted since Hu Jintao's appointment as Party leader in 2002.
- 1.2 According to the plan, the ruling party will seek to accomplish concurrently two seemingly contradictory goals, that is, high growth and social justice. The plan stressed that China should maintain a stable and rapid economic growth, with the target to double, by 2010, the per capita GDP achieved in the year 2000. Meanwhile, more attention should be directed to social justice and solving the problems related to ordinary people's interests. The ultimate political goal is to build a "harmonious society" (*hexie shehui*), which was first articulated by the Hu-Wen leadership when it came to power three years ago.
- 1.3 The 11th Five Year Plan is a general policy statement. To establish a harmonious society, key measures to be implemented include: a) transforming the old development mode with its emphasis solely on GDP growth to a new one with more emphasis on balanced and coordinated development between the economy and society, between the urban sector and the rural sector, and among different regions; b) to reduce income disparities between social groups and between regions; and c) to build a "socialist new rural China" (*shehui zhuyi xin nongcun*).
- 1.4 For the leadership, continuous development remains the main principle in their plan, since continuing rapid economic growth is the key to solving China's immense social problems; nonetheless, the old mode of development has also caused major social problems. The Communist Party leadership has therefore promoted a new mode of development known as "scientific development" (*kexue fazhan*).
- 1.5 The new plan has roused interest both inside and outside China. In economic terms, the new plan channels resources to new priority areas, and thus will have a major economic impact. Politically, the plan will serve as a test of the current leadership's ability to lead the country's development in a more healthy direction.
- 1.6 However, it remains unclear how the Hu-Wen leadership will formulate these new policies. To transform from one development mode to another involves changes not only in concept, but also in interest redistribution. Strong resistance from different levels of governments are expected. To be effective, the new concept must first be acceptable to China's huge bureaucratic network.
- 1.7 More importantly, Chinese society faces severe social crises of various kinds already, which need to be handled by urgent reforms. It is a critical question whether the new development mode can effectively cope with these social crises.

* Yongnian Zheng is Professor and Head of Research, China Policy Institute, University of Nottingham.

The First Major Hu-Wen Policy Initiative

- 2.1 While the Hu Jintao-Wen Jiabao leadership took office as early as 2002, the 11th Five Year Plan is seen as their first major policy initiative. The 16th Party Congress in 2002 witnessed a partial transfer of power: although Hu was selected as the Party-Chief, Jiang Zemin stayed on as the Chairman of the Central Military Commission (CMC), stepping down only during the Fourth Plenum in 2004 (Appendix 1). The Hu-Wen leadership was thus unable to exercise full control over China's policy agenda until after the Fourth Plenum of the 16th Central Committee. With Hu now in firm control of the political leadership, he needs to show that he can deliver on the policy promises that he has made since coming to power.
- 2.2 Following the late Chinese leader Deng Xiaoping's call for rapid economic development, the CCP under the leadership of Jiang Zemin put economic growth as the party's top priority. Measures and policies were implemented with the sole purpose of achieving this goal. The performance of local officials was assessed primarily by the growth rate of GDP. This gave local officials the incentive to pursue and to demonstrate high growth by all available means.
- 2.3 To these local officials, the end often justifies the means; the economic performance of their regions takes precedence over other considerations, including macro-economic policy coordination. This single-minded pursuit of growth has often compromised efficiency and sound economic thinking for the sake of quick apparent successes. Local governments have not only lowered the efficiency and effectiveness of their policies by competing with one another to reduce production costs, they have also incurred huge resource and environmental costs.
- 2.4 The high economic growth achieved in the past decades did not benefit all social groups equally. The party policy has to-date favoured the newly rising social classes, particularly the private entrepreneurs. The Jiang Zemin leadership successfully justified the development of a private sector, and reversed the CCP's age-old taboo against private entrepreneurs joining the Party. The National People's Congress (NPC) in 2004 gave constitutional protection to private property rights for the first time.
- 2.5 Consequently, the interests of farmers and urban workers were gradually marginalized in China's policy priorities. This has led to an increase in the rift between different social groups, and generated social discontent. Social protests have become more prevalent, and social instability has become a critical concern.
- 2.6 The current party leadership seems well aware of all these problems. When Hu Jintao came to power, he tried to establish a pro-people image for the party by shifting policy priority to the lower social classes. But the central theme of the Second Plenum in 2003 remained administrative reform, while the focus of the Third Plenum the same year was a constitutional amendment in favour of entrepreneurs.
- 2.7 Only at the Fourth Plenum in 2004, when Jiang fully retired, did Hu begin to address the issue of strengthening the party's governing capability. The new leadership, in addition to establishing more efficient government, urgently sought to address the issue of an increasingly divided society. The Fourth Plenum called for the party to mobilize all factors to build a harmonious society. This was the first time since the Deng Xiaoping reforms of 1978 that an issue of such a nature was placed at the top of the party's political agenda.
- 2.8 In line with the new concept of "harmonious society," the leadership also proposed the so-called "new three people's principles" (*xin sanmin zhuyi*) -- power to be exercised by the people, concern to be showed for the people, and benefits to be enjoyed by the people. In the last two years, the government has implemented several policies in favour of the lower social classes, such as establishing a basic social security system in rural China, exempting all agricultural taxes, and

