

Need for Reform and Governance Capacities in Asia

Country Report China



Authors



Aurel Croissant is Professor of Political Science and Vice Dean of Research at the Faculty of Economics and Social Sciences, Ruprecht-Karls-University, Heidelberg. His main research interests include the comparative analysis of political structures and processes in East- and Southeast Asia, the theoretical and empirical analysis of democracy, civil-military relations, terrorism and political violence. Aurel Croissant has published 21 monographs, edited volumes and special issues of German and international journals, and over 150 book chapters and journal articles. His research has been published in German, English, Spanish, Korean, Indonesian and Russian. His articles have appeared in refereed journals such as *Party Politics*, *Democratization*, *Politische Vierteljahresschrift*, *Contemporary Southeast Asia*, *Asian Perspective*, *Electoral Studies*, *Pacific Review*, *Armed Forces & Society*, *Studies in Conflict and Terrorism*, *Terrorism and Political Violence*, *Zeitschrift für Internationale Beziehungen*, *Zeitschrift für Politikwissenschaft*, *Zeitschrift für Vergleichende Politikwissenschaft*, *Asian Journal of Political Science* and *Japanese Journal of Political Science*.



Sebastian Heilmann is Professor for Comparative Government and the Political Economy of China at the University of Trier, Germany. He has published extensively on China's political system, political economy and economic policymaking. Together with Elizabeth J. Perry, he co-edited the volume *Mao's Invisible Hand: The Political Foundations of Adaptive Governance in China* (Harvard University Press 2011). Currently, he is heading a multi-year research group project on "Industrial and Technology Policies of the People's Republic of China" that is funded by the German Federal Ministry of Education and Research



Dirk Schmidt holds a PhD in Political Science and is tenured Senior Lecturer at the Chair for Comparative Government and Political Economy of China at Trier University. His current research deals with China's political economy and foreign economic relations. His latest publication, co-authored with Sebastian Heilmann, is "China's Foreign Political and Economic Relations" (Wiesbaden: VS Verlag, 2012; in German).



Yasheng Huang is the International Program Professor in Chinese Economy and Business and a Professor of Global Economics and Management at the MIT Sloan School of Management. Together with other scholars, has conducted research on a range of topics, including higher education in China, the production of scientific knowledge in China, entrepreneurship and foreign direct investment. Professor Huang founded and runs the China and India Labs at the MIT Sloan School, which aim to help entrepreneurs in China and India improve their management. In 2010, he was named one of the most outstanding scholars in the United States conducting research on issues of policy importance to the United States by the National Asia Research Program.

SGI Project Team



Najim Azahaf is a graduate in Social Science and student of the Executive Master of Public Management at the Hertie School of Governance. He has worked as project manager with the Sustainable Governance Indicators project (SGI) at the Bertelsmann Stiftung in Gütersloh, Germany since 2010. He is responsible for the special SGI studies assessing and comparing policy performance and governance capacities in BRICS countries as well in economic powers in Asia. Most pertinent to his commitment to international efforts for good governance and sustainable development was his engagement at the Institute for Development and Peace (INEF). At this think tank, he worked as the assistant to the director for many years. In addition, he gathered practical experience in Germany and abroad by working with several organizations for international cooperation such as the German Agency for Technical Cooperation (GTZ, Nairobi), Capacity Building International (InWEnt), and the German NGO Welthungerhilfe.



Daniel Schraad-Tischler joined the Bertelsmann Stiftung in Gütersloh, Germany in 2008. He heads the Stiftung's "Sustainable Governance Indicators" (SGI) project, a cross-national comparison of policy performance and governance capacities in the OECD. Daniel Schraad-Tischler holds a PhD in Political Science from the University of Cologne (Faculty of Management, Economics, and Social Sciences) as well as a master's in Political Science, History and German Literature (Cologne). His main areas of research are good governance, sustainable development, and EU politics, as well as cross-national comparisons of social justice and equality of opportunity. Before joining the Bertelsmann Stiftung, he worked as a research associate at the Jean Monnet Chair for Political Science and European Affairs at the University of Cologne. Daniel Schraad-Tischler also gained project management experience at the European Parliament and at Bayer AG.

Assessment Overview

Status Index

Quality of Democracy

S 1	Electoral Process	1.1	1.2	1.3	1.4		
S 2	Access to Information	2.1	2.2	2.3			
S 3	Civil Rights	3.1	3.2	3.3			
S 4	Rule of Law	4.1	4.2	4.3	4.4	4.5	4.6

Policy Performance

Economy and Employment

S 5	Economy	5.1	5.2	5.3	5.4	5.5		
S 6	Labor Market	6.1	6.2	6.3	6.4	6.5	6.6	6.7
S 7	Enterprises	7.1	7.2	7.3	7.4	7.5	7.6	
S 8	Taxes	8.1	8.2	8.3	8.4	8.5	8.6	
S 9	Budgets	9.1	9.2	9.3	9.4	9.5	9.6	

Social Affairs

S 10	Health Care	10.1	10.2	10.3	10.4	10.5	10.6	
S 11	Social Inclusion	11.1	11.2	11.3	11.4	11.5	11.6	10.7
S 12	Families	12.1	12.2	12.3	12.4	12.5		
S 13	Pensions	13.1	13.2	13.3	13.4	13.5		
S 14	Integration	14.1	14.2	14.3	14.4	14.5		

Security

S 15	External Security	15.1	15.2	15.3			
S 16	Internal Security	16.1	16.2	16.3	16.4	16.5	

Resources

S 17	Environment	17.1	17.2	17.3	17.4	17.5	17.6
S 18	Research and Innovation	18.1	18.2	18.3	18.4	18.5	18.6
S 19	Education	19.1	19.2	19.3	19.4	19.5	19.6

Management Index

Executive Capacity

Steering Capability

M 1	Strategic Capacity	1.1	1.2	1.3				
M 2	Inter-ministerial Coordination	2.1	2.2	2.3	2.4	2.5	2.6	2.7
M 3	Evidence-based Instruments	3.1	3.2	3.3				
M 4	Societal Consultation	4.1						
M 5	Policy Communication	5.1						

Policy Implementation

M 6	Effective Implementation	6.1	6.2a	6.2b	6.2c	6.2d	6.3a	6.3b	6.3c
-----	--------------------------	-----	------	------	------	------	------	------	------

Institutional Learning

M 7	Adaptability	7.1	7.2					
M 8	Organizational Reform Capacity	8.1	8.2					

Executive Accountability

Citizens

M 9	Citizens' Participatory Competence	9.1	9.2					
-----	------------------------------------	-----	-----	--	--	--	--	--

Legislature

M 10	Structures and Resources of Legislative Actors	10.1	10.2	10.3	10.4	10.6		
M 11	Legislative Accountability	11.1	11.2	11.3	11.4	11.5	11.6	11.7

Intermediary Organizations

M 12	Media	12.1	12.2	12.3				
M 13	Parties and Interest Associations	13.1	13.2	13.3				

Executive Summary

Since 1978, China has experienced a period of continuously high economic growth. Per capita GDP has grown significantly since 1980, and about 400 million Chinese have escaped absolute poverty. Large investments are made pragmatically, and the infrastructure is improving rapidly. In addition, other indicators such as the number of patent applications, the country's Human Development Index (HDI) ranking and the economy's share in world trade volumes also testify to the success of China's development efforts. Forecasts of the point at which China will overtake the United States as the world's strongest economic power have repeatedly been revised closer toward the present. Optimistic assessments of China's prospects for sustainable future development frequently point out that inefficiencies in China are not so serious as to threaten these positive developments, since unutilized capacity remains more substantial than inefficiencies. The often-made forecasts that the People's Republic is in a state of near economic collapse are thus overly pessimistic, or in some cases even "wishful thinking."

The Chinese economy has succeeded in controlling the effects of the post-2008 global financial and economic crisis, showing double-digit growth rates attributable in part to a comprehensive economic stimulus package of about CNY 4 trillion. Throughout 2011, China continued to lead the world economy, generating a growth rate of 9.2%. Though waning demand and investment from European countries and the United States have slightly weakened the export-driven Chinese economy, simultaneous increases in domestic spending have cushioned the overall detrimental effect on the world's second-biggest economy.

However, these achievements cannot conceal serious shortcomings that call the sustainability of the country's governance system into question. The sustainability of the current development path also seems to be under threat, particularly by inequality levels that are rising precipitously, especially between urban and rural populations and between coastal provinces and the country's western regions. Resistance on the part of interest groups and the Chinese Communist Party's (CCP) own tendency to downplay the problem has prevented any change in this trend. The high share of government investment in economic growth, the related decrease in the consumption ratio and the underdeveloped status of the service sector are also problems. The state-controlled financial system is greatly in need of reform, but has come under the influence of powerful interest groups, raising further doubts as to developmental sustainability. Unsolved environmental problems and Chinese citizens' own sense of a gap between positive national economic developments and their own

deteriorating individual economic situations all contribute to concerns over the long-term viability of China's established governance practices and development model.

Ahead of the planned leadership change at the 18th CCP party congress due in fall 2012, no major political reforms were underway. In the run-up to the party congress the political atmosphere clearly hardened, and repressive measures were tightened. A series of local people's congress elections in 2011 saw a number of independent candidates competing and receiving substantial international media attention; however, these candidates were largely unsuccessful at the polls. Civil and human rights enshrined in the constitution and international treaties are still largely denied in practice. Rights activists and lawyers were subject to increasing repression in 2011. Official policies of increased political transparency and corruption prevention have not delivered meaningful results in terms of improving the quality of governance. Due to their links with the local party-controlled state bodies, courts are not reliable venues for the rectification of major grievances. Extrajudicial treatment by executive organs has become pervasive. Popular unrest has been triggered by social inequality, deepening regional developmental disparities, insufficient social security systems, corruption and environmental degradation, illegal land sales and – in China's western provinces of Tibet and Xinjiang – ethnic exclusion. These issues remain unresolved and pose an ongoing threat to regime stability.

Despite the liberalization and commercialization of the Chinese media that has taken place since the 1990s, the country's main TV, radio and print outlets are still under official control. Social media such as microblogging service Sina Weibo have gained importance as a result, as they provide an increasingly important forum for liberal thought and news circulation, mostly outside the reach of official censorship.

With regard to social services, major reforms are being undertaken in the health care sector. To date this has presented no unified picture, as many reform initiatives remain in experimental form. Social services continue to suffer from sharp differences in terms of provision in rural and urban areas, exacerbating the growing urban-rural income inequality, and complicating life for individuals who do not live at their place of registration. According to the results of the 2010 census, the number of migrant workers has climbed above 200 million. These individuals are effectively excluded from social services and health care at their place of residence. Reform of China's residence system, while seemingly inevitable, has not yet been enacted.

China's military budget further expanded in 2011, to an annual expenditure of more than \$100 billion. The country has in many cases been unwilling to compromise on its territorial claims, especially in the South China Sea, leading to a string of clashes between China and

its neighbors. Funding for domestic security has also increased, which points to a more assertive stance vis-à-vis ethnic or social problems and tensions.

Pollution problems continue to severely affect the ecosphere and the population's quality of life. Urban air pollution has drawn increasing attention in 2011. Ambitious environmental and climate policies have been promulgated, with renewable energies receiving active support. However, implementation of environmental policies overall has lagged. In general, the constant demand for growth, changing consumption patterns and above all China's coal-based energy mix have continued to hamper major advances in this area.

Outlook

Throughout 2011, China's economic development and transformation continued to advance at an impressive pace. Although growth rates did slow, China managed to escape the economic downturn faced by the euro zone and the U.S. economy. In 2012, however, major challenges proved imminent, and indeed may prove to be a watershed year for China's economic policymakers. Mounting pressures associated with weakening global demand for Chinese goods, sluggish domestic investment and lower growth in major emerging economies (such as Brazil and India) cast a significant cloud over the future of Chinese exports growth. While land and housing prices began to fall markedly as a result of central government policies, this in turn affected heavily indebted local governments that depend on land sales for a large part of their finances. In the medium term, the extent of public debt will raise risks not just for the sustainability of local government funding, but also for the state-controlled banking system that provided the bulk of the loans enabling China's 2008 – 2010 stimulus.

In the face of growing social inequality, and with the advent of new communication tools such as microblogs, social discontent is becoming more widespread. In addition, severe ethnic tensions persist. In order to defuse public grievances, the authorities have put a stronger emphasis on public security and party leadership of social organizations.

Regarding social cohesion and public safety – both crucial in enabling sustainable development – China still demonstrates relatively low levels of violent crime (identifiable by murder rate) by international standards. The hukou household registration system disadvantages migrant workers, however, and has thus contributed to increasing crime rates, especially in large cities. Corruption and legal uncertainty in China are both major problems that hold strong potential for protests. In recent years, the annual number of protests has

increased rapidly up to 100,000 a year, at times turning violent. The conflicts in Tibet and Xinjiang, as well as other ethnic conflicts in Inner Mongolia, parts of Yunnan and between the Muslim Hui Han and Tibetans have created additional security risks.

However, the government has failed to propose any viable approach to political reform or public redress of the above-noted problems. Consequently, its credibility has come under strain. Burgeoning corruption and inefficient countermeasures have further exacerbated discontent among growing portions of Chinese society. The Internet community has recently begun to wield appreciable influence. For example, a woman who fatally stabbed a party member in self-defense was pardoned after an uproar in the Internet community. However, it must be remembered that these groups still represent a relatively low proportion of the population as a whole.

If sustainable governance is to be attained, China's leadership must take action on a number of wider issues. For the economy, an increase in citizens' incomes is essential in order to spur domestic consumption, promote social equity and lessen the dependency on export growth. Social security systems have to be expanded in order to relieve families of financial pressure. Environmental protection must remain high on the government's agenda, as ecological damage seriously jeopardizes economic and social viability in many regions. Citizens' discontent will have to be met with new activities and institutions aimed at redressing grievances without reverting to repressive means.

With the 18th party congress and major leadership changes on all administrative levels coming up in fall 2012, the authorities are struggling to hold on to what remains a tenuous balance. To date, economic success has bolstered government stability. The central government has initiated a series of macroeconomic measures, such as a tightening credit volume and consolidating the urban housing market, designed to keep inflation under control and investment levels from overheating. In a time of heightened global economic risks and rising domestic tensions, governance continuity will be essential to navigate China through rough waters. In early 2012, discord as to the country's future development path surfaced among top-level leaders. Political infighting and indecision could prove highly detrimental given the instability and risks in the current international and domestic settings.

For the past three decades or so, the nature of governance in China has been characterized by the high adaptability and flexibility with which decision makers adapted to rapidly changing circumstances and to the intended or unintended consequences of their own development policies. The question that arises today is whether the Chinese leadership can continue to show this adaptability. This will be difficult faced with the complex challenges associated with integration into the international financial system (Shanghai is striving to become a global

financial center by 2018) and as the population becomes ever more networked. The key to governance system sustainability will be the CCP's ability to react quickly to changes in external circumstances. In 2008, China was able to introduce a huge economic stimulus without public debate. The cost was borne primarily by local governments, but led to the emergence of a real estate bubble, because the local governments were entitled to the proceeds of property sales. As previously, local governments (which had to finance 75% of the stimulus package) need capital, a fact that has led to overexpansion of the already potentially fragile public finance sector. Whether the Chinese government really has control of the situation – and whether it will be able to retain this control over the medium term – remains to be seen. Still, the debate over the sustainability of China's governance model is hardly new. After the 1989 student protests, after the collapse of the Soviet Union, during the Asian crisis in 1998, after China attained membership to the WTO (in 2001) and during the 2008 financial crisis, observers predicted the collapse of China's political and economic system. A similar debate occurred during the "Arab Spring" of 2011, when reactions from Chinese bloggers to the catastrophic train accident of July 28, 2011 led some media pundits and observers to argue that China could soon expect a "Chinese Spring." However, no such event came to pass, and as this report shows, policymakers' efforts to perpetuate the country's current governance practices can draw on considerable resources despite the daunting challenges ahead.

Status Index

Quality of Democracy

- S 1 Electoral Process
- S 2 Access to Information
- S 3 Civil Rights
- S 4 Rule of Law



S 1 Electoral Process

S 1.1 Candidacy Procedures

How fair are procedures for registering candidates and parties?

Everyone has equal opportunity to become a candidate for election. The registration of candidates and parties may be subject to restrictions only when in accordance with law and if deemed reasonably necessary in a democratic society. This includes protecting the interests of national security or public order, public health or morals, or protecting the rights and freedoms of others.