providing poor students in rural primary and secondary schools with free textbooks.

- 2.9 Yet, the Fifth Plenum is all-important for the Hu-Wen leadership. The 11th Five Year Plan is the first major policy package by this leadership and it will serve as a roadmap for China's social and economic developments in the ensuing five years. This new policy package attracted interest from different social groups in China. The stakes are high as they scour through the details to see who stands to gain from the package. Prior to the event, some social groups had voiced strong opinions and provided substantial input to the policy package.
- 2.10 To give credence to their efforts, most members of the Standing Committee of the Political Bureau – the most powerful decision-making body in China – made field investigations in various parts of the country. Hu Jintao and Wen Jiabao themselves went to rural areas to listen to local government officials and farmers on their opinions about the country's development.¹ According to the official Xinhua News Agency, 4.12 million Chinese citizens, in some way or other gave their opinions on the draft of the 11th Five-Year Plan before the Plenum took place.

Sustainable Development through a New Mode

- 3.1 As a latecomer in global trade and commerce, China's achievements in the past two decades have been phenomenal. Its average annual economic growth was 9.4 percent between 1978 and 2004. China is now the world's sixth largest economy and the third largest trading country. However, the old mode of high input, high consumption and low output that had boosted China's economic growth so far often came under heavy criticism for its inherent instability and non-sustainability.
- 3.2 For example, according to official statistics, in 2004, to generate each US\$1 worth of GNP (gross national product), China consumes 4.3 times as much coal and electricity as the United States, 7.7 times as much as Germany and France, and 11.5 times as much as Japan.²
- 3.3 Such a mode of development is unsustainable. China has become a major global consumer of energy resources. International energy institutions predict that from 2002 to 2030, around 21 percent of the world's new demand for energy resources will come from China. In 2004, nearly 50 percent of the petroleum used in China was imported.³ Many areas of China, particularly rich coastal provinces such as Zhejiang and Jiangsu, were hit by energy crises as supplies failed to keep up with economic growth. Chinese experts argued that in the long run, even if the international market could meet China's burgeoning demand for raw materials and resources, the country would suffer heavy ecological and environmental damage due to its fast industrial growth.⁴ Indeed, China's low labour costs and favourable inward investment policies often attracted industries that sought to take advantage of lax or ineffectual environmental regulations, resulting in serious contamination of land and the pollution of water resources.
- 3.4 The Hu-Wen leadership therefore saw the need for a new mode for development, calling it "scientific development". Unlike previous five-year plans which focussed only on rapid economic development, the new plan places special emphasis on new sources of growth such as innovation by Chinese companies and technological

¹ Xinhua, "Chinese President stresses scientific concept of development," 3 October 2005; Xinhua, "Chinese Premier visits rural residents on National Day," 3 October 2005.

² *People's Daily Online* (English Edition), "10 key words depicting China in '10th Five-Year Plan' period," 30 September 2005.

³ Xinhua, "China approves proposals on 11th Five-Year Plan," 11 October 2005.

⁴ Ibid.

upgrading throughout the economy, although carefully presented as not deviating in any way from the Deng Xiaoping line of “development as the hard principle.”

- 3.5 According to a statement issued by the Plenum, the growth in per capita GDP should be grounded in improved economic structure, increased efficiency and reduced energy consumption. Over the next five years, China will raise energy efficiency and cut the per unit GDP energy consumption by about 20 percent.
- 3.6 The new plan stresses the importance of independent innovation. In other words, China needs to change from excessive dependence on the input of funds and natural resources, and pressure on the environment, to greater reliance on quality and technological progress. In August this year when visiting Henan, Jiangxi and Hubei provinces, Hu Jintao focused on how to enhance innovative capabilities. He stressed that independent innovation was the key to scientific and technological development and the central link to a new model of economic growth.⁵
- 3.7 The knowledge economy will also play a major role in China’s sustainable development. According to the new plan, by the end of 2010, China should develop a group of enterprises that have stronger international competitiveness, proprietary intellectual property rights and famous brands such as Lenovo and Haier.
- 3.8 But more than anything else, the new mode of growth must be people-oriented. This new mode is to achieve the “five balances,” namely balanced urban and rural development, balanced development among regions, balanced economic and social development, the balanced development of man and nature, and a balance between domestic development and China’s opening to the outside world. The aim is to build a society that conserves resources and is environmentally friendly.

Narrowing the Rich-Poor Gap

- 4.1 In the early days of China’s economic reforms, Deng Xiaoping proposed the principle of enriching a handful of individuals and regions in order to jump-start China’s economic revival, and saw to it that this principle was followed through during his tenure. For Deng, this was a practical issue: special economic structures needed to be in place to spur certain individuals and organisations to help to lift the country out of absolute poverty. This ushered in the era of Special Economic Zones (SEZs). All subsequent five year plans (the 6th to 10th) overwhelmingly focused on rapid economic growth.
- 4.2 Compared to all previous five-year plans since the reforms and the open-door policy, the 11th Five-Year Plan places much greater emphasis on social development. Previous plans have created a deep division within society by benefiting a narrow social sector. This has bred a large group of “have-nots” who are highly discontented. This social division is particularly apparent in the area of income disparity.
- 4.3 While income disparity has been a long-standing issue, it has gained special attention since the Hu-Wen leadership came to power and put a high priority on bridging the rich-poor gap. A series of high-profile measures were taken such as the removal of agricultural taxes and Wen Jiabao’s well-publicised efforts to procure the back-payment of wages owed to urban workers.
- 4.4 Despite such efforts by the leadership, the results are often less than satisfactory. While annually, 1.5 million Chinese were lifted out of poverty between the years 2001 to 2004, the income divide among Chinese citizens has widened sharply.

⁵ Xinhua, “Hu Jintao: jianchi yi kexue fazhanguan tongling fazhan quanju” (“Hu Jintao: To lead China’s development from a scientific development perspective”), 23 August 2005.

China's Gini Coefficient⁶ is 0.45, according to statistics from the United Nations Development Program. The bottom 20 percent of China's income-earners earn a mere 4.7 percent of the total income; while the top 20 percent of China's income-earners take home 50 percent of the total income.⁷ As of July this year, Chinese rural areas still had over 26.1 million people living in absolute poverty, and China was still home to 18 percent of the world's poor.⁸

- 4.5 To compound the issue, the manner in which some of China's wealthy have enriched themselves has severely undermined social justice. While it is recognized that many private individuals attain affluence due to talent and diligence, many others accumulated wealth simply because they happened to work for monopoly companies, colluded with officials in corrupt power-for-money deals, or stole state assets.⁹
- 4.6 Such a situation is detrimental to social harmony. The Study Times (*Xuexi shibao*), a journal sponsored by the Central Party School – the most important think tank for the Hu-Wen leadership – recently carried an article warning against widening social divisions. It cautioned that as China's per capita GDP rises above 1,000 US dollars and is expected to reach 3,000 US dollars in 2020, society is becoming a hotbed of emerging social conflicts. Indeed, many observations today appear to back that argument.¹⁰
- 4.7 To avoid further polarization of society, the 11th Five Year Plan decided to replace "letting some people and some regions get rich first" with "common prosperity" – the lesser-known half of Deng's policy doctrine. The Party propaganda machine has also reoriented itself to promote this change.
- 4.8 Several components make up this new social engineering program. The first is a continuation of previous efforts to develop the inland regions. From the 1998 strategy of Western Development (*xibu kaifa*), to the revival of Northeast China (*zhenxing dongbei*) and the promotion of the rise of Central China (*zhongbu jueqi*) as recently as 2003, these programs have channeled enormous amounts of state resources to improve the economic infrastructure in these regional backwaters. The 11th Five Year Plan declared that the government will continue to put emphasis on these regions in the years to come.
- 4.9 The government has also begun to revise the income tax law. Prior to the Fifth Plenum, China's top legislative body, the Standing Committee of the National People's Congress, held a hearing on personal income tax. The hearing proposed to increase the income tax threshold from 800 *yuan* (about 100 US dollars) to 1,500 *yuan* (about 187.5 US dollars). The government is also considering motions to raise consumption taxes and levy inheritance tax as ways to narrow the rich-poor gap.
- 4.10 Another policy area that was covered by 11th Five Year Plan relates to urban employment and re-employment. Despite rapid economic expansion, China's unemployment among urban citizens (excluding the rural population and rural migrant workers in cities) continues to grow. In urban areas, unemployment has