Legal regulations provide for a fair registration procedure for all elections; candidates and parties are not discriminated against. **10**
9

A few restrictions on election procedures discriminate against a small number of candidates and parties. **8**
7
6

Some unreasonable restrictions on election procedures exist that discriminate against many candidates and parties. **5**
4
3

Discriminating registration procedures for elections are widespread and prevent a large number of potential candidates or parties from participating. **2**
1

non-applicable

Explanation:

Since China is not a democratic polity, free and competitive multiparty elections do not exist. Direct elections take place only up to the township level. However, even elections on the village level cannot be considered competitive or democratic, as the number of candidates seldom exceeds the number of available slots. In addition, as the village level is not a formal part of the country's administrative government structure, the elected village head only has the power to oversee local self-management. For all political matters, party secretaries are dispatched by the township-level representation of the Chinese Communist Party (CCP), effectively extending the party's reach to the village level and exercising factual political power vis-à-vis local village committees. Party secretaries are not directly elected by the general population and CCP organizations, even on the lower local levels of administration, are not subject to grassroots democratic procedures.

From the county level upward, People's Congresses (PC) are indirectly elected by congresses at the subordinate level. In addition to the CCP, there are eight so-called united front parties: the Revolutionary Committee of the Kuomintang, the China Democratic League, the China Democratic National Construction Association, the China Association for Promoting Democracy, the Chinese Peasants' and Workers' Democratic Party, the Zhigongdang or China Party for Public Interest, the Jiusan Society or September 3rd Society, and the Taiwan Democratic Self Government League. The united front parties are relevant only for the formation of the People's Political Consultative Conference (CPPCC). They are subordinated to the CCP, whose leadership role is enshrined in the constitution of the People's Republic of China (PRC). Leading officials in state and party organizations as well as state-controlled enterprises are recruited via the CCP's nomenklatura system.

According to the Chinese constitution and the election law, every Chinese citizen can in theory stand as a candidate as long as he or she is endorsed by a political party or an organization (or supported by at least 10 voters or deputies). Election commissions oversee the election proceedings, approving candidates and results.

However, these commissions are selected by local governments and remain under the strong influence of the CCP, and have in most cases denied independent candidates a place on the ballot. In practice, candidates at local levels running independently against candidates supported by the CCP are discriminated against. Numerous media reports indicate that in 2011 a record number of independent candidates tried to run for the local PCs (for a total of about 2 million seats), but faced unprecedented discrimination (even by PRC standards), with frequent harassment of candidates. This included the observation and in some cases even arrest of candidates by state security organs, closure of their communication channels,

pressure through candidates' employers, and even voter intimidation. Despite the international media attention, the official Chinese news agency Xinhua has denied the existence of "independent" candidates.

S 1 Electoral Process

S 1.2 Media Access

To what extent do candidates and parties have fair access to the media and other means of communication?

Every candidate for election and every political party has equal opportunity of access to the media and other means of communication, which allows them to present their political views and to communicate with the voters. Access to the media may not be restricted or refused on grounds of race, color, gender, language, religion, political or other opinions, national or social origin, property, birth or other status.

All candidates and parties have equal opportunities of access to the media and other means of communication. All major media outlets provide a fair and balanced coverage of the range of different political positions. **10**
9

Candidates and parties have largely equal opportunities of access to the media and other means of communication. The major media outlets provide a fair and balanced coverage of different political positions. **8**
7
6

Candidates and parties often do not have equal opportunities of access to the media and other means of communication. While the major media outlets represent a partisan political bias, the media system as a whole provides fair coverage of different political positions. **5**
4
3

Candidates and parties lack equal opportunities of access to the media and other means of communications. The major media outlets are biased in favor of certain political groups or views and discriminate against others. **2**
1

non-applicable

Explanation:

Since China is not a democratic polity, free, competitive multiparty elections do not exist. Direct elections take place only up to the township level. Independent candidates at the local levels have no access to the state-run media. Media reports on independent candidates are actively suppressed by propaganda authorities; indeed, *de facto* they are by and large not mentioned at all. Therefore, candidates are forced to rely upon alternatives, at the moment primarily the Internet and social media. These candidates often register thousands of supporters on microblogs (Sina Weibo being the most popular) who follow their posts. This has added considerable momentum to their campaigns. In many cases, popular microbloggers with several million regular followers have become independent candidates, such as Li Changpeng, a Sichuan sports commentator and social critic who ran in the local people's congress elections in 2011.

However, even these microblog posts often face censorship, while comparatively less prominent candidates' access to the Internet may be disabled, and their microblogs, blogs and all other sites or posts related to them shut down. Moreover, it is crucial to keep in mind that the overall number of independent candidates as well as the actual political impact of their candidacies on the ground remains limited, despite their visibility in the western media.

The microblog dynamic may have brought new attention to independent candidates' campaigns; however, these figures have failed to achieve any substantial changes in the composition of local people's congresses or in the political rights accorded to the general public to date.

S 1 Electoral Process

S 1.3 Voting and Registration Rights

To what extent do all citizens have the opportunity to exercise their right of participation in national elections?

To participate in national elections, every adult citizen must have the right to access an effective, impartial and non-discriminatory procedure for voting and voter registration. Voting rights also apply to convicts and citizens without a permanent residence in the country. No eligible citizen shall be denied the right to vote or disqualified from registration as a voter, otherwise than in accordance with objectively verifiable criteria prescribed by law, and provided that such measures are consistent with the State's obligations under international law. Every individual who is denied the right to vote or to be registered as a voter shall be entitled to appeal to a jurisdiction competent to review such decisions and to correct errors promptly and effectively. Every voter has the right of equal and effective access to a polling station or alternative voting method, including a feasible absentee voting option.

All adult citizens can participate in national elections. All eligible voters are registered if they wish to be. There are no discriminations observable in the exercise of the right to vote. **10**
9

The procedures for the registration of voters and voting are for the most part effective, impartial and nondiscriminatory, although occasional. **8**
7
Citizens can appeal to courts if they feel being discriminated. **6**

While the procedures for the registration of voters and voting are de jure non-discriminatory, cases of discrimination occur regularly in practice. **5**
4
3

The procedures for the registration of voters or voting have systemic discriminatory effects. Groups of adult citizens are de facto excluded from national elections. **2**
1

non-applicable

Explanation:

There are no direct national-level elections in China. Direct elections are held only for village councils, and there are additional elections for local people's congresses within counties, cities not divided into districts, municipal districts, townships, ethnic townships and towns. Deputies to provincial people's congresses, PCs in centrally administered municipalities (Beijing, Shanghai, Tianjin, Chongqing) and cities divided into districts are elected by the people's congresses at the next lower level. The right to register or be registered as a voter in subnational elections is codified in the Chinese national election law, and is valid regardless of a citizen's ethnic status, race, gender, occupation, family background, religious belief, education, property status or length of residence. However, the nomination of candidates, eligibility and election campaigns are still subject to local government and party control and manipulation (see "candidacy procedures" and "media access").

S 1 Electoral Process

S 1.4 Party Financing

To what extent is private and public party financing and electoral campaign financing transparent, effectively monitored and in case of infringement of rules subject to proportionate and dissuasive sanction?

This question refers to the obligations of the receiving entity (parties and entities connected with political parties) to keep proper books and accounts, to specify the nature and value of donations received and to publish accounts regularly.

Please note that this question also includes an assessment of how effectively funding of political parties and electoral campaigns is supervised (monitored by an independent body such as electoral or parliamentary commission, anti-corruption body, audit institution etc. with checking, investigative, sanction and regulatory powers) and infringements are sanctioned (taking into account administrative, civil and criminal liability).

The state enforces that donations to political parties are made public and provides for independent monitoring to that respect. Effective measures to prevent evasion are effectively in place and infringements subject to effective, proportionate and dissuasive sanctions. **10**
9

The state enforces that donations to political parties are made public and provides for independent monitoring. Although infringements are subject to proportionate sanctions, some, although few, loopholes and options for circumvention still exist. **8**
7
6

The state provides that donations to political parties shall be published. Party financing is subject to some degree of independent monitoring but monitoring either proves regularly ineffective or proportionate sanctions in case of infringement do not follow. **5**
4
3

The rules for party and campaign financing do not effectively enforce the obligation to make the donations public. Party and campaign financing is neither monitored independently nor, in case of infringements, subject to proportionate sanctions. **2**
1

non-applicable

Explanation:

There is no reliable information available on party financing in China, nor is there transparent regulation of the issue. The PRC is de facto a single-party state. There are no independent parties outside the CPP. The CCP (as well as the eight dependent united front parties) is officially financed through membership fees, a limited volume of donations, earnings from party-owned businesses and, most significantly, through direct transfers from the state treasury that are about ten times the amount of total member fees. These budgetary transfers are not governed by any transparent regulatory system, and no legal procedure for supervision exists. Anecdotal evidence suggests that fund allocation procedures are not stable, and indeed appear to be ad-hoc at least on the local level.

S 2 Access to Information

S 2.1 Media Freedom

To what extent are the media independent from government?

This question asks to what extent are the media subject to government influence and the influence of actors associated with the government. The question focuses both on media regulation and government intervention. The rules and practice of supervision should guarantee sufficient independence for publicly owned media. Privately owned media should be subject to licensing and regulatory regimes that ensure independence from government.

Public and private media are independent from government influence; their independence is institutionally protected and respected by the incumbent government. **10**

9

The incumbent government largely respects the independence of media, but the regulation of public and/or private media does not provide sufficient protection against potential government influence. **8**

7

6

The incumbent government seeks to ensure its political objectives indirectly by influencing the personnel policies, organizational framework or financial resources of public media, and/or the licensing regime/market access for private media. **5**

4

3

Major media outlets are frequently influenced by the incumbent government promoting its partisan political objectives. To ensure pro-government media reporting, governmental actors exert direct political pressure and violate existing rules of media regulation. **2**

1

Explanation:

While the question of media freedom focuses on the traditional electronic and print media, in China the new social media have come to play a much more important role in unofficial, informal, and broad societal political debate than does traditional media. An astounding degree of diversity and pluralism can be found in China's social networks, which provide extremely lively alternative platforms for political debate. The social networks arguably influence political debate and government responses to social discontent and public outrage much more intensely than is the case in other OECD or emerging countries, since the traditional media are widely seen as sterile and ineffective.

All traditional media outlets are subject to direct party-state supervision and interference. CCP propaganda departments at all administrative levels directly interfere in media reporting. Censorship is especially strict when sensitive topics are concerned (e.g., the 1989 Tiananmen demonstrations, Tibet/Xinjiang, corruption cases involving top party cadres and their families). Propaganda departments often issue detailed obligatory phraseology. The official state-run media still functions according to a logic of "positive control" by framing certain issues according to the official agenda and acting as a political mouthpiece for the central government. However, as much of the media is administered on a local level, space for increased freedom of reporting has opened to some extent. For instance, in the comparatively liberal atmosphere of Guangzhou, the local government's political control tends to be more lenient, and as a consequence a number of critical, investigative and commercially viable media outlets have sprouted.

In politically less sensitive fields, especially in economic policy debates, public discussion over the course of China's policies does exist. Environmental degradation has been another field of intense coverage and discussion. Rural pollution scandals have been subject to investigative media reporting, as this is conducive to the central government's efforts to reign in pollution, particularly given that these scandals do not involve higher-ranking officials or endanger social stability on a national level. All in all, the ability to engage in open public debate is granted only within areas or issues of comparatively low political sensitivity, with the scope of discussion remaining subject to official definition.

In recent years, information, news and rumors have regularly been first disseminated through the Internet or weblogs, as in the case of the July 2011 Wenzhou train accident. In the Wenzhou case, leaked propaganda directives revealed that investigative reporting and commentaries on the high-speed rail crash that left 40 people dead and about 200 injured were severely censored, especially if they drew connections to China's ambitious program of high-speed rail network expansion. The initial news of the accident spread through the Sina Weibo microblog service, not through traditional media. Acting as an unofficial news platform,

social media are increasingly pushing and compelling official state media and their supervisors to respond with more open and critical reporting. Thus, the relatively free social media have created a new and potent force despite government censorship efforts. The state authorities have not yet developed a consistent approach to the control of new social media other than negative controls such as consecutive censorship of certain posts or issues and constraints on registration procedures.

Nevertheless, Chinese media and journalists continue to operate under the severe risk of interference and sanctions by the party-state's supervisory bodies. China scored 174th out of 179 in Reporters without Borders' Press Freedom Index. Journalists frequently encounter harassment, arrests, physical violence or intimidation on the part of state organs. This also applies to microbloggers, as the Chinese government has recently intensified efforts to regulate Internet communication and keep new forms of social media under control.

While commercialization of the media since the 1990s has led to increased competition for customers and advertisers among the fast-growing number of publications and programs, it has not led to relaxations in the censorship regime for issues deemed politically sensitive. Open and critical reporting is tolerated only to a certain point, with state authorities frequently imposing constraints on discussions and media coverage.

To what extent are the media characterized by an ownership structure that ensures a pluralism of opinions?

This question does not assume that the predominance of either private or public ownership guarantees a pluralism of opinions. Rather, the underlying assumption is that a diversified ownership structure is likely to best represent the views and positions existing in society.

Diversified ownership structures characterize both the electronic and print media market, providing a well-balanced pluralism of opinions. Effective anti-monopoly policies and impartial, open public media guarantee a pluralism of opinions. **10**
9

Diversified ownership structures prevail in the electronic and print media market. Public media compensate for deficiencies or biases in private media reporting by representing a wider range of opinions. **8**
7
6

Oligopolistic ownership structures characterize either the electronic or the print media market. Important opinions are represented but there are no or only weak institutional guarantees against the predominance of certain opinions. **5**
4
5

Oligopolistic ownership structures characterize both the electronic and the print media market. Few companies dominate the media, most programs are biased, and there is evidence that certain opinions are not published or are marginalized. **2**
1

Explanation:

The most important electronic and print media companies are owned by the central government (e.g., Xinhua News Corporation, Central China Television, People's Daily) or local governments (e.g., provincial newspapers, city radio stations). State-run companies have secured a strong presence on the Internet, where they are strongly challenged by privately owned services which nonetheless remain under state influence. The state-owned Xinhua news agency serves as the primary source of official information on politics, and continues to shape the content of political reporting in all news media to a large degree.

Commercialization since the 1990s has led to an increase in the number of private publications and other media, but these too are subject to government regulation. Recent years have seen the rise of private media companies such as the Sun Media Group holding investments in a variety of media from magazines to TV or film productions, though focusing predominantly on entertainment. There are several successful online media companies, such as Sohu.com or Sina Corporation, which hosts the hugely popular Sina Weibo microblog service. Thus, diversity of ownership structures has gained ground in China, yet without visible implications for political pluralism.

To a large extent, the focus of the private media is clearly and explicitly on non-political entertainment. On the other hand, commercial social media such as Sina Weibo provide a platform for liberal thought, thus evading direct state constraints. Microbloggers with outspoken views discussing political and social developments and ideas attract a large following among China's netizens. It remains to be seen, however, whether these new forms of social media can make a sustained contribution to the pluralism of publicized political opinions.

S 2 Access to Information

S 2.3 Access to Government Information

To what extent can citizens obtain official information?

To assess the accessibility of government information, you should examine

(1) whether a freedom of information act exists or equivalent legal regulations exist,

(2) to what extent do the rules restrict access to information (e.g., exemptions, deadlines for responding to requests etc.) and justify these restrictions, and

(3) whether mechanisms for appeal and oversight exist to enforce citizens' right to access information (e.g., administrative review, court review, ombudsman, commission etc.) You may consult www.freedominfo.org for information specific to your country.

Legal regulations guarantee free and easy access to official information, contain few, reasonable restrictions, and there are effective mechanisms of appeal and oversight enabling citizens to access information. **10**

9

Access to official information is regulated by law. Most restrictions are justified, but access is sometimes complicated by bureaucratic procedures. Existing appeal and oversight mechanisms permit citizens to enforce their right of access. **8**

7

6

Access to official information is partially regulated by law, but complicated by bureaucratic procedures and some restrictions. Existing appeal and oversight mechanisms are largely ineffective. **5**

4

3

Access to official information is not regulated by law; there are many restrictions of access, bureaucratic procedures and no or ineffective mechanisms of enforcement. **2**

1

Explanation:

In recent years, the Chinese government engaged in much-publicized efforts and issued several detailed regulations aimed at increasing the amount of information available to the public. In 2007, the Regulations of the People's Republic of China on Open Government Information were published by the State Council, taking effect on May 1, 2007. According to the regulations, all government levels are obliged to disclose information in order to enhance the transparency of government work. Although people's congresses, political consultative conferences and courts are exempt from the regulations, those institutions have also taken steps to make their own operations more transparent. In accordance with the regulations, almost all government bodies (with the exception of state security-related bodies) now maintain Web pages and publish documents that contain a wealth of previously unavailable information, especially in their Chinese-language versions.

From a formal regulatory perspective, China's polity has made clear progress in disclosing government information to the public. However, the provisions on open government set out by the 2007 regulations conflict with existing legislation on the protection of state or work secrets, as well as an entrenched administrative mentality of secrecy. This effectively restricts the public disclosure of government information. Central government institutions receive especially bad grades on transparency, with 35 of 43 failing in a report on administrative transparency published by the OGI Watch Alliance Project.

With respect to disclosure and access, information is still presented in a highly selective way. Documents on politically or diplomatically sensitive areas of government activity and regulation remain for the most part outside the public eye. Despite official commitments to "government transparency," and a Supreme People's Court clarification of citizens' rights to file lawsuits against local governments unwilling to disclose information, neither Chinese citizens nor foreign investors can rely on credible and effective procedures to compel administrative organs to disclose information.

S 3 Civil Rights

S 3.1 Civil Rights

To what extent does the state respect and protect civil rights and how effectively are citizens protected by courts against infringements of their rights?

Civil rights contain and limit the exercise of state power by the rule of law. Independent courts guarantee legal protection of life, freedom and property as well as protection against illegitimate arrest, exile, terror, torture or unjustifiable intervention into personal life, both on behalf of the state and on behalf of private and individual actors. Equal access to the law and equal treatment by the law are both basic civil rights and also necessities to enforce civil rights.

All state institutions respect and effectively protect civil rights. Citizens are effectively protected by courts against infringements of their rights. Infringements present an extreme exception. **10**
9

The state respects and protects rights, with few infringements. Courts provide protection. **8**
7
6

Despite formal protection, frequent infringements of civil rights occur and court protection often proves ineffective. **5**
4
3

State institutions respect civil rights only formally, and civil rights are frequently violated. Court protection is not effective. **2**
1

Explanation:

The constitution formally guarantees certain civil rights such as the freedoms of speech, of the press, of assembly, of association, of demonstration, of religious belief, of person, etc. In addition China has signed (but not yet fully ratified) important U.N. conventions on the protection of human and civil rights and cooperates with U.N. institutions on the matter.

However, executive party-state bodies, especially police organs, frequently interfere with these rights. Chinese are regularly denied the basic civil rights listed above if politically sensitive issues are concerned. Local police organs forcefully protect local authorities' vested interests and in many cases have abridged the freedom of action, illegally detained or even tortured people claiming these rights. People handing in petitions to higher-level government institutions complaining about local authorities or courts may suffer severe repression at home and at the place of petitioning.

In general, the judiciary does not possess an independent position in China's polity. Citizens' rights and interests are not guaranteed by the judicial system. Despite the government's official commitment to a neutral and reliable legal system, China's judiciary remains subject to interference from executive party-state bodies of the same administrative level. The party apparatus guides the appointment of judges, while the local people's congress governs the budget of the local judiciary. The local government or party frequently intervenes in politically sensitive cases, often employing adjudication committees that supervise the work of judges. In addition, the quality of judicial personnel outside major cities is considered quite low, with many lacking university degrees in law. Lower level courts and judges have a reputation for being susceptible to corruption, a fact exacerbated by low salaries.

In criminal and civil rights cases, lawyers' performance of their duties (especially in conducting investigations and gathering evidence) is severely restricted, and lawyers often face accusations of violating the law when representing defendants in court. Lawyers risk revocation of their licenses if they engage in civil rights advocacy efforts. Rights activists have suffered from an overall tightening of security measures, which have included arbitrary house arrests and even severe physical assaults by local authorities. The rule of law does not apply to political dissidents, with many serving excessive prison terms or illegal detentions on political grounds.

S 3 Civil Rights

S 3.2 Political Liberties

To what extent does the state concede and protect political liberties?

Political liberties constitute an independent sphere of democracy and are a prerequisite of political and civil society. They aim at the possibility of the formulation, the presentation and the equal consideration of citizens' preferences and are embodied in the codification and unlimited validity of every individual's right to speak, think, assemble, organize, worship, or petition without government (or even private) interference or restraints.

- | | |
|---|---------------------------------------|
| All state institutions concede and effectively protect political liberties. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| All state institutions for the most part concede and protect political liberties. | 8 <input type="checkbox"/> |
| There are only few infringements. | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| State institutions concede political liberties but infringements occur regularly in practice. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| Political liberties are unsatisfactory codified and frequently violated. | 2 <input type="checkbox"/> |
| | 1 <input checked="" type="checkbox"/> |

Explanation:

Like civil rights, political liberties are frequently violated by government authorities in China. The Chinese constitution grants the rights of assembly, speech, etc. as basic rights, but the state in reality does not adhere to these rights. An independent civil society does not exist, as most civil, non-official organizations are in one way or another deeply intertwined with the official state. Non-governmental organizations (NGOs), for instance, have to register with the Ministry of Civil Affairs, which effectively enables the authorities to keep the goals and number of such organizations under tight control. Many NGOs are in fact government-organized NGOs (GONGOs), with retired cadres often taking up leading positions and ensuring their adherence to the official agenda. Civil organizations can operate only within a limited sphere, and thus do not function as channels for dissent and opposition, but rather are effectively co-opted by the state.

There exists only one labor union in China, the All-China Federation of Trade Unions (ACFTU). ACFTU has a monopoly on labor organization and cannot be considered part of an independent civil sphere. It in effect functions as an extension of the party state, acting as a mediating institution between the state, workers and enterprises at best and does not engage in collective bargaining for workers' interests. The CCP appoints ACFTU's leadership, which is formally part of the party's cadre management system and subject to all-encompassing CCP oversight of their work (compare "civil rights").

Religious freedom is only guaranteed within the boundaries defined by the state. Religious groups and places of worship have to be acknowledged by the State Administration for Religious Affairs in order to be considered legitimate. The five officially registered religious organizations are the Buddhist Association of China, the Islamic Association of China, the Chinese Patriotic Catholic Association, the Three-Self Patriotic Movement and the Chinese Taoist Association. Even within these communities, religious life is tightly controlled. No other religious associations are allowed to practice in public, and those that do exist are subject to differing degrees of suppression.

S 3 Civil Rights

S 3.3 Non-Discrimination

How effectively does the state protect against discrimination based on gender, physical ability, ethnic origin, social status, political views or religion?

This question evaluates policies of state institutions aimed at preventing discrimination. Such an evaluation should refer to the measures taken by these institutions and their impact. The extent of observable discrimination may be used as an indicator for the efficacy of anti-discrimination policies.

Please note that this question also includes an assessment of how effectively the state protects the rights of disadvantaged persons or persons belonging to minorities by positive discrimination measures, special representation rights or autonomy rights.

- | | | |
|--|----|-------------------------------------|
| State institutions effectively protect against and actively prevent discrimination. | 10 | <input type="checkbox"/> |
| Cases of discrimination are extremely rare. | 9 | <input type="checkbox"/> |
| <hr/> | | |
| State anti-discrimination protections are moderately successful. Few cases of discrimination are observed. | 8 | <input type="checkbox"/> |
| | 7 | <input type="checkbox"/> |
| | 6 | <input type="checkbox"/> |
| <hr/> | | |
| State anti-discrimination efforts show limited success. Many cases of discrimination can be observed. | 5 | <input type="checkbox"/> |
| | 4 | <input type="checkbox"/> |
| | 3 | <input checked="" type="checkbox"/> |
| <hr/> | | |
| The state does not offer effective protection against discrimination. | 2 | <input type="checkbox"/> |
| Discrimination is widespread in the public sector and in society. | 1 | <input type="checkbox"/> |

Explanation:

Communist Party rule can be seen as proactive and effective in working against traditional gender discrimination (especially in comparison to many other developing countries or emerging markets). China signed the U.N. Beijing Declaration and Platform for Action in 1995, and has committed itself to gender equality. The Chinese marriage law, passed in 1949, updated in 1980 and amended for the last time in 2003, outlaws all forms of gender-based discrimination. However, as of today there exists a growing imbalance in the sex ratio, with the percentage of men growing relative to women. This can at least in part be attributed to the one-child policy and the effect it has on sex-selective abortions, especially in rural China. China ranked 101st out of 187 states in the Human Development Report's (HDR) Gender Inequality Index as of 2011.

State support for people with physical handicaps has increased since the 1990s. However, government support for the mentally handicapped continues to be very limited. State institutions that educate or employ the mentally handicapped are rare. International studies reveal a lack of psychiatric care for the mentally handicapped, with psychiatric hospitals mostly old and very scarce. A small mental health bureau exists within the Ministry of Health, but there is no mental health law and despite recent government efforts, psychiatric care is only marginally covered by insurance. Families often keep mentally handicapped family members out of public out of sense of shame or the fear of a loss of social prestige.

Homosexuality continues to be despised in China, although it was made legal in 1997. State organs still frequently harass homosexuals, especially male-male relationships which are considered to be socially offensive and are publicly criticized.

In theory, the modern Chinese state is based on ethnic equality and cooperation between Han and non-Han Chinese (e.g., the official propaganda highlights the overrepresentation of ethnic minorities in the National People's Congress). In practice, however, ethnic minorities such as Tibetans or the Uighurs in western China who have sought greater political independence face political and economic discrimination, and have been brutally suppressed. In the minority areas of western China, public life is dominated by Han Chinese, and minorities lack significant and effective autonomy rights. A severe gap between law and practice persists, as central anti-discrimination policies are implemented weakly at the local level. Minorities' access to the top CCP decision-making bodies is limited.

A series of recent measures has limited the freedom of religious worship and the practice of Muslims in China's West. There have been frequent incidents of mass protest and even violent attacks on Han Chinese, as well as the recent self-immolations in the Tibetan and Uighur regions of western China. These have protested against the Han Chinese domination

of public life and religious affairs as well as against the massive influx of ethnic Han Chinese residents into minority areas.

Minorities that abstain from claims to political or religious independence are generally treated according to ethnic equality. They even enjoy certain rights exclusive to them, such as an exemption from the one-child policy, which are designed to integrate them more closely into Chinese society through affirmative action.

Religious or spiritual groupings such as underground Protestant churches or Catholic communities that give allegiance to the pope are not tolerated by the authorities, and activists are frequently persecuted. Christian house churches operate outside the state-run religious system. In a recent case, one of these evangelical churches, Shouwang, was outlawed in 2011 and its leaders placed under house arrest. The Chinese government has repeatedly rejected the Vatican's claim to issue bishops' appointments and be given oversight over Chinese Catholics, thus defying all religious groups that undermine the CCP's sovereignty. The official Chinese Catholic Patriotic Association does not recognize the Vatican and maintains no official contact.

S 4 Rule of Law

S 4.1 Legal Certainty

To what extent do government and administration act on the basis of and in accordance with legal provisions to provide legal certainty?

This question assesses the extent to which executive actions are predictable (i.e., can be expected to be guided by law).

- | | |
|---|---------------------------------------|
| Government and administration act predictably, on the basis of and in accordance with legal provisions. Legal regulations are consistent and transparent, ensuring legal certainty. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| Government and administration rarely make unpredictable decisions. Legal regulations are consistent, but leave a large scope of discretion to the government or administration. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| Government and administration sometimes make unpredictable decisions that go beyond given legal bases or do not conform to existing legal regulations. Some legal regulations are inconsistent and contradictory. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input checked="" type="checkbox"/> |
| <hr/> | |
| Government and administration often make unpredictable decisions that lack a legal basis or ignore existing legal regulations. Legal regulations are inconsistent, full of loopholes and contradict each other. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

Since the 1980s, the Chinese government has undertaken efforts to promote "rules-based government" in order to make administrative behavior more institutionalized and predictable. In the day-to-day work of government, administrative interaction with citizens has indeed generally become much more predictable since then.

Yet, in cases of conflict between administrative activity and citizen interests or rights, certain regulations in the criminal code (especially those dealing with social order and state security) continue to be used to clamp down on behavior considered deviant, destabilizing or oppositional. Administrative complaints by citizens against the authorities are in most cases rejected by Chinese courts. With respect to police action and law enforcement, citizens accused of infractions are frequently denied their codified rights (e.g., to see their relatives or consult a lawyer). The relatives of human rights lawyer Gao Zhisheng, for instance, were denied visits while he served a three-year sentence for inciting subversion. Extralegal intimidation measures such as detention, assault or disappearances employed by the police or the state's security apparatus have become more widely used under the pretense of maintaining stability. As a case in point, Gao Zhisheng disappeared twice in 2009 and 2010 and was reportedly beaten by security personnel in several undisclosed locations before officially being sentenced in 2011. Extrajudicial tactics are not only applied to political activists or troublemakers, but increasingly also to their lawyers.

Even though business-related laws and regulations have greatly expanded in terms of quantity and transparency, foreign investors in China complain that local administrations frequently make arbitrary decisions that contradict national regulations. Laws are commonly interpreted differently in different localities, as in many legal areas there is little in the way of precedent. Education of lawyers and legal training has lagged, although the total number of lawyers has been increasing rapidly. Surveys have found that bribing judges in order to sway legal decisions is still a common practice. Building China's legal system thus has to be considered a work in progress, and the growing body of modernized business-related laws does not yet guarantee legal protection in other fields.

S 4 Rule of Law

S 4.2 Judicial Review

To what extent do independent courts control whether government and administration act in conformity with the law?

This question examines how well the courts can review actions taken and norms adopted by the executive. To provide effective control, courts need to pursue their own reasoning free from the influence of incumbent governments, powerful groups or individuals. This requires a differentiated organization of the legal system, including legal education, jurisprudence, regulated appointment of the judiciary, rational proceedings, professionalism, channels of appeal and court administration.

Independent courts effectively review executive action and ensure that the government and administration act in conformity with the law. **10**
9

Independent courts usually manage to control whether the government and administration act in conformity with the law. **8**
7
6

Courts are independent, but often fail to ensure legal compliance. **5**
4
3

Courts are biased for or against the incumbent government and lack effective control. **2**
1

Explanation:

Neither the state constitution nor government practice provides a foundation for or credibility to a Western-style "separation of powers" or institutional "checks and balances." Decisions and actions by Communist Party bodies and executive government bodies are not subject to and are not limited by judicial oversight. Instead of a rule *of* law, a rule *by* law can at least be observed. The Chinese government increasingly invokes laws and regulations to lend legitimacy to its decisions. In contrast to government institutions, the CCP itself is not subject to constraints imposed by laws.

The judicial system is organized in four layers, with the Supreme People's Court on the national level overseeing people's courts on the subnational provincial, municipal and county levels. On the lower levels, several thousand people's tribunals exist that handle criminal and civil cases. Judges are answerable to and receive their salaries from local level governments. As such they can be removed from their post anytime by political will and for political reasons, and cannot thus be considered independent. Their authority vis-à-vis the security apparatus is not guaranteed. Judicial committees within the courts anticipate all court decisions in accordance with party and government institutions.

In addition, political-legal committees inside the CCP oversee and coordinate the various police and legal organs on all levels of the hierarchy, acting as partisan steering panels for the whole legal system. Their leaders are high-ranking party cadres. Furthermore, political guidance and personnel supervision is firmly in the hands of the party.

Judges and judicial decision-making are thus in many ways placed under the authority of a party body and cannot be considered independent or as a counterbalance to executive authority in a system of checks and balances. For further information, see "civil rights."

S 4 Rule of Law

S 4.3 Appointment of Justices

To what extent does the process of appointing (supreme or constitutional court) justices guarantee the independence of the judiciary?

This question regards supreme or constitutional courts' sufficient independence from political influence as a prerequisite of a functioning democratic system. The appointment process is a crucial factor which determines judiciary independence. The prospect of politically "neutral" justices increases accordingly with greater majority requirements and with the necessity of cooperation between involved bodies. A cooperative appointment process requires at least two involved democratically legitimized institutions. Their representative character gives them the legitimacy for autonomous nomination or elective powers. In an exclusive appointment process, a single body has the right to appoint justices irrespective of veto points; whereas in cooperative procedures with qualified majorities independence of the court is best secured.

When answering the question take also into account whether the process is formally transparent and adequately covered by public media. If your country does not have a supreme or constitutional court, evaluate the appointment process of the appellate court that is responsible for citizens' appeals against decisions of the government.

Justices are appointed in a cooperative appointment process with special majority requirements.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Justices are exclusively appointed by different bodies with special majority requirements or in a cooperative selection process without special majority requirements.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
Justices are exclusively appointed by different bodies without special majority requirements.	5 <input type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
All judges are appointed exclusively by a single body irrespective of other institutions.	2 <input type="checkbox"/>
	1 <input checked="" type="checkbox"/>

Explanation:

Senior judges are formally appointed by the people's congresses at the equivalent levels of government. Most court presidents serve in parallel Communist Party bodies that are charged with supervising the judicial system. In practice, Communist Party organization departments and executive justice administration bodies (i.e., CCP "political-legal commissions" and governmental justice departments) select and evaluate judges who are part of China's cadre appointment and evaluation system. As a consequence, there is no politically independent judiciary in China.

S 4 Rule of Law

S 4.4 Corruption Prevention

To what extent are public officeholders prevented from abusing their position for private interests?

This question addresses how the state and society prevent public servants and politicians from accepting bribes by applying mechanisms to guarantee the integrity of officeholders: auditing of state spending; regulation of party financing; citizen and media access to information; accountability of officeholders (asset declarations, conflict of interest rules, codes of conduct); transparent public procurement systems; effective prosecution of corruption.