⁶ Gini Coefficient is a statistical measure of inequality in which zero expresses complete equality while one expresses complete inequality.

⁷ *People's Daily Online*(English Edition), "Party school journal warns against China's widening income gap," 20 September 2005.

⁸ The World Bank, "Wolfowitz Leaves for Major Asia-Europe Trip," Washington, DC: The World Bank, October 7, 2005.

⁹ *People's Daily Online*(English Edition), "Party school journal warns against China's widening income gap," 20 September 2005.

¹⁰ *Ibid.*

become a major source of urban poverty. These new urban poor pose new threats to social stability. The leadership has grasped the importance of controlling extreme urban poverty.

- 4.11 In addition, the plan calls for greater efforts to improve the urban health care system. A new system of medical care has not yet materialised after the old system was dismantled by the reform policy. The situation has reached such a critical state that during the period from 1993 to 2003, the population with no access at all to medical insurance in urban areas rose from 96.5 million in 1993 to a staggering 300 million in 2003.¹¹ Rapid action is required to avoid social meltdown on this crucial issue.

Building a New Rural Society

- 5.1 On rural development, the 11th Five-Year Plan adopted a new concept known as "building a socialist new rural society" (*jianshe shehui zhuyi xin nongcun*) to highlight the importance of rural development. Although the concept has been raised in various discussions on rural problems, it has now been endorsed by the leadership and incorporated officially into the Party document.
- 5.2 Rural problems used to top the agenda for the CCP leadership, especially in the 1980s under the late former premier and Party chief, Zhao Ziyang, who died earlier this year under house arrest. But since his fall from grace in 1989, rural issues have been relegated to the sidelines. Rural development gave way to the single-minded pursuit of economic modernisation.
- 5.3 Rapid industrialization and urbanization had a major impact on rural China. Drastic changes swept through rural areas. China's total arable land decreased considerably, dropping from 1.7 billion *mu* (113 million hectares) in 1998 to less than 1.5 billion *mu* (100 million hectares) in 2003.¹²
- 5.4 As more arable land is subsumed by urbanisation, issues related to the use of land have become a major source of disputes between the public and the government. Rural protests have become a common feature of rural life in China. Some recent examples include: on 10 April 2005, 20,000 peasants drove off 1,000 riot police in Zhejiang province to defend their land from public requisition; on 11 June, six farmers died in a fight with armed men in Shengyou, Hebei Province; on 6 July, several thousand farmers stood against 600 policemen in Guangdong; on 20 July, near Beijing, hundreds of people blocked access to their land that had been reassigned for the 2008 Olympics.¹³
- 5.5 Such incidents jeopardise China's rural stability and can potentially undermine China's economic development. Since Hu Jintao and Wen Jiabao came to power, the central government has put the issues of the so-called "*san nong*" (agriculture, rural areas and farmer) back to the top of its agenda. On March 5, 2005, Wen Jiabao announced in his government work report a nation-wide exemption of agricultural taxes in 2006. He also set plans in motion to abolish all agricultural tax within three years instead of the projected five. To date, 28 provinces have formally passed measures exempting the levy of agricultural tax.¹⁴
- 5.6 To achieve the vision of a "socialist new rural society", the 11th Five Year Plan calls upon governments at all levels to provide necessary public services to rural residents. Particularly important is the establishment of a basic social security

¹¹ Xinhua, "New Five-Year Plan to see revolutionary changes," October 12 2005.