- | | |
|--|---------------------------------------|
| Legal, political and public integrity mechanisms effectively prevent public officeholders from abusing their positions. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| Most integrity mechanisms function effectively and provide disincentives for public officeholders willing to abuse their positions. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| Some integrity mechanisms function, but do not effectively prevent public officeholders from abusing their positions. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| Public officeholders can exploit their offices for private gain as they see fit without fear of legal consequences or adverse publicity. | 2 <input checked="" type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

Although strict laws against corruption are in place, implementation remains highly inadequate. This results from corruption being treated in the vast majority of cases by Communist Party disciplinary organs. Only a fraction of cases are submitted to the state judicial organs for prosecution. Formal judicial trials under criminal law provide only a semblance of justice according to the law, while actual prosecution remains in the hands of the party's departments for discipline inspection.

The Chinese public is highly concerned with official corruption and frustration with inefficient countermeasures is growing. At the higher and central levels, corrupt officials are mostly able to escape severe punishment. Only a few “showcases” have been given extensive media coverage in order to give credence the central government’s commitment to anti-corruption efforts. In 2010 a code of ethics was issued by the CCP that lists 52 “unacceptable practices” for party members and officials. Official media regularly trumpets the conviction of high-ranking officials in corruption scandals in order to prove the resoluteness of the party’s anti-corruption efforts. Prominent officials, including former Shanghai party leader Chen Liangyu, have been found guilty of corruption. However, high-level corruption trials in particular may be politically motivated, with the selection of cases being a result of factional power struggles and as such lacking transparency. This severely undermines the credibility of China’s anti-corruption campaign.

Only at the lower administrative levels are corrupt government and party officials punished more visibly and frequently. For instance, two former deputy mayors of Hangzhou and Suzhou were executed on the same day in July 2011 with much fanfare, with strong media coverage intended to create example-based deterrents for the anti-corruption effort. In Transparency International’s Corruption Perception Index (CPI), which focuses on corruption in the public sector, China ranked 78th out of 178 countries in 2010.

Status Index

Policy Performance

Economy and Employment

- S 5 Economy
- S 6 Labor Market
- S 7 Enterprises
- S 8 Taxes
- S 9 Budgets

Social Affairs

- S 10 Health Care
- S 11 Social Inclusion
- S 12 Families
- S 13 Pensions
- S 14 Integration

Security

- S 15 External Security
- S 16 Internal Security

Resources

- S 17 Environment
- S 18 Research and Innovation
- S 19 Education



How successful has economic policy been in providing a reliable economic framework and in fostering international competitiveness?

This question addresses the existence of a government's general strategy to support the future-oriented development of its economy through regulatory policy. Sound economic policy is expected to adhere to the following principles: clear-cut assignment of tasks to institutions, refraining from unnecessary discretionary actions, frictionless interlinkage of different institutional spheres (labor market, enterprise policy, tax policy, budgetary policy) and the coherent set-up of different regimes (e.g. dismissal protection, co-determination rights, efficiency of anti-monopoly policies, income taxation). Countries following these principles are able to increase overall productivity, become more attractive for internationally mobile factors of production and thus raise their international competitiveness. When answering the question, focus on the use and interplay of different regimes with regard to the aims of economic policy.

- | | |
|---|---------------------------------------|
| Economic policy fully succeeds in providing a coherent set-up of different institutional spheres and regimes, thus stabilizing the economic environment. | 10 <input type="checkbox"/> |
| It largely contributes to the objectives of fostering a country's competitive capabilities and attractiveness as an economic location. | 9 <input type="checkbox"/> |
| <hr/> | |
| Economic policy largely provides a reliable economic environment and supports the objectives of fostering a country's competitive capabilities and attractiveness as an economic location. | 8 <input checked="" type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| Economic policy somewhat contributes to providing a reliable economic environment and helps to a certain degree in fostering a country's competitive capabilities and attractiveness as an economic location. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| Economic policy mainly acts in discretionary ways essentially destabilizing the economic environment. There is little coordination in the set-up of economic policy institutions. Economic policy generally fails in fostering a country's competitive capabilities and attractiveness as an economic location. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

After 30 years with average annual GDP growth rates of around 10%, China has become the second-biggest economy in the world (following the United States), the biggest global exporter, the second-biggest importer and the number two destination for foreign direct investment (FDI). According to the OECD, GDP per capita stood at \$7,519 (on a purchasing power parity (PPP) basis) in 2010, up from \$3,217 in 2003. The inflation rate that same year was 3.3%, but rates have since been on the rise, driven by a surge in food and commodity prices. China is ranked 26th in the World Economic Forum's Global Competitiveness Index.

This has been accomplished through unconventional, oftentimes transitional and even "second-best" policies and institutions, as for instance a strong reliance on national economic planning combined with experiments with implementation styles at the local level. Most of these policies deviate substantially from the Western marketization-cum-privatization paradigm.

Attracted by the size and dynamism of China's economy, domestic and foreign investors and entrepreneurs have regarded policies and conditions as sufficiently reliable to justify expanding their economic undertakings, even though China's economy continues to suffer from substantial institutional deficits (e.g., fuzzy property rights, dysfunctional law system) and from pervasive administrative interference in the economy. As a case in point, China halted its exports of rare earth materials, essential for most high-technology and IT products, as a consequence of diplomatic tensions with Japan. Raw material exports continue to be politically controlled. Public procurements generally favor domestic bidders. Foreign automotive companies assembling their products in China have to adhere to strict joint-venture and patenting regulations that continue to raise fears of a massive outflow of intellectual property.

With regard to growth dynamism, China has so far weathered the post-2008 global financial crisis better than any other large economy. This was due to a massive stimulus plan of CNY 4 trillion (\$586 billion at that time) that jumpstarted the Chinese economy and boosted growth primarily through the implementation of massive infrastructure investments. However, the huge stimulus deepened a core structural distortion of the Chinese economy, insofar as it is widely seen as relying too heavily on fixed-asset investment and exports, while domestic consumption has lagged. Chinese authorities face the challenge of maintaining annual growth rates of at least 8% in order to guarantee employment and thus avoid social unrest while at the same time rebalancing the economy toward a more sustainable consumer-driven development path. Key strategic documents are published every five years (five-year plans) and provide a guideline for China's midterm development goals and related policy initiatives.

How effectively does labor market policy in your country address unemployment?

This question addresses a government's strategies to reconcile the following objectives: unemployment reduction and job security, and balancing supply and demand on the labor market by providing sufficient mobility of the labor force according to the needs of potential employers. To assess labor market policy comprehensively, special emphasis should be placed on the positive or detrimental effects resulting from labor market regulation (e.g., dismissal protection, minimum wages, collective agreements) and from the modus operandi of unemployment insurance.

- Successful strategies ensure unemployment is not a serious threat. **10**
9
-
- Labor market policies have been more or less successful. **8**
7
6
-
- Strategies against unemployment have shown little or no significant success. **5**
4
3
-
- Labor market policies have been unsuccessful and unemployment has risen. **2**
1

Explanation:

Unemployment in China is defined by the national bureau of statistics as covering only the registered urban jobless population, with the official unemployment rate standing at about 4%. This definition of unemployment is not consistent with international standards and makes it difficult to grasp the true unemployment situation. Beyond the urban economy, considerable underemployment and at least temporary unemployment exists among the rural population; however, this is mitigated through massive (in part seasonal) labor migration to industrial centers. The system of household registration (Hukou) has not significantly hampered these flows of labor migration.

There is no uniform picture of youth unemployment: On the one hand the labor market has shown great difficulty in absorbing the growing numbers of college graduates by enabling them to find adequate positions. On the other hand, demand for workers in the manufacturing industry remains high. The second generation of migrant workers can only partially fill this employment gap, or in some cases is not willing due to heightened expectations in the areas of pay and working conditions. While there is no youth unemployment problem in general figures, a structural mismatch exists between the nature of available jobs and the younger generation's skills and expectations.

Immediately after the outbreak of the global financial crisis in 2008, millions of Chinese workers, primarily in the export businesses of South China, lost their jobs. With additional mass layoffs in the making, the government managed to stabilize employment through a massive stimulus or loan package that beginning in November 2008 emphasized labor-intensive, shovel-ready infrastructure projects as well as a series of informal and unconventional measures (e.g., preventing mass layoffs through a combination of pressure, persuasion and incentives directed toward state-owned and private companies).

The labor market in China is regulated much more lightly than is the case in the developed world. This has significantly promoted employment growth. Although the low fertility rate has ensured that the size of the labor pool is small relative to the total population, there still exists a huge pool of rural migrant workers who often live illegally in the cities (due to the Mao-era Hukou household registration system that discriminates between the urban and rural populations). The most important recent labor-market policy feature was the introduction of (or increase in) minimum wages for all sectors in 2011. These are determined by local governments according to the specific economic conditions in their jurisdictions. This was widely seen as a response to worker unrest in industrial centers, yet was justified by the government as a measure to boost social equity along with domestic consumption.

How successful has enterprise policy been in fostering innovation, entrepreneurship and economic competitiveness, and in stimulating private investment?

Private investment includes not only the acquisition of capital stock, but also entrepreneurial transactions aimed at investment, such as developing human capital, the restructuring of companies, establishing new companies, etc.

Enterprise policy has been successful in achieving the objectives of fostering innovation, entrepreneurship and economic competitiveness, and stimulating private investment. **10**
9

Enterprise policy has largely achieved these four objectives. **8**
7
6

Enterprise policy has partly achieved these four objectives. **5**
4
3

Enterprise policy has not achieved the objectives of fostering innovation, entrepreneurship and economic competitiveness, and stimulating private investment. **2**
1

Explanation:

In China, the lines of distinction between different forms of ownership (state, collective, private) are often blurred (private enterprises sometimes register as collective, state-owned enterprises have gone public, etc.). Private enterprises have increasingly formed the backbone of China's economy. In 2011 they accounted for about one-third of total exports, generated more than half of GDP, contributed roughly 58% of total investments, supplied two-thirds of industrial output and generated about two-thirds of China's industrial profits and sales. Yet they still face discrimination as compared to state-owned enterprises (SOEs), especially in terms of access to official banking loans and the necessity of dealing with regulatory impediments. As a consequence of post-2008 stimulus measures, SOEs have been flush with cash and been able to push aside or take over private competitors.

To date, the state's preferential treatment of government-linked companies (e.g., through low interest rates, debt forgiveness, tax breaks and preferences in land allocations) has not been detrimental to international competitiveness. From 2000 on, the state has selected certain SOEs to become "national champions" in order to "go global" and expand in overseas markets. The 12th five-year plan, proclaimed in 2011, confirmed this strategy of picking winners. This globalization push has been supported through the state-controlled banking system by costly preferential loans. The global presence of Chinese corporations has become much more visible in recent years. However, the risk remains that the promotion of national champions will lead to severe market distortions by creating de facto monopolies for certain SOEs and by restricting market access for all other competitors, including foreign enterprises. One notable example is the wind energy sector, where since 2005 foreign companies have failed to secure any large project funded by the central government, being consistently outbid by Chinese manufacturers as part of a drive to strengthen domestic wind energy capabilities. Government interference in microeconomic affairs and the sidelining of the private sector further bears the risk of detachment from the market and ultimately market failure. This in effect may put an even larger financial burden on households and private enterprises than what is directly imposed by granting preferential treatment (e.g., generous public funding, fiscal privileges, land allocation, etc.) to certain enterprises.

Summing up, SGI background data indicates that the conditions for corporate investment in China are still very good, drawing a score of 10, while real interest rates receive a positive score of 9.86. With a score of 4.1, enterprise regulation by Chinese authorities is deemed neither good nor bad, but is rated slightly better than in India (2.17) or Brazil (1).

To what extent does taxation policy realize goals of equity, competitiveness and the generation of sufficient public revenues?

The objectives of justice and allocative efficiency suggest that taxation policies do not discriminate between different groups of economic actors with similar tax-paying abilities, such as corporate and personal income taxpayers (horizontal equity). Tax systems should also impose higher taxes on persons or companies with a greater ability to pay taxes (vertical equity). Tax rates and modalities should improve or at least not weaken a country's competitive position. However, tax revenues should be sufficient to ensure the long-term financing of public services and infrastructure. "Sufficiency" does not assume any specific ideal level of public expenditure, but refers only to the relationship between public revenues and expenditures.

- | | |
|---|---------------------------------------|
| Taxation policies are equitable, competitive and generate sufficient public revenues. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| Taxation policies fail to achieve one of the three principles. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input checked="" type="checkbox"/> |
| <hr/> | |
| Taxation policies fail to achieve two of the three principles. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| Taxation policies fail to realize the following three principles: equity, competitiveness and the generation of sufficient public revenues. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

Judging from the perspective of foreign entrepreneurs, the tax payment system for entrepreneurs in China is easy and the complexity and total business tax burden are quite low in comparative terms. Indeed, the payment system is significantly less complex and tax levels markedly lower than in Brazil or India. Indeed, the payment system is significantly less complex and tax levels markedly lower than in Brazil or India, for example (see World Bank data on tax system complexity). In sharp contrast, China's system of public finance, especially of taxation allocation and distribution, is extremely complex and opaque. In principle we find a weakly institutionalized variant of fiscal federalism in which the center has the sole power for tax legislation, whereas tax administration is run by both the center and the regions. In addition to tax revenues that are divided between central and regional coffers, fiscal redistribution is undertaken through a continual process of multilevel bargaining, with ensuing central-regional transfers.

Tax evasion remains a problem in China. Moreover, the taxation system shows a regressive tendency that favors urban areas over rural areas.

An important deficit of China's fiscal system is the lack of constant and reliable revenues for cities, counties, townships and villages. These jurisdictions cannot count on substantial fiscal support from higher levels of government, and instead are supposed to be by and large self-reliant. They rely predominantly on auctions and leases of public land to generate income. China's total tax rate (derived from ratio of general government revenue to GDP) is comparatively low, especially at the lower levels of administration. This is further exacerbated by structural problems such as local cronyism as well as systemic weaknesses such as local governments' blatant lack of transparency and accountability with respect to taxes, revenue and expenditure.

Since local governments' approach to land management and income generation is extremely prone to official corruption and even the influence of organized crime, this has arguably become the single most destabilizing factor in China's local governance. Violent protests by land tenants against major local property deals lacking adequate compensation are frequent. In September 2011, protests erupted in the village of Wukan, Guangdong province, against local authorities' illegal confiscation of land for real estate development without proper compensation to villagers. All state representatives were ultimately forced to flee the village. This incident was but one of many protests related to land disputes that collectively pose a serious threat to social stability in rural areas. The central government has repeatedly urged local governments to put an end to land grabs for revenue generation and to eradicate all local regulations that run counter to national legislation. Local revenue generation from land

sales due to the lack of reliable and sufficient income sources for local governments thus generates a plethora of social problems and inequities of wealth distribution.

In addition, localities can officially raise charges on services and public utilities or demand surcharges on taxes, so-called extra-budgetary funds (EBF) that are managed and controlled by local governments without higher-level interference, providing essential funds solely for local purposes. As a result of both practices described above – land auctions or leases and the extraction of EBFs – huge fiscal inequalities have developed on the local level of the Chinese state. These lead to strong variations in public goods and services provision that severely threaten the principle of equity in taxation as well as the ability to generate sufficient revenues.

Since the central government has retained control over the policy agenda, it sets policy tasks that must be implemented and funded by local governments. Local governments must then derive revenue from highly variant funding sources and, as explained, often resort to problematic practices of revenue generation. The central government has burdened local governments with unfunded mandates in areas such as public health care, and has thus exacerbated regional inequalities with respect to goods provision.

To what extent does budgetary policy realize the goal of fiscal sustainability?

This question focuses on the aggregate of public budgets and does not assess whether budgets reflect government priorities or induce departments to manage efficiently. Sustainable budgeting should enable a government to pay its financial obligations (solvency), sustain economic growth, meet future obligations with existing tax burdens (stable taxes) and pay current obligations without shifting the cost to future generations (inter-generational fairness).

- Budgetary policy is fiscally sustainable. 10
9

- Budgetary policy achieves most standards of fiscal sustainability. 8
7
6

- Budgetary policy achieves some standards of fiscal sustainability. 5
4
3

- Budgetary policy is fiscally unsustainable. 2
1

Explanation:

During the global financial crisis China was able to afford a drastic rise in public expenditure in combination with quasi-fiscal loan programs through the state commercial banking system due to official budget deficits (less than 3% of GDP) and gross national debt levels (about 25% of GDP) that appear remarkably low in international comparison. Indeed, the relation of gross national debt to GDP appears quite balanced when compared to developing country peers India and Brazil, receiving a respectable SGI score of 7.43.

Since 2010, however, academic research has estimated that China's real national debt might be closer to 80% of GDP if the debts of localities are included. Localities are today prohibited from incurring debt on their own, and have relied on local financial vehicles to borrow from public banks (pilot projects such as that in Shanghai have only recently begun to allow localities to issue bonds in their own name). Thus, the financial risks in China rest with the localities and the state commercial banking system, though the total amount and severity of those risks is the subject of intense debate, among Chinese policymakers and their advisors as well as outside the country. The SGI score data on the soundness of banks suggests that Chinese banks fall just short of being "generally healthy". China's local public debt is special in one very important regard: Both creditors and debtors tend to be state entities that share a strong interest in avoiding shocks to the agreed status quo. Thus, there are many incentives for and means of colluding in hiding or transferring old nominal debts to newly created, non-transparent balance sheets (e.g., of newly created investment vehicles). Chinese banks have been practicing aggressive loan issuance and risky "off-balance-sheet" lending. At the same time, local governments have in many cases established highly non-transparent special-purpose companies as funding vehicles to arrange bank loans and circumvent regulations. Exacerbated by the 2008 stimulus package, local governments' debt has in effect soared. An official national audit of regional finances in 2011 publicized this fact, confirming an explosion in local governments' borrowing. At least on a local level, the sustainability of public budgets has to be seriously doubted.

How effective and efficient are health care policies in your country?

Public health care policies should aim at providing high-quality health care for the largest possible share of the population and at the lowest possible costs.

Of the three criteria – quality, inclusiveness and cost efficiency – efficiency should be given less weight if the first two criteria can be considered fulfilled.

Health care policies provide high-quality health care for a majority of the population and services are efficiently organized. 10
9

Health care policies provide high-quality health care for a majority of the population, but services are inefficiently organized. 8
7
6

Health care policies provide poor-quality health care for a majority of the population and services are inefficiently organized. 5
4
3

Health care policies provide poor-quality health care for a majority of the population. Health care services are underfinanced, overloaded, unreliable and inefficiently organized. 2
1

Explanation:

Social security systems covering pensions, health care, unemployment, accidents and maternal care exist in China, but are functional only in urban locations. Public health insurance can be considered basic at best. As a result of three decades of experimentation with different systems of health care, China has a patchwork of local health care policies. Only recently has the central state tried to set national standards in order for the public medical system to provide "safe, effective, convenient and affordable" health services to urban and rural residents. Urban and rural health-care reform has been made a priority of the Hu-Wen administration, and has produced good results in urban areas. In Beijing and Shanghai, community medical centers provide basic care, and medical insurance now covers all urban dwellers.

Nevertheless, many rural Chinese and rural migrant workers in industrial centers still lack reliable and affordable access to basic health care. Rural health-care insurance rests in large part with families as a result of early reforms, since collective institutions have been largely abolished and medical care de facto privatized, meaning that health-care facilities now have to recover costs from user charges. China's low ratio of private to public health-care spending is considerably worse than that seen in Brazil, but better than India's ratio." This fact is made worse by a growing disparity between urban and rural incomes. As a consequence, a cooperative health-care insurance system has been restored and the central government has devoted considerable funds to local health care since the second half of the 2000s.

However, the quality of basic health measures and medical treatment remains at a comparatively high level in comparison to other emerging or developing countries, as the average life expectancy is unusually high at 72 (male) and 76 years (female). According to OECD Health Data, health-care expenditure in China is used efficiently to improve life expectancy. China's infant mortality rate is well below the global average, and is slightly lower than Brazil's and significantly lower than India's.

According to official statistics, about 500 million people are covered by basic health care insurance. Government plans and policies strive to expand coverage rapidly over the next five years through generous co-funding from central budgets. The results of these relatively novel and ambitious policies cannot yet be ascertained. Local case studies suggest that coverage is indeed expanding, though with higher costs for patients and government budgets than were initially planned.

Since hospitals and doctors charge additional fees and often insist on bribes, there is a high degree of uncertainty as to what costs for health care and other risks might be expected in the future. This has led to an extremely high individual savings rate, which in turn undermines efforts by the government to increase national consumption as a proportion of GDP.

To what extent does social policy in your country prevent exclusion and decoupling from society?

Reducing the various risks of social exclusion is a core task of social policy. The prevention of poverty and the provision of enabling conditions for equal opportunity in society are essential elements of such a policy. In addition to poverty, please take also into account additional dimensions of exclusion like the experience of marginalization and the desire to be appreciated when evaluating socioeconomic disparities.

- | | |
|--|---------------------------------------|
| Policies very effectively enable societal inclusion and ensure equal opportunities. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| For the most part, policies enable societal inclusion effectively and ensure equal opportunities. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| For the most part, policies fail to prevent societal exclusion effectively and ensure equal opportunities. | 5 <input checked="" type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| Policies exacerbate unequal opportunities and exclusion from society. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

In the Chinese policy-making context, inclusion is supposed to be provided for primarily through fighting severe poverty and facilitating economic growth in poor regions. In this regard the Chinese government has been extremely successful during the past three decades when compared to other major developing or emerging countries. In November 2011, the Chinese government lifted the official poverty line, bringing it closer to the World Bank threshold of \$1.25 per day. Under this new statistical measure, 128 million people (100 million more than before) are considered to be poor and qualify for poverty relief.

With respect to social equity, household wealth discrepancies have widened continually during the past two decades. They are a central issue of discontent among the Chinese populace and a major concern for Chinese policy-makers. China's Gini coefficient surpassed the critical level of 0.4 around the turn of the century and has been rising since, standing at 0.47 in 2010. Though there is significant variation across China's regions, inequality is most pressing between urban and rural areas. Average urban incomes are more than 3.3 times that of rural households, with the gap continuously widening. This is much worse in poor areas such as Gansu, where the ratio stood at 4.09 to 1 in 2008. These testimonies to inequality are further exacerbated by the difference in health-care systems between urban and rural areas (see "health policy"). A further widening of these disparities seems likely due to the current pattern of economic growth. China is in the midst of a rapid transition from low-productivity agriculture to higher-productivity urban-based employment, with a growing service sector that will nonetheless take several generations to complete. In the meantime, policies are aimed at slowing rather than reversing increases in inequality.

Blatant social exclusion can also be found in the case of rural migrant workers who de facto make up a large part of the urban population (the estimates for Beijing are around one-third of the total population). As migrant workers hold a rural household registration (hukou), they are not entitled to urban social services. This effectively segregates them from the urban population, as their children are not allowed access to the urban school system, medical care is not covered at their place of residence, and their rights have not been effectively addressed by social policies to date.

As outlined under "non-discrimination," gender inequality exists in the form of a highly distorted sex ratio attributable in large part to the effects of the one-child policy and selective abortions. In addition, the mentally handicapped receive only meager support through the health-care system or public psychiatric institutions.

To what extent do family support policies in your country enable women to combine parenting with participation in the labor market?

Traditional family patterns confine mothers to opt out of gainful employment and focus on household and child care work, a division of roles that has lost acceptance among an increasing number of women. This question is based on the assumption that an optimal system of family support should enable women to decide freely whether and when they want to remain full-time mothers or take up full- or part time employment.

Family support policies effectively enable women to combine parenting with employment. 10
9

Family support policies provide some support for women who want to combine parenting and employment. 8
7
6

Family support policies provide only few opportunities for women who want to combine parenting and employment. 5
4
3

Family support policies force most women to opt for either parenting or employment. 2
1

Explanation:

The Chinese government does not pursue a differentiated family support policy, although policies to protect women's rights are in place. Following the 1995 U.N. Beijing Declaration and Platform for Action (see "non-discrimination") several policy programs were enacted to strengthen the rights and participation of Chinese women (Program for Development of Chinese Women). The landmark Law on the Protection of Women's Rights and Interests, known as the Women's Constitution, was amended in 2005 to make gender equality an explicit state policy, for the first time defining sexual harassment in the workplace. On the other hand, discriminatory policies that set women apart from men are still in place, for example in an earlier mandatory retirement age, thus presenting an unclear picture of gender equality.

Women by and large have equal employment opportunities. This is a legacy of pre-1978 policies when Mao-era socialist beliefs held that women should be mobilized to strengthen the labor force. In China, 67.5% of women above the age of 15 are employed, making up 46% of the total workforce, the largest female workforce percentage in Asia. However, their average income is still less than two-thirds that of men. Regulations specifically targeted at the situation of women, such as the obligation of employers to assist in covering the costs of childbirth, are often not thoroughly enforced. China's maternity laws were revised in 2011. After the social security reforms, maternity insurance is to be covered by the mandatory welfare system and domestic employers have to contribute higher shares to the costs of maternity care and childbirth. As implementation has been slow, the actual effects of this policy to date remain unclear.

At the center of family policy in China is the one-child policy, which has resulted in a low fertility rate relative to other lower-middle-income countries. Enforcement of the one-child policy has varied considerably depending on the region. Due to detrimental long-term effects of the policy, including an unfavorable dependency rate and a surplus of males, there is intense discussion inside China about a major revision or even revocation of this policy.

To what extent does pension policy in your country realize goals of poverty prevention, inter-generational equity and fiscal sustainability?

An optimal pension system should prevent poverty among the elderly due to retirement and should be based on distributional principles that do not erode the system's fiscal stability. It should ensure equity among pensioners, the active labor force and the adolescent generation. These objectives may be achieved by different pension systems: exclusively public pension systems, a mixture of public and private pension schemes, or publicly subsidized private pension plans. Accumulating public and private implicit pension debt is undesirable.

- | | |
|--|---------------------------------------|
| The pension policy is fiscally sustainable, guarantees inter-generational equity and effectively prevents poverty caused by old age. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| The pension policy fails to realize one of these three principles. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| The pension policy fails to realize two of these three principles. | 5 <input checked="" type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| The pension policy is fiscally unsustainable, does not effectively prevent old-age poverty and fails to achieve inter-generational equity. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

As is the case with health care policies, pension programs usually cover only the urban population. Due to a plethora of pilot programs that are currently being tested at the local level, there is no integrated nationwide pension policy as yet.

As of 2009, 235 million people were enrolled in basic pension programs. A system consisting of basic pension plus a mandatory employee contribution to a second-tier plan in some provinces was introduced in 1998, but has undergone several reform attempts since. The basic pension pays 1% of the average of the individual wage and the province-wide average earnings for each year of coverage, subject to a minimum of 15 years of contributions. It only covers urban workers, and its payments depend on provincial or local parameters. Basic pensions are highly inflexible, since in most cases pension accounts cannot be transferred to another workplace. Actual pension systems are consequently highly fragmented in China. They only cover a fraction of the population, and do not significantly contribute to the prevention of old-age poverty. As such it is impossible to give an overall picture of the Chinese pension system at present.

S 14 Integration

Category: Social Affairs

S 14.1 Integration Policy

How effectively do policies in your country support the integration of migrants into society?

This question covers integration-related policies comprising a wide array of cultural, education and social policies insofar as they affect the status of migrants or migrant communities in society. The objective of integration precludes forced assimilation but favors integration by acquisition of nationality.

Cultural, education and social policies effectively support the integration of migrants into society. **10**
9

Cultural, education and social policies seek to integrate migrants into society, but have failed to do so effectively. **8**
7
6

Cultural, education and social policies do not focus on integrating migrants into society. **5**
4
3

Cultural, education and social policies segregate migrant communities from the majority society. **2**
1

Explanation:

The flow of migrants from abroad in China is extremely low. The percentage of immigrants provided by the International Organization for Migration (IOM) stood at 0.1 percent in 2010. A mere 593,832 foreigners were permanent Chinese residents.

China's migration issue is primarily internal, usually taking the form of migration from poor interior provinces to the rich coastal provinces or large urban centers, or migration within provinces themselves from poorer rural to richer urban regions. Precise numbers are impossible to verify, but numbers published in the 2010 census found that about 220 million Chinese had worked away from home for more than six months that year. Recent efforts to address the problem, for instance by abolishing the Mao-era household registration system and thereby granting migrants legal status in urban areas, have largely failed.

However, migrants should not be considered solely as a social problem. Numerous academic studies have highlighted the positive economic effects for their places of origin, for instance through the provision of remittances or by migrants returning and bringing business ideas with them. The amount of remittances flowing from the urban centers to China's rural areas, as is true for the total number of migrant workers, is impossible to determine precisely. But since living standards in the countryside can in general be considered to be much lower than in urban areas, remittances have contributed greatly to reducing rural poverty and relieving the pressure on rural families to pay for health care and basic education.

In the wake of the world economic crisis that saw many migrant workers laid off, the central government in accord with several provincial governments announced programs focusing on returning migrant workers' vocational training. Small loans or tax exemptions were offered to returning migrant workers in order to foster entrepreneurship. However, the temporary success of these programs is hard to assess, and with the economy recovering from the crisis, they have lost momentum and government attention.

How effectively does external security and defense policy in your country protect citizens against security risks and safeguard the national interest?

This question rests on the assumption that the aims of protecting citizens against security risks and safeguarding the national interest can be achieved by many different ways and combinations of security and defense policies. In addition a combination of various domestic and external policies can achieve an effective protection against new security risks arising from threats like terrorism. On the one hand the effectiveness of these policies depend on the relation between the aims and strategies of the defence policy and the way the military forces are financed, fitted with high-tech and state-of-the-art equipment and supported by a national consensus on the desired defense policy. On the other hand the membership in collective security alliances / organizations / treaties, the internal integration of domestic intelligence communities and their cooperation with regional/international counterparts, the promotion of neighbourhood stability, conflict prevention and assistance/risk containment for failed states are necessary pre-conditions to a successful security policy. Whereas military expenditures alone say little about the effectiveness of external security policy, they have to be taken into account in order to assess the cost/benefit-ratio of these policies.

External security policy protects citizens against security risks and safeguards the national interest very effectively. **10**
9

External security policy protects citizens against security risks and safeguard the national interest more or less effectively. **8**
7
6

External security policy does not effectively protect citizens against security risks and safeguard the national interest. **5**
4
3

External security policy exacerbates the security risks and does not safeguard the national interest. **2**
1

Explanation:

China's national interests (generally referred to as China's "core interests") are officially defined as safeguarding:

1. China's basic state system and national security;
2. China's national sovereignty and territorial integrity (including Xinjiang, Tibet and Taiwan); and
3. China's right to a continued stable and sustainable economic and social development.

Beijing has been able to defend these interests, and from 2009 to 2011 made clear to the outside world on many occasions (especially to the United States) that they are non-negotiable. However, it is highly questionable whether Beijing's behavior vis-à-vis Tibet or Xinjiang is sustainable in the long run, or whether its policies themselves have in fact created new security problems (see "internal security").

Chinese authorities generally refer to the current international order as being on the one hand "generally stable" and "promising," but on the other hand as "complicated" and still plagued by a number of "contradictions" (e.g., huge discrepancies between poor and rich, a global financial system dominated by the United States) or "hot spots" (i.e., conflicts such as Korean peninsula). In its rhetoric, China strives to replace "Cold War alliances" (a code word for the U.S.-Japanese, U.S.-South Korea military alliances) with a new security structure based on five principles of peaceful coexistence.

Since 1978, China has been able to defuse many of the territorial border disputes with its neighbors by a pragmatic policy of "seeking common ground while shelving differences." Under this formula, Beijing has adopted several measures such as the demarcation of disputed territories (e.g., with the Soviet Union/Russia) or joint multilateral initiatives (e.g., the Declaration of Conduct in the South China Sea). Nevertheless, China has in many cases been unwilling to compromise on territorial claims based on historical or legal grounds. This has been especially true in the South China Sea, which has seen a string of clashes between China and its neighbors in the last three years. The conflict in the South China Sea thus has the potential to impair China's relations with Southeast Asia significantly, and even to bring in the United States, which has made clear that the freedom of navigation in this region forms a part of its own national interests.

The People's Liberation Army (PLA) is still by definition the "army of the party, of the state and of the people." It is thus an indispensable pillar of power for the CCP. Over the last 20 years, China has stepped up its effort to modernize its army and to make it ready for "limited wars under high-tech conditions." The Stockholm International Peace Research Institute

(SIPRI) estimated China's 2010 military budget at 2.2% of GDP (latest figures), including estimates of nonofficial expenditures. With three decades of double-digit growth rates in its defense budget (totaling \$114.3 billion for 2011 according to SIPRI and \$91.5 billion according to official numbers), the country has been able to modernize its navy, air force and missile forces so as to shift the balance of power in the region markedly in its favor. Taiwan and China's East Asian neighbors thus feel increasingly threatened by Chinese military power, while the United States is worried that China may be able to deny it access to the Pacific region.

One of the most recent problems facing the outside world is the increasingly pluralistic character of China's foreign and defense policy. It is utterly wrong to think of China as a homogenous foreign policy actor just because of the autocratic character of its political system. On the contrary: Only in some very limited instances can we speak of a long-term external strategy that is coherently put into practice (e.g., modernization of the PLA). In most cases a plethora of institutions with contradicting interests and differing amounts of leverage are involved in China's management of its external relations (e.g., "going-out policy" of Chinese multinationals).