¹² *People's Daily Online*, "10 key words."

¹³ BBC News, "Attacks on Chinese police rising," 28 October 2005.

¹⁴ *People's Daily Online*, "10 key words."

network. According to official statistics, in the decade between 1993 and 2003, the number of people in China with no access to medical insurance increased from 900 million to one billion -- from 67.8 percent to 80.7 percent of China's total population -- a pressure acutely felt during the 2003 SARS (Severe Acute Respiratory Syndrome) crisis.¹⁵ Needless to say, the majority of those without medical insurance are rural residents.

- 5.7 Since the SARS crisis, the Chinese government has improved health services in rural China. By the end of 2004, China had established 1,410 county-level and 250 provincial- and municipal- (prefecture-) level disease prevention and control centres. About 290 first-aid centres are also under construction.¹⁶ However, China is still years away from a nationwide health care and social security system. For example, according to the latest official statistics, only 15% of the total population is covered by the existing pension security system, a rate much lower than a 20% minimum coverage standard by the International Labour Organization.¹⁷
- 5.8 The role of the industrial sector in building a socialist new rural society was also mentioned in the 11th Five Year Plan. According to the Plan, industry is required to help achieve this, and the more developed urban areas should support the underdeveloped rural areas. This will help push governments at different levels to channel more resources into the rural sector.

Urgent Tasks Ahead

- 6.1 The 11th Five Year Plan is the Hu-Wen leadership's first attempt to systematise and package its policy philosophy since it came to power. Judging from the reactions from various sources, the product appears quite popular. Nevertheless, many challenges stand in the way of the full implementation of this policy package.
- 6.2 This is the first time since the five-year plan system came into being that the term "*guihua*" has been used instead of "*jihua*". While both can be translated as 'plan' in the English language, they are semantically different in Chinese. "*Jihua*" often refers to a set of *concrete plans* that have covered implementation in detail, whereas "*guihua*" implies no more than a set of *regulatory guidelines* subject to reinterpretation and change. Indeed, years of economic liberalisation have taught the Party the limits of governmental intervention in its fast-changing economy. However, does it also mean that the 11th Five Year Plan is different from the previous plans in terms of policy implementation?
- 6.3 As with all five year plans, this is a plan from above, even though a degree of social participation took place prior to the Plenum. Given China's political, social and economic conditions today, it remains a big question whether the central government can implement such an ambitious plan. While the Hu-Wen leadership has so far been popular among many social groups, its capability in policy implementation remains open to question. As in the case of macro-economic control (*hongguan tiaokong*), strong local resistance has impeded implementation.
- 6.4 Local resistance is partly due to vested local interests, and partly due to the growth of market mechanisms. Especially owing to the latter factor, the central government has been rendered less relevant in regulating local economic activities. Nowadays, local governments often appeal to market mechanisms to turn Beijing away. "Let the market, not the government, decide supply and demand" has become their excuse to protect local interests.

¹⁵ Xinhua, "New Five-Year Plan."

¹⁶ *People's Daily Online*, "10 key words."

¹⁷ Xinhua, "Only 15% of the population covered by the existing pension system in China," 9 November 2005.