How effectively does internal security policy in your country protect citizens against security risks?

This question rests on the assumption that the aims of protecting citizens against security risks like crime, terrorism and similar threats that are more and more internationally organized can be achieved by many different ways and combinations of internal security policies. For example, an effective policy includes objectives such as the internal integration of domestic intelligence and police communities and their regional cross-border cooperation with regional/international intelligence and police communities, the domestic strategy of intelligence and police communities and so on. Whereas expenditures on public order and safety alone say little about the effectiveness of internal security policy, they have to be taken into account in order to assess the cost/benefit-ratio of this policy.

- | | |
|---|---------------------------------------|
| Internal security policy protects citizens against security risks very effectively. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| Internal security policy protects citizens against security risks more or less effectively. | 8 <input type="checkbox"/> |
| | 7 <input checked="" type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| Internal security policy does not effectively protect citizens against security risks. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| Internal security policy exacerbates the security risks. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

The Beijing government has made great efforts in fighting transnational crime and international terrorism, both of which it has identified as “new security threats.” It has taken part in international cooperative ventures such as intelligence sharing on Uighur Islamist extremists with the United States. China has also stepped up the funding and modernization of its internal security apparatus (especially its People’s Armed Police).

However, the fight against “terrorists,” “criminals” or “sects” has often been used as a pretext to clamp down on ethnic minorities, unwelcome religious groups or dissidents. Internal security spending, though highly opaque, has been continuously increased in recent years, in part as a reaction to the growing unrest especially in western minority regions. From a different angle, internal security policy thus has to be understood as a reaction to the shortcomings of the judicial system and the injustices of the Chinese political system with respect to religious or ethnic minorities.

How effectively does environmental policy in your country protect and preserve the sustainability of natural resources and quality of the environment?

This question covers a government's activities aimed at safeguarding the environment and thereby securing the prerequisites for sustainable economic development.

- | | |
|---|--|
| Environmental policy effectively protects, preserves and enhances the sustainability of natural resources and quality of the environment. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| Environmental policy largely protects and preserves the sustainability of natural resources and quality of the environment. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| Environmental policy insufficiently protects and preserves the sustainability of natural resources and quality of the environment. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| Environmental policy has largely failed to protect and preserve the sustainability of natural resources and quality of the environment. | 2 <input checked="" type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

In the face of severe environmental degradation and its negative impact on economic development and social stability, the Chinese government has given increasing attention to the issue of sustainable development. This is enshrined in the party statute as part of the “scientific development” concept, and is reflected in the 12th Five Year Plan (2011 – 2015).

Chinese authorities claimed in January 2011 to have reached their aim of cutting energy consumption per unit of GDP by 20% between 2005 and 2010. In November 2009, China pledged to reduce carbon dioxide emissions per unit of GDP by 40% to 45% by 2020 as compared to 2005 levels. There are several laws in place which deal with clean production, energy saving and renewable energies, so that environmental concerns are now enshrined in the institutional framework. Policy initiatives have been launched in selected localities to propel implementation of sustainable development policies (e.g., low carbon zones in 13 localities). There are encouraging examples of local and provincial governments addressing pollution problems and finding innovative policy solutions (e.g., Guangdong province). Air pollution, though still a major problem in Beijing, has been effectively reduced in other big cities.

On the whole, however, implementation of environmental policies remains seriously inadequate. Water pollution remains a huge concern in water-scarce northern China. Due to the resistance of industries and local governments, national environmental regulations are frequently violated, and efforts to establish a “green GDP” concept were cancelled in 2007 due to intense political pressure by several provincial governments. The State Environmental Protection Agency was upgraded to ministerial rank in March 2008 in order to give it more clout in implementing national environmental policies. However, the newly named Ministry of Environmental Protection (MEP) has been largely sidelined since China enacted its anti-crisis stimulus measures in 2009 and 2010.

Environmental protection efforts basically conflict with the overall demand for high growth rates and a reliable expansion of energy production. The Chinese economy is fuelled by an energy mix that is two-thirds reliant on coal. Many small and inefficient thermal power plants have been closed in recent years and replaced by new-generation plants, as part of efforts to meet the energy efficiency targets imposed by the 10th and 11th five-year plans. A program to significantly expand the use of nuclear energy is under way, and is considered to be the only viable alternative to the emissions associated with fossil energy use. Renewable energy sources such as solar and especially wind power have received strong political support. Biogas is gaining ground as an alternative energy source. To date, however, these efforts have failed to make a significant impact on the total energy mix under conditions of rapid and

sustained economic growth. Coal will continue to be the backbone of Chinese energy production for some time. Production of low-quality coal in private small-scale mines leads to serious environmental problems and undermines the government's efforts to further raise energy efficiency. Seeking to address China's soaring greenhouse gas emissions, the government has set a target of 20% renewable energy in energy production by 2020. It should be specified, however, that these targets foresee the use of large hydropower projects and nuclear energy. The actual contribution of truly renewable energy sources thus remains subject to scrutiny.

Waste management in China is to a large degree still a work in progress. Aggregate data are impossible to assess and the overall picture remains opaque. The major trend in urban waste disposal is the increasing use of solid waste for energy production in incineration plants. According to official statistics, incineration accounted for 17% of total waste disposal in 2011, with landfill accounting for the remainder. Incineration plants have raised local populations' concerns over dioxin and other toxic emissions, and have led to severe protests in many localities. Urban waste recycling rates have been raised in recent years through local governments' efforts in more developed urban centers (e.g., Beijing, Shanghai), as reflected in the relatively high SGI score for urban waste management (7.74), but full waste treatment in all cities is not expected until 2030. Waste produced by China's booming construction industry is often improperly processed. Only 5% of construction waste is recycled at all, according to official statistics, compared to 95% in Japan. Illegal landfill is another point of concern only marginally addressed by official policies. In addition, the improper importing and recycling of electronic waste, practices that depend largely on manual handling, pose serious environmental and health risks. Regulations or local incentives for officially sanctioned e-waste recycling have proved mostly ineffective to date.

S 18 Research and Innovation

Category: Resources

S 18.1 Research and Innovation Policy

To what extent does research and innovation policy in your country support technological innovations that foster the creation and introduction of new products?

This question comprises subsidies and incentives for research institutions conducting basic and applied research, as well as subsidies and incentives for establishing start-up companies that transfer scientific output into products and enhanced productivity. Bureaucratic impediments to research and innovation should also be taken into account.

- | | |
|---|---------------------------------------|
| Research and innovation policy effectively supports innovations that foster the creation of new products and enhance productivity. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| Research and innovation policy largely supports innovations that foster the creation of new products and enhance productivity. | 8 <input type="checkbox"/> |
| | 7 <input checked="" type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| Research and innovation policy partly supports innovations that foster the creation of new products and enhance productivity. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| Research and innovation policy has largely failed to support innovations that foster the creation of new products and enhance productivity. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

Evaluations by international organizations such as OECD, the World Bank and the World Intellectual Property Organization (WIPO) based on traditional quantitative indicators (e.g., R&D spending, R&D personnel, number of patents per year in international comparison) document a significant rise in China's technological-industrial capabilities during the past two decades. Gross domestic expenditure on R&D as a percentage of GDP rose rapidly from 0.6% in 1995 to 1.7% by 2009, and the government has proclaimed a target of 2.5% by 2020. China's total number of full-time researchers is second only to the United States, and is ahead of high-tech economies such as Japan. Measured by the number of publications included in the Scientific Citation Index (SCI), scientific productivity has increased remarkably, with a growth rate of over 15% per year since 1995. Chinese patent applications at international patent offices totaled 307,923 in 2010, up from 10,324 in 1995, placing it second only to the United States and Japan. The main fields of technological R&D derived from patent applications were pharmaceuticals, digital communication, computer technology, electrical machinery and measurement technologies.

At the same time, these evaluation reports generally criticize Chinese innovation policy as being too influenced by state dirigism, heavily reliant on subsidies by large state-owned enterprises, focused on centrally sponsored mega-projects and negligent of small and medium-sized private-sector enterprises. Private enterprises' investments in R&D are still comparatively weak. In information technology, for instance – an area of focus for Chinese patent applications – no Chinese enterprise is among the global top 20 in terms of R&D spending. Large and medium-sized enterprises today operate considerably fewer research departments and conduct less R&D activity than in 1995. In addition, with a share of 41%, the foreign enterprise sector receives a significant proportion of the invention patents granted by the State Intellectual Property Office (SIPO).

Judging by output and competitiveness, China's innovation system has been able to turn out re-innovated, lower-priced tech goods that have recently gained strong market shares in China itself and also in many less developed countries and emerging markets. Taking the automotive industry as an example, the technical innovation rate is low compared to international levels, but incremental innovation through commercialization has proven to make very successful use of tangible market potential. Chinese strengths to date lie clearly in the area of incremental industrial innovation as well as the commercialization and assimilation of imported technologies based on market demand for low-price products, not in breakthrough R&D innovation.

Within the SGI, China's score of 4.6 in the area of public R&D spending falls in the middle of the pack. The ratio of R&D personnel to overall population is also middling, with a score of 3.82. However, it receives higher scores in the area of utility patents granted (8.83) and access to computers and broadband Internet service (8.62), with this latter score markedly higher than that of India (1.09).

To what extent does education policy in your country deliver high-quality, efficient and equitable education and training?

This question assesses the extent to which a government's education policy facilitates high-quality learning that contributes to personal development, sustainable economic growth and social cohesion. Your response should focus on the following, irrespective of the education system's organization: the contribution of education policy towards providing a skilled labor force, the graduate output of upper secondary and tertiary education, and (equitable) access to education. While the latter pertains to issues of fairness and distributive justice, it also has implications for a country's international competitiveness as unequal education implies a waste of human potential.

- | | |
|---|---------------------------------------|
| Education policy effectively delivers efficient and equitable education and training. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| Education policy largely delivers high-quality, efficient and equitable education and training. | 8 <input type="checkbox"/> |
| | 7 <input checked="" type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| Education policy partly delivers high-quality, efficient and equitable education and training. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| Education policy largely fails to deliver high-quality, efficient and equitable education and training. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

After a period of redefinition and reconstruction from the late 1970s throughout the 1980s, China entered into a phase of massive quantitative expansion of its education system. Expenditure on education accounted for 3.5% of GDP in 2010 and is expected to reach 4% in 2012 according to the Medium and Long-term National Educational Reform and Development Plan (2010 – 2020). In 2010, the education budget was increased to CNY 255 billion (\$38 billion), and jumped again to about CNY 296 billion in 2011 (\$46 billion), according to the central budget.

By Chinese law, every child is required to complete nine years of schooling, of which six years are primary and three years are junior secondary school. At the primary school level in 2009, 99.4% of eligible children were officially enrolled, with 99% attending junior secondary school and 79.2 attending senior secondary schools. In most urban areas, enrollment in senior secondary schooling reaches 100%. Among graduating senior secondary school students, 52.5% subsequently continued their education in academic institutions, representing a total enrollment rate of 24.2% among the relevant age group. Higher education has been a central focus of policy since the turn of the century. The intake of students by institutions of higher education has consequently been expanded since the late 1990s. As a result, China had a total of 29.8 million students attending higher education in 2009, compared to 6 million in 1998.

In the past, education funding was distributed unevenly across regions and institutions, favoring urban and coastal regions as well as tertiary institutions. With the revision of the Law of Compulsory Education enacted in 2006, the central government has shifted its focus to rural areas, providing subsidies to the regions according to their economic potential.

China's SGI score for secondary education attainment is 7.09, significantly higher than that of Brazil or India. In addition, the quality of math and science education in China is excellent, attaining the SGI's highest possible score of 10. However, with a score of 1.0 in tertiary attainment, China still fares far worse than Brazil or India.

Management Index

Executive Capacity

Steering Capability

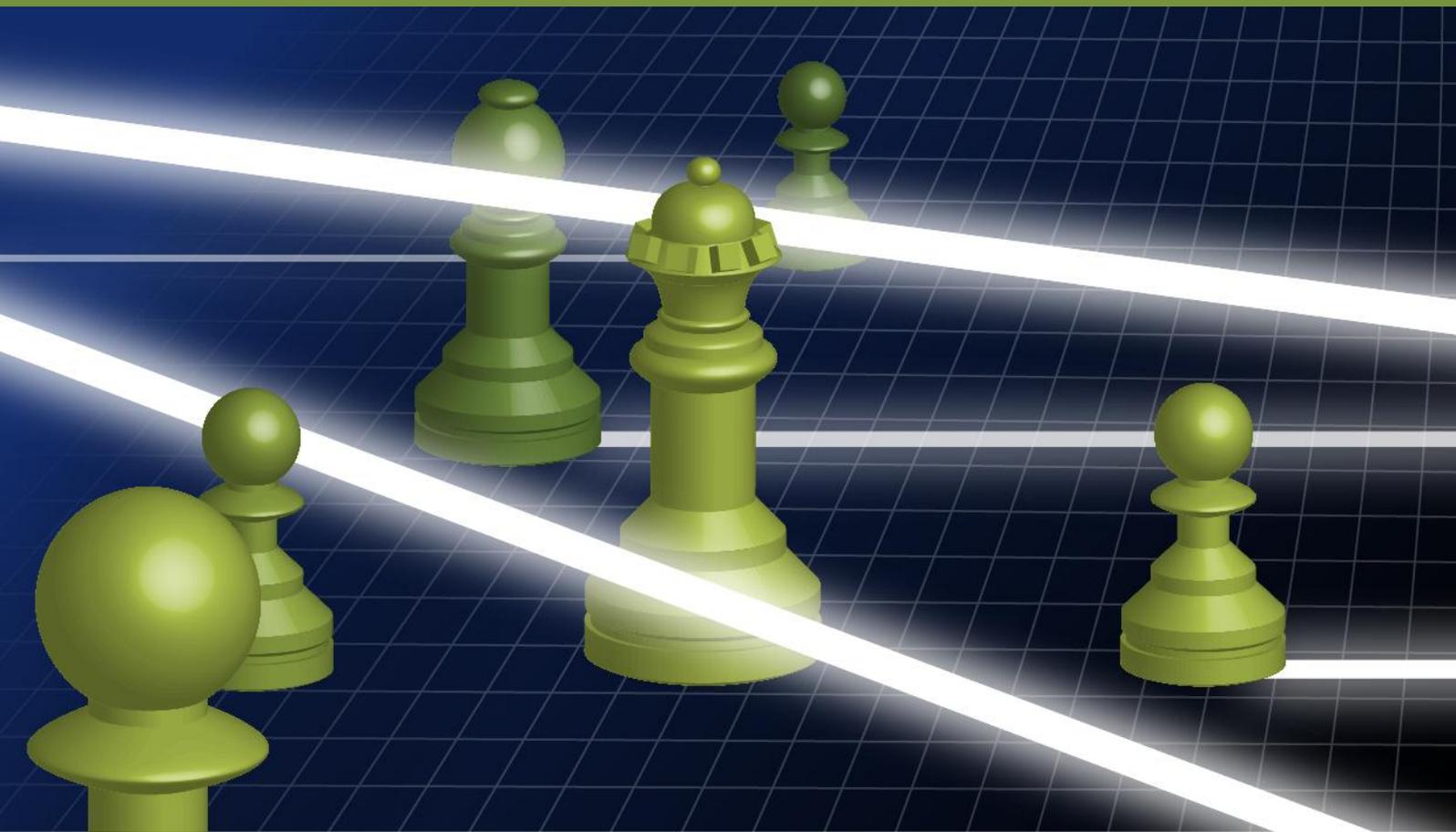
- M 1 Strategic Capacity
- M 2 Inter-ministerial Coordination
- M 3 Evidence-based Instruments
- M 4 Societal Consultation
- M 5 Policy Communication

Institutional Learning

- M 7 Adaptability
- M 8 Organizational Reform Capacity

Policy Implementation

- M 6 Effective Implementation



How much influence does strategic planning have on government decision-making?

Organizational forms of strategic planning include planning units at the center of government and personal advisory cabinets for ministers or the president/prime minister or extra-governmental bodies.

An indicator of influence may be the frequency of meetings between strategic planning staff and the head of government. Please substantiate your assessment with empirical evidence.

Dominant influence.	10 <input type="checkbox"/>
	9 <input checked="" type="checkbox"/>
<hr/>	
Considerable influence.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
Modest influence.	5 <input type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
No influence.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

Explanation:

China can be considered the most ambitious planning polity of our times with regard to the comprehensiveness and the intended domestic and global impact of long-term policy programs. There are multiyear programs with binding and indicative targets in virtually every sector, from space programs and infrastructure through human resources and education to health care, cultural life and tourism.

The Chinese government continuously drafts long-term policy agendas that attempt to anticipate, utilize and shape domestic and global market trends so as to promote China's economic, technological and social development. On a general level, five-year guidelines provide orientation for the strategic mid-term course of economic and social policies. The provisions of these guideline plans are then developed further into sectoral plans and tangible policy initiatives. Furthermore, strategic planning documents exist in most major policy areas, such as the Medium- and Long-Term Plan for the Development of Science and Technology that focuses on strengthening China's domestic innovation potential by 2020.