- 6.5 Will the Hu-Wen's popular policy package eventually materialize? It is too early to tell. At the Fifth Plenum, while there were no personnel changes at the top level, Hu is believed to be firmly in control, and does not need major personnel changes to consolidate his power. None of China's current top leaders in the political bureau can possibly challenge Hu's power. Nevertheless, Hu's faithful followers in the party and state hierarchies still fall short of the mass required to ensure full implementation of his policies. Under the principle of collective leadership within the Party elite, a major personnel reshuffle is highly unlikely just for the sake of policy implementation.
- 6.6 The Hu-Wen leadership has so far been successful in projecting a pro-people image. While such efforts have conferred much-vaunted legitimacy to the leadership, they have raised social expectations, especially among disgruntled farmers and urban citizens. To date, popular demands remains unfulfilled despite efforts to reform, creating an environment ripe for collective action.
- 6.7 China now faces a new wave of social protests and violence. *Outlook Weekly*, a Chinese Communist Party mouthpiece, reported that China experienced more than 58,000 major incidents of social unrest in 2003—up 15 percent from a year earlier, with more than three million people taking part in the protests.¹⁸ Most recently, Zhou Yongkang, China's Public Security Minister and Member of the Political Bureau, quoted a figure of 74,000 in 2004, a 28 percent jump from the previous year.¹⁹ Attacks on Chinese policemen left 23 dead and 1,800 injured in the first half of 2005 alone.²⁰
- 6.8 Public awareness of civil rights has risen in China over the last few years, and this has resulted in a corresponding rise in civil disobedience. Disputes between the public and the authorities are increasing over issues such as corruption and land appropriation.
- 6.9 Moreover, despite its populist approach, the current leadership is reluctant to empower ordinary citizens. In order to counter local resistance, the leadership turns to popular support; but when people are mobilized, the leadership begins to worry about social order and stability. It thus has to delicately balance its dual role as *agent provocateur* and defender of public order at the same time. As the recent Taishi event shows, ordinary citizens are still powerless against local strongmen who abuse their power.²¹
- 6.10 The Party leadership is unlikely to empower Chinese citizens beyond certain limits. Without participation from below, the leadership faces massive hurdles in policy implementation. With the majority of the Chinese population excluded from the political process, there is little chance for a pro-people policy package to succeed. In other words, without substantial political reforms, pro-people policies are likely to remain more rhetoric than reality.

¹⁸ Reuters, "China to curb demolitions to defuse unrest," 15 June 2004.

¹⁹ *Ta Kung Pao* (Hong Kong), "Quntixing shijian duofa jidai guanzhu (The rising incidences of mass movements deserve much attention)," 6 July 2005.

²⁰ BBC News, "Attacks on Chinese police rising," October 28, 2005.

²¹ *Mingpao*, Hong Kong, 10 October 2005. In Taishi village in Guangdong province, villagers staged sit-ins and hunger strikes in protest at the village chief, whom they accused of embezzlement. Villagers submitted a petition to remove the village chief, but the petition was rejected and several villagers were arrested. Although the case has made waves in China, the leadership did not show any support to the villagers.

Appendix 1: Plenary Sessions of the Sixteenth Central Committee of the CCP		
Plenary session	Time	Main themes and contents
Fifth Plenum	Oct. 8-11, 2005	The submission of The 11 th Five-Year Plan (2006-2010)
Fourth Plenum	Sept. 16-19, 2004	The approval of the decision on strengthening the CCP's capacity to govern the country. Jiang Zemin resigned from his last official post as Chairman of the Central Military Commission (CMC) and Hu Jintao was appointed CMC Chairman
Third Plenum	Oct. 11-14, 2003	The approval of the decision on improving a socialist market economy, and the decision on a constitutional amendment
Second Plenum	Feb. 24-26, 2003	The approval of the decision on deepening administrative and organizational reforms, the decision on the structural reform of the State Council.
First Plenum	Nov. 15, 2002	The election of the new Central Committee. Hu Jintao was elected to replace Jiang Zemin as Secretary in General of the CCP, Wen Jiabao was selected to replace Zhu Rongji as Premier. Jiang Zemin remained Chairman of CMC
Source: complied by the author		

Appendix 2: Key targets in the 11th Five Year Plan	
• GDP	Doubling the GDP of 2000 by the end of 2010
• Energy consumption	Reducing per unit energy consumption by 20% in 2010
• Enterprises	Forming a group of enterprises that have stronger international competitiveness, proprietary intellectual property and famous brands
• Industrial policies	Emphasizing enterprises' independent innovation; increasing R&D input; prioritizing the information sector; promoting the services sector; improving the industrial infrastructure
• Balanced development	Achieving "five balances": balanced urban and rural development, balanced development among regions, balanced economic and social development, the balanced development of man and nature, and a balance between domestic development and China's opening to the outside world
• Coordinated Regional development	Continuing the strategy of developing the West; reviving the northeast region; promoting the rise of central China
• Urbanization	Promoting the formation of city groups in the Pearl River Delta, the Yangtze River Delta and the Bohai Sea area
• Energy-saving and environment friendly society	Developing the circular economy; implementing effective policies for environment protection
• "Socialist new rural society"	Establishing an effective public health system; extending social security to rural areas; implementing new fiscal reforms; improving the rural infrastructure; providing public services
• "Harmonious society"	Pursuing the goal of social justice; expanding employment; improving the social security system; achieving fair income distribution
Source: complied by the author	