Multiyear plans are combined with a multitude of consultative and corrective mechanisms, including intense local experimentation, all of which help keep planning responsive to contextual changes or operative adjustments.

Chinese policymakers try to keep key variables identified as crucial to China's current and future development trajectory under tight control and as steady as possible. The basic variables are CCP rule and executive continuity. Macroeconomic variables such as growth, inflation, fiscal deficits, credit volume, current/capital accounts and currency exchange rates are still defined by the central government. As outlined above, the government exerts political control over general development strategy and the economy's future course through the drafting of planning documents and related policy initiatives. Central-government policymakers also retain authority over economic sectors considered to be strategic. Finally, the state adopts preferential policies to explicitly support certain corporations deemed "national champions," these for the large part being highly profitable SOEs that produce revenue for the central government. These variables are controlled through authoritarian and bureaucratic-legal means.

How influential are non-governmental academic experts for government decision-making?

An indicator of influence may be the frequency of meetings between government and external academic experts. Please substantiate your assessment with empirical evidence.

Dominant influence.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Considerable influence.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
Modest influence.	5 <input checked="" type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
No influence.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

Explanation:

In China, most ministries, commissions and organs existing under the bureaucratic auspices of the State Council (China's cabinet) have links to affiliated think tanks, though many of these should be characterized as quasi-governmental institutions or organizations rather than non-governmental institutions. These and university think tanks are generally expected to come up with studies that present proposals (especially as compared to best practices in other countries) to tackle practical policy problems. Academics have even been invited to Politburo meetings to present their expertise.

Starting in the 1980s, an increasingly broad and pluralistic spectrum of government-linked research institutes has gained substantial influence in Chinese policy-making by pre-shaping and pre-formulating the policy choices available to the executive. "Scientific" decision-making – that is, based on protracted consultation and expert advice – has come to characterize policy procedures especially in technically demanding fields such as environmental regulation or technology policy.

Since the 2000s, State Council rules have formally required that government bodies must consult scientists and experts when preparing policy programs, laws and regulations. As a consequence, many high-profile research institutions continue to be organizationally and financially attached to ministerial-level government bodies and have come to act as semi-official extensions of the government bureaucracy, especially in policy formulation (not in implementation).

Research units not only provide training lectures, workshops and background studies to government officials, but also regularly take an active part in primary document drafting, secondary policy evaluation and policy revision. However, there is no empirical evidence indicating how far this input has influenced government decision-making. The boundaries between governmental and non-governmental experts are not clear in China. Experts from formally non-governmental research institutes are often invited to join government policy advisory commissions (e.g., for long-term planning, sectoral policies, policy evaluations, etc.).

There is an abundance of influential think-tanks in China. Apart from the major official research institutes such as the Chinese Academy of Sciences (CAS) and the Chinese Academy of Social Sciences (CASS), several semi-official think tanks provide high-profile policy assistance to Chinese decision makers. The China Center for International Economic Exchanges (CCIEE), for instance, is headed by former Vice Premier Zeng Peiyan, and regularly organizes conferences or discussion forums attended by Chinese political heavyweights and international experts. It is subject to the guidance and supervision of the National Development and Reform Commission (NDRC), one of the main government institutions for economic policy. The State Council Development Research Center (DRC)

conducts policy research on economic and social issues and provides policy frameworks, including long-term development plans. The National Energy Administration recently established the China Renewable Energy Center (CNREC), which will assist policymakers in drawing up development roadmaps and with collecting and analyzing data on wind power, biomass, solar power and integrating renewable energy into the power grids. It is headed by Wang Zhongying, who also functions as the deputy head of the Energy Research Institute (ERI) under the NDRC.

Does the government office / prime minister's office (GO / PMO) have the expertise to evaluate ministerial draft bills substantively?

This question examines whether the government office (referred to in some countries as the prime minister's office, chancellery, etc.) has capacities to evaluate the policy content of line ministry proposals. In case this question does not fully apply to the structure of relevant institutions in your country, please answer this question according to possible functional equivalents.

- The GO / PMO has comprehensive sectoral policy expertise and provides regular, independent evaluations of draft bills for the cabinet / prime minister. These assessments are guided exclusively by the government's strategic and budgetary priorities. 10
9
-
- The GO / PMO has sectoral policy expertise and evaluates important draft bills. 8
7
6
-
- The GO / PMO can rely on some sectoral policy expertise, but does not evaluate draft bills. 5
4
3
-
- The GO / PMO does not have any sectoral policy expertise. Its role is limited to collecting, registering and circulating documents submitted for cabinet meetings. 2
1

Explanation:

The General Office (GO) has comprehensive sectoral policy expertise and provides regular, independent evaluations of draft bills for the prime minister. As the coordination hub of the Chinese government, the State Council's General Office has a staff of over 500 (based on the 2008 – 2013 personnel plan), with the office's work directed toward the premier and vice premiers. It is designed to coordinate and supervise inter-ministerial and central-regional interaction in the course of policy formulation and implementation. Staff members are meant to take a strategic, non-departmental perspective and work as responsible policy generalists rather than as sectoral experts. Sectoral, narrowly specialized expertise in the General Office is thus limited.

However, the policy-making process within China's central government rests on protracted consultation and consensus-building among government bodies that are involved in and affected by policy initiatives or revisions. So-called leading small groups (LSG) function as permanent forums for policy coordination across government organizations and issue guideline recommendations for policy-making. They are composed of the highest-ranking representatives of the government bodies involved in their given policy area. Their work is supported by LSG offices. As such, LSGs are essential to cross-sectoral and cross-organizational policy coordination in China.

As part of the policy-making process, the General Office regularly invites outside experts to participate in internal hearings and small group discussions on ministerial drafts and proposals. Top-level State Council meetings regularly and officially reject ministerial or inter-ministerial proposals due to a lack of support within the inner cabinet (premier, vice-premiers, state councilors). These proposals in this case have to be revised by the ministries involved or simply shelved.

Overall, the General Office's evaluation capacity appears to be effective for the purposes of policy formulation and legislation.

Can the government office / prime minister’s office return items envisaged for the cabinet meeting on the basis of policy considerations?

Please assess whether the GO/PMO is de facto, not only legally, able to return materials on the basis of policy considerations. In case this question does not fully apply to the structure of relevant institutions in your country, please answer this question according to possible functional equivalents.

- The GO/PMO can return all/most items on policy grounds. 10
- 9

- The GO/PMO can return some items on policy grounds. 8
- 7
- 6

- The GO/PMO can return items on technical, formal grounds only. 5
- 4
- 3

- The GO/PMO has no authority to return items. 2
- 1

Explanation:

The State Council General Office regularly returns items and drafts coming from ministries. The functions of the General Office were defined in the State Council Notice on Structural Organization and the Draft on Structural Reform of the State Council as part a wave of government reorganization in 1998. Its internal structure and precise tasks are further laid down in the subsequently published Regulations on Functions of the State Councils General Office, its Internal Structure and Personnel Allocation.

The GO prepares all State Council affairs, issues its opinion on ministerial drafts, oversees all publications by organizations under the authority of the State Council and engages other such critical functions, and as such is the central access point to the State Council agenda. It not only has the legal authority to block items and drafts originating within the ministries and other government bodies, but also regularly exerts the authority given to it by the regulations. See also “GO expertise” for more.

M 2 Inter-ministerial Coordination

Category: Steering Capability

M 2.3 Line Ministries

To what extent do line ministries have to involve the government office/prime minister's office in the preparation of policy proposals?

Please assess whether line ministries involve the GO/PMO de facto, not only legally, in the preparation of policy proposals. In case this question does not fully apply to the structure of relevant institutions in your country, please answer this question according to possible functional equivalents.

There are interrelated capacities for coordination in the GO/PMO and line ministries. 10
9

The GO/PMO is regularly briefed on new developments affecting the preparation of policy proposals. 8
7
6

Consultation is rather formal and focuses on technical and drafting issues. 5
4
3

Consultation occurs only after proposals are fully drafted as laws. 2
1

Explanation:

Ministries can issue technical regulations without going through the State Council General Office. However, information on proposed multiyear policy programs, policies affecting existing national legislation or regulations, and major investment projects must be provided to corresponding General Office divisions from the early draft stages on, and must eventually obtain approval by a State Council meeting to have authority.

A deeply hierarchical understanding of policy authority lies at the heart of this process: Documents that are issued only in the name of ministries are seen as much less authoritative, binding and credible by other government bodies than are documents issued in the name of the State Council or the National Development and Reform Commission (NDRC, a supra-ministerial planning body).

Institutionalized "mirror divisions" linking line ministries and the State Council leadership exist within the NDRC rather than the General Office; however, these are closely tied to the coordinating functions and staff work of the General Office. Personnel exchanges (including the shift of senior officials) between the General Office and the NDRC are intense. The NDRC is thus an essential component of the core executive in terms of policy coordination. See also "GO expertise" for more.

M 2 Inter-ministerial Coordination

Category: Steering Capability

M 2.4 Cabinet Committees

How effectively do ministerial or cabinet committees prepare cabinet meetings?

This question studies whether cabinet committees (composed exclusively of cabinet members) or ministerial committees (composed of several ministers and individual non-cabinet members) effectively filter out or settle issues so that the cabinet can focus on strategic policy debates.

Please assess whether ministerial or cabinet committees are de facto, not only legally, able to prepare cabinet meetings. In case this question does not fully apply to the structure of relevant institutions in your country, please answer this question according to possible functional equivalents.

The large majority of issues are reviewed and scheduled first by/for the committees. 10
9

Most of the issues are prepared by committees. Or: Issues of political or strategic importance are reviewed and scheduled by/for the committees. 8
7
6

There is hardly any preparation of cabinet meetings by committees. 5
4
3

There is no preparation of cabinet meetings by committees. Or: There is no ministerial or cabinet committee. 2
1

Explanation:

In the Chinese polity, the functional equivalent to cabinet committees and ministerial committees are so-called leadership small groups (LSGs) that assemble only those decision makers necessary to coordinate a particular broad policy mission (such as fighting poverty, containing risks in the banking system or maintaining social order).

However, LSGs are defined as temporary coordinating bodies established only for strategic policy missions that require broad, cross-departmental collaboration among distinct government bodies. For these strategic missions, LSGs work as a clearinghouse for major policy decisions. But in general, the majority of policy and legislative issues tend to be pushed up to State Council meetings for decision after careful preparation and filtering by the General Office.

China's system of cabinet and ministerial committees relieves pressure on top-level decision makers in only a small number of strategic policy areas.

How effectively do senior ministry officials prepare cabinet meetings?

This question examines whether senior ministry officials (leading civil servants or political appointees including junior ministers below the cabinet level) effectively filter out or settle issues so that the cabinet can focus on strategic policy debates.

Please assess whether senior ministry officials are de facto, not only legally, able to prepare cabinet meetings. In case this question does not fully apply to the structure of relevant institutions in your country, please answer this question according to possible functional equivalents.

Most issues arrive in time to be reviewed and scheduled first by/for the senior ministry officials (i.e., more than 70 percent of cabinet agenda items are prepared). **10**

9

Many of the issues are prepared by senior ministry officials (i.e., 50-70 percent of cabinet agenda items are prepared). **8**

7

6

There is some preparation of cabinet meetings by senior ministry officials (i.e., less than 50 percent of cabinet agenda items are prepared). **5**

4

3

There is no or hardly any preparation of cabinet meetings by senior ministry officials. **2**

1

non-applicable

Explanation:

In the case of China, there is no reliable and generalizable evidence available enabling senior ministry officials' steering capability to be analyzed.

How effectively do line ministry civil servants coordinate policy proposals?

This question refers to administrative coordination and examines to what extent civil servants of individual ministries effectively coordinate the drafting of policy proposals with other ministries so that political coordination bodies and the cabinet can focus on strategic policy debates.

In case this question does not fully apply to the structure of relevant institutions in your country, please answer this question according to possible functional equivalents.

Most policy proposals are effectively coordinated by civil servants.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Many policy proposals are coordinated by civil servants.	8 <input type="checkbox"/>
	7 <input checked="" type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
There is some coordination of policy proposals by civil servants.	5 <input type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
There is no or hardly any coordination of policy proposals by civil servants.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

Explanation:

In drafting policy proposals, regular and protracted consultation and consensus-building procedures take place within and between China's central government ministries, as exemplified above by the leading small groups (LSGs). In cases marked by controversy, more than 100 different drafts may be circulated among ministerial divisions without obtaining the consent of all participants. In such cases, only top-level pressure can get the process going again.

In analyzing this process, it is necessary to understand that the drafting of a document and the extensive associated paperwork is an essential building block of the Chinese policy-making process. More so than laws, documents express the will of the central government and form the foundation of the policy process. Consensus-building in the shape of political documents secures legitimacy among the leadership. Only documents that have successfully built consensus among the ministerial divisions involved enjoy full authority within the system, a fact crucial in implementation.

Drafting and circulation of political documents thus serves as the central means of administrative communication linking all political organs. Chinese ministerial officials see perpetual consultation and document circulation as one of the most time-consuming and frustrating elements of their work. The routine procedures certainly cannot be seen as effective. Indeed, the strong consensus orientation built into China's policy process does not fit the conventional image of the autocratic Chinese system.

M 2 Inter-ministerial Coordination

Category: Steering Capability

M 2.7 Informal Coordination Procedures

How effectively do informal coordination mechanisms work?

This question examines whether there are informal coordination mechanisms (examples: coalition committees, informal meetings within government or with party groups, informal meetings across levels of government) which effectively filter out or settle issues so that the cabinet can focus on strategic policy debates?

- | | |
|--|---------------------------------------|
| Most policy proposals are effectively coordinated by informal mechanisms. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| Many policy proposals are coordinated by informal mechanisms. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| There is some coordination of policy proposals by informal mechanisms. | 5 <input checked="" type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| There is no or hardly any coordination of policy proposals by informal mechanisms. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

Multifaceted networks and informal consultation processes enable Chinese central government actors and their advisors to exchange views and information about new policy initiatives. However, at the top level of the State Council, the policy process has become increasingly institutionalized under the Hu-Wen administration (2003 – 2013). Thus, informal "deals" have become more difficult to strike among top decision makers who have to go through formal meetings to obtain approval for their priorities and proposals. Ministerial project approval and fund allocation is more clearly open to informal dealings. Yet for national policy-making and legislation, the importance of informal accommodation in preparing decisions appears to have decreased over the last decade.

M 3

Evidence-based Instruments

Category: Steering Capability

M 3.1

RIA Application

Does the government regularly assess the potential socioeconomic impact of the draft laws it prepares (regulatory impact assessments, RIA)?

If RIA activities are not centrally registered, please try to obtain exemplary information that is representative of the situation in your country. **Please Note: If RIA are not applied or do not exist, please give your country a score of "1" for this question AND for M3.2 and M3.3.

In case this question does not fully apply to your country, please answer this question according to possible functional equivalents and substantiate your answer.

- | | |
|--|---------------------------------------|
| RIA are applied systematically to new or existing regulations, but are limited to those matching defined criteria. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| RIA are not applied systematically to study the impact of regulations. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input checked="" type="checkbox"/> |
| <hr/> | |
| RIA are applied randomly. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| RIA are not applied or do not exist. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

The evaluation of pre-legislative pilot programs, along with impact assessments focused on existing legislative and regulatory programs, has become a frequently – yet randomly – applied mechanism for the assessment of policy implementation in China. In 2004, the State Council introduced an outline calling for the exploration of efficient ways to analyze the costs and benefits associated with regulatory measures. In 2010, several laws were selected as the focus of pilot studies in post-legislative assessment. Certain municipalities including Shanghai and Shenzhen regularly practice legislative assessment; however, their focus is on testing of regulations after, not before or during, implementation.

The further deepening of RIA in China may encounter opposition among the bureaucracy. For instance, there was considerable bureaucratic resistance prior to promulgation of the environmental impact assessment (EIA) law in 2002. Protests were mounted against various proposed aspects of the law, including making government policies subject to environmental assessments, a provision that was eventually eradicated from the final draft. As promulgated, the law applies only to the environmental assessment of construction projects.

RIA may presently be on the way to becoming a routine element in the country's so-called scientific decision-making. However, it is not today applied in a systematic or standardized way.

To what extent do RIA analyze the purpose of and need for a regulation?

This question seeks to assess the analytical depth of RIA. Please try to obtain exemplary information that is representative of the situation in your country. In case this question does not fully apply to your country, please answer this question according to possible functional equivalents and substantiate your answer.

- | | |
|---|---------------------------------------|
| RIA define the purpose of and need for a regulation in a clear, concise and specific manner. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| RIA mention the purpose of and need for a regulation, but the specification is not sufficiently clear, concise and/or well-defined. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| RIA mention the purpose of and the need for a regulation, but do not specify. | 5 <input type="checkbox"/> |
| | 4 <input checked="" type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| RIA do not analyze the purpose of and the need for a regulation. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

Throughout the past decade, the Chinese government has made serious efforts to review and reduce the burden of administrative regulation and interference. Thousands of government regulations have been subject to internal assessments, hundreds have been scrapped and hundreds of novel ones added. In the efforts to reduce unnecessary administrative regulation and interference, regulatory impact assessment (RIA) has been summarily undertaken with a view to unleashing new market and entrepreneurial potential in the economy, as for example in the successive reforms of the power sector. The 2004 Law on Administrative Permission triggered a nationwide review of administrative practices with regard to the protection of foreign investors in China from sudden policy changes, corruption and the abuse of power by local officials, and demonstrated that China's regulators were moving toward a deeper implementation of RIA.

To date, however, the analytical depth of RIA appears to remain shallow and nonspecific. Special institutions tasked with implementing RIA programs do not yet exist, and the use and reach of RIA thus remains limited.

M 3 Evidence-based Instruments

Category: Steering Capability

M 3.3 Alternative Options

To what extent do RIA analyze alternative options?

This question seeks to assess the scope of RIA.

Please try to obtain exemplary information that is representative of the situation in your country. In case this question does not fully apply to your country, please answer this question according to possible functional equivalents and substantiate your answer.

RIA analyze alternative options (including “do nothing”) and quantify the costs and benefits of the different alternatives.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
RIA highlight alternative options and consider the pros and cons of each option.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
RIA consider some alternative options.	5 <input type="checkbox"/>
	4 <input checked="" type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
RIA do not analyze alternative options.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

Explanation:

In preparing new regulatory proposals or making policy proposals, national ministries and think tanks have been obliged since the early 2000s to provide an analysis (usually in the form of separate chapters or appendices) that compares diverse regulatory approaches and techniques in a limited number of pertinent benchmark countries or markets, and then to draw conclusions and suggest solutions based on this analysis. Generally, policy proposals tend to stress the distinctive necessities of China's national conditions. Careful analysis of foreign regulatory experiences is thus indeed a part of standard procedures in formulating policy proposals in China. The real influence of these analyses on policy-making nevertheless remains unclear or even opaque.

M 4

Social Consultation

Category: Steering Capability

M 4.1

Negotiating Public Support

To what extent does the government consult with trade unions, employers' associations, leading business associations, religious communities, and social and environmental interest groups to support its policy?

This question assesses how successfully the government consults with economic and social actors in preparing its policy. Successful consultation is conceived here as an exchange of views and information that increases the quality of government policies and induces economic and social actors to support them.

The government successfully motivates economic and social actors to support its policy. **10**
9

The government facilitates the acceptance of its policy among economic and social actors. **8**
7
6

The government consults with economic and social actors. **5**
4
3

The government hardly consults with any economic and social actors. **2**
1

Explanation:

Carefully scripted consultation with official associations, semi-governmental researchers or policy advisers, and non-governmental experts has become a standard mechanism of public policy and the law-making process in China. Large scale advisory committees are sometimes set up to contribute to endeavors such as the drafting of long-term technology or education programs. In addition, government organizations have recruited individuals from academia and the private sector in recent years, which in effect enables a constant influx of non-government knowledge and views.

However, the substance of such consultation must be questioned. First, independent, non-governmental associations are not part of the official process. Second, critical and open consultation usually occurs only in the realm of economic policy. Third, the most effective lobbying takes place behind closed doors in informal gatherings or is confined to the implementation stage of official policies.

In policy realms that are not currently seen as politically sensitive, such as technology policy, China has made progress in the direction of a broadly consultative policy process. However, this is limited by the fact that open contestation and competition is not possible, and that the executive leadership has the final say.

M 5 Policy Communication

Category: Steering Capability

M 5.1 Coherent Communication

To what extent does the government implement a coherent communication policy?

The government effectively coordinates the communication of ministries; ministries closely align their communication with government strategy.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
The government seeks to coordinate the communication of ministries through consultation procedures. Contradictory statements are rare, but do occur.	8 <input type="checkbox"/>
	7 <input checked="" type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
The ministries are responsible for informing the public within their own particular areas of competence; their statements occasionally contradict each other.	5 <input type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
Strategic communication planning does not exist; individual ministry statements regularly contradict each other.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

Explanation:

Official policy communication and public political statements are regulated by a barrage of official slogans and phraseologies that are repeated over and over again by senior party-state and ministerial leaders and the state media. The Chinese government invests significant resources in the coordination and organization of official policy communication. Common policy priorities and cross-departmental policy missions are thus generally communicated in a coherent way, at least in public statements.

However, in policy realms where controversy is unresolved and consensus undefined among top-level decision makers, we may also find public statements by government ministries that reveal diverging views. With regard to China's currency exchange rate policy, for example, the People's Bank of China has tended to make public statements in favor of fast appreciation of the Chinese yuan, only to be contradicted by a Ministry of Commerce that tends to rule out any such step in defense of China's export businesses.

To what extent can the government achieve its own policy objectives?

This question seeks to evaluate a government's implementation performance against the performance benchmarks set by the government for its own work. The assessment should therefore focus on the major policy priorities identified by a government and examine whether declared objectives could be realized.

- | | |
|---|---------------------------------------|
| The government can largely implement its own policy objectives. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| The government is partly successful in implementing its policy objectives or can implement some of its policy objectives. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| The government partly fails to implement its objectives or fails to implement several policy objectives. | 5 <input checked="" type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| The government largely fails to implement its policy objectives. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

Chinese authorities on the central, provincial and local levels were successful in 2009 and 2010 in fighting the financial crisis when measured by their ability to sustain growth, minimize unemployment and uphold social stability.

In policy implementation during normal times, however, the Chinese government often has difficulty reconciling conflicting policy objectives and interests. While the central government rather consistently emphasizes sustainable and equitable growth, local governments often thwart this policy by fuelling excess investment in their localities so as to promote growth, revenues and prestige.

The conflicting objectives and interests of the central and local governments have been particularly obvious in China's efforts to curb pollution. Binding targets for the reduction of major pollutants included in recent five-year plans have been enforced with much vigor and central government oversight as well as strong pressure put on provincial and lower-level cadres. This contrasts markedly with the everyday reality of environmental policy implementation on the local level. Routine environmental protection and pollution control efforts produce only very limited results (see also "environment"). The barriers environmental officers have to overcome when putting environmental laws and regulations into administrative practice on the local levels are manifold: crony alliances of local governments and industry, dependence of environmental bureaus on local governments for budgetary and administrative backing, the risk of eliminating local sources of growth through the strict enforcement of environmental regulations, a lack of accountability on the part of local cadres and a need to generate growth to propel local cadres' careers, and so on. In a highly specific local context, effective implementation of national pollution control (and other) regulations thus becomes a complicated task, and in many cases is rendered impossible by conflicting interests.

Central-local relations with regard to the allocation of funds, the system of cadre promotion, top-down political pressure to comply and administrative oversight of local cadre behavior are critical to successful policy implementation. As such, effective implementation of policy objectives varies strongly according to the policy issue concerned and the priority assigned to its enforcement by the central government. The success of policy implementation also depends on the consistency of the policy objectives and the means provided for attaining these objectives. When judging the effectiveness of policy implementation, one has to distinguish between extraordinary and effective policy implementation, as in the case of economic stimulation policies during the world financial crisis or the 2008 Beijing Olympics, and normal day-to-day implementation such as pollution control or food safety, which tends to be less efficient. Hence, the outcome of implementation in China may differ to a large extent according to the specific policy context.

To what extent does the organization of government ensure that ministers do not seek to realize their self-interest but face incentives to implement the government's program?

Organizational devices providing incentives for ministers include prime ministerial powers over personnel, policies or structures, coalition committees, party summits, comprehensive government programs/coalition agreements and cabinet meetings. In case this question does not fully apply to your country, please answer this question according to possible functional equivalents and substantiate your answer.

The organization of government successfully provides strong incentives for ministers to implement the government's program. **10**
9

The organization of government provides weak incentives for ministers to implement the government's program. **8**
7
6

The organization of government partly prevents ministers from realizing departmental self-interests. **5**
4
3

The organization of government fails to prevent ministers from realizing departmental self-interests. **2**
1

Explanation:

The Executive Committee of the State Council (consisting of the premier, four vice premiers, five state councilors) and the State Council's General Office are in charge of coordinating and supervising the work of the central government ministries.

Although the ministries (and their ministers) may pursue separate agendas, they are subject to quite effective mechanisms of compliance at the level of the central government. The state as well as the CCP has institutions in place that oversee officials' and cadres' work and discipline records. The Ministry of Supervision, a body subordinate to the State Council, is mainly concerned with supervising public servants' discipline and efficiency. In addition, the Central Commission for Discipline Inspection of the CCP targets cadre corruption and delinquency.

Central government ministers generally have a record of implementing stated government policy in a loyal way. However, in recent years there have also been spectacular individual cases of corruption and deviance at the ministerial level, such as the sacking of Shanghai party secretary Chen Liangyu and in the Railway Ministry. In 2011, Liu Zhijun, who had served as minister of railways since 2003, was charged by the CCP's Discipline Commission with "severe violation of discipline." He was allegedly accused of accepting payments of up to 4% of each deal in return for awarding contracts for the rapid expansion of China's high-speed railway. His bribes are suspected to have amounted to over \$120 million.

How effectively does the government office / prime minister's office monitor line ministry activities?

This question assumes that effective delegation from the core executive to ministries is reflected in the monitoring of line ministry activities by the administration of the core executive. While such monitoring is not sufficient to prevent line ministries from prioritizing sectoral over government interests, the presence or absence of monitoring is taken here as a proxy of effective delegation policies. In case this question does not fully apply to your country, please answer this question according to possible functional equivalents and substantiate your answer.

The GO / PMO effectively monitors the activities of line ministries. 10

9

The GO / PMO monitors the activities of most line ministries. 8

7

6

The GO / PMO shadows the activities of some line ministries. 5

4

3

The GO / PMO does not monitor the activities of line ministries. 2

1

Explanation:

Within the Chinese central government, ministerial monitoring is undertaken through the mirror divisions or cross-sectoral divisions of the national planning agency (NDRC), which collaborates closely with the State Council General Office in policy coordination and monitoring. The NDRC has approval power over most ministerial programs and shares approval power over project funding with the Ministry of Finance. The General Office and the NDRC thus together fulfill the monitoring functions of the core executive. The effectiveness of monitoring varies across policy areas. It is stronger on industrial, infrastructural and environmental issues, much less effective in financial industry and military affairs.

How effectively do ministries monitor the activities of executive agencies?

An effective implementation may be constrained by bureaucratic drift. To ensure that agencies act in accordance with government policies, this question assumes that ministries and their leading officials should monitor the activities of semi-autonomous executive agencies in their task area.

In federal states with few executive agencies at the central level of government, the assessment should also consider regional-level decentralized agencies acting on behalf of the federal government.

- | | |
|--|---------------------------------------|
| The ministries effectively monitor the activities of all executive agencies. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| The ministries monitor the activities of most of the executive agencies. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input checked="" type="checkbox"/> |
| <hr/> | |
| The ministries monitor the activities of some executive agencies. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| The ministries do not monitor the activities of executive agencies. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

The effectiveness of agency monitoring depends on the individual ministry and on the bureaucratic level. The farther down the bureaucratic chain of command one goes, the more bureaucratic leeway there is. The monitoring of executive agencies by ministries for the most part refers to the difficult central-local relationship in China. The center seeks to retain its influence over lower-level executive agencies mainly through the nomenklatura system, a system of party-sanctioned appointments of leading personnel or cadres. Leading members of lower-level agencies are appointed by the higher levels, and their work records are assessed depending on a set of policy objective variables (e.g., economic growth, social stability, etc.).

In general, the levels of government below the center are organized in nearly the same way as the central government itself. Vertical line relations from central ministries to local agencies provide the link enabling coherence between central government policy objectives and local-level implementation. However, it is local governments and their horizontal relations with the agencies in terms of budgetary and personnel allocation that primarily determine actual policy outcomes on the local levels. The central level's direct control over local agency behavior thus remains limited in most cases.

Fiscal relations between ministries and local agencies are weak and do not provide a lever for monitoring and political control. Resource allocation for policy implementation and most expenditure on the local levels has increasingly been placed in the hands of local administrations, which cannot count on substantive transfers from higher levels. This has triggered massive variation in the provision of public goods and services among China's localities.

As central-level policy objectives and the degree of emphasis put on single issues changes, and as demands with regard to policy implementation differ between the various line ministries and layers of government, it is impossible to give an overall assessment of ministries' monitoring potential vis-à-vis local agencies.

M 6.3a Task Funding

To what extent does the central government ensure that tasks delegated to subnational self-governments are adequately funded?

A high or low degree of decentralization as such does not constitute a meaningful indicator of executive capacity. Rather, this question focuses on the delegation problem associated with decentralization.

If the central government delegates a public task to lower levels of government (as a rule: regional self-government and in unitary states without regional self-government, local self-government), the central government needs to ensure that such tasks are adequately funded. The absence of corresponding funding sources (“unfunded mandates”) indicates a lack of responsibility and strategic design. Funding may be provided through grants (shares of centrally collected taxes) from the central budget or by endowing subnational self-governments with their own revenues.

Please note that subnational self-government refers to directly elected subnational administrative authorities with considerable discretion. The broad concept of “delegation” applied here is taken from principal-agent theory and includes independent powers of subnational self-government enshrined in the constitution. Thus, no difference is made between independent powers and those central government powers that have been delegated by laws or executive regulations to subnational self-government.

The central government enables subnational self-governments to fulfill all their delegated tasks by funding these tasks sufficiently and/or by providing adequate revenue-raising powers.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
The central government enables subnational governments to fulfill most of their delegated tasks by funding these tasks sufficiently and/or by providing adequate revenue-raising powers.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
The central government sometimes and deliberately shifts unfunded mandates to subnational governments.	5 <input type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
The central government often and deliberately shifts unfunded mandates to subnational self-governments.	2 <input checked="" type="checkbox"/>
	1 <input type="checkbox"/>

Explanation:

Over the past two decades, China's central government has imposed a myriad of unfunded mandates on local governments. Central government co-funding has only recently started to be practiced in a rules-based way, for example in the areas of rural health care and rural roads programs. Overall, there is huge variation in central/provincial/municipal/local task funding, and the whole process is extremely opaque and ad-hoc.

M 6.3b Constitutional Discretion

To what extent does central government ensure that substantial self-governments may use their constitutional scope of discretion?

As a high or low degree of decentralization as such does not constitute a meaningful indicator of executive capacity, this question takes the constitutional scope of regional self-government or, in unitary states without regional self-government, local self-government autonomy, as a point of reference.

Central government institutions are assumed to enable subnational self-governments to use this autonomy fully. Subnational autonomy may be curtailed by legal, administrative, fiscal or political measures of the central level. Such de facto centralizing policies may be deliberate or unintentional, unconstitutional or in accordance with the constitution.

The central government enables subnational self-governments to use their constitutional scope of discretion fully.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Central government policies inadvertently limit the subnational self-governments' scope of discretion.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
The central government formally respects the constitutional autonomy of subnational self-governments, but de facto narrows their scope of discretion.	5 <input type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input checked="" type="checkbox"/>
<hr/>	
The central government deliberately precludes subnational self-governments from making use of their constitutionally provided autonomy.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

Explanation:

Subnational self-government autonomy is codified within the Chinese constitution for regions inhabited by ethnic minorities ("autonomous regions"). However, decisions by subnational governments can be nullified by the State Council, and in practice hierarchical party-state institutions and fiscal dependencies work against the realization of local autonomous rights.

Throughout the reform period, the fiscal system has been gradually decentralized in favor of local levels of government. The primary responsibility for financing infrastructure or social policies thus today lies with the localities. Expenditure at subnational levels has made up nearly 80% of total state expenditure in recent years. Most public goods and social services are provided by local governments; variation in the quality of goods provision and development is accordingly extensive. Following an intense period of tax system reforms, local governments have come under intense pressure to derive funds from their own sources of revenue in order to implement a policy agenda still controlled by the central government. Thus, they remain highly dependent on local conditions for revenue extraction, especially in comparatively less developed or resource-constrained areas.

Nevertheless, when considering their budget, local governments are dependent on the scope of central government policies and the funds necessary for their implementation. Assessing local governments' dependencies, one has to consider the immense administrative pressure exerted by higher-level governments on lower levels in the process of policy implementation, as well as for the attainment of certain socioeconomic goals. These goals are further codified in political contracts that bind lower-level administrators to their fulfillment.

Villages also have extensive expenditure responsibilities, though they are not a part of the formal government structure. They have no independent fiscal powers, and thus have to seek off-budget revenues from fees or arbitrary charges, in the process lowering their own fiscal legitimacy with the population. They are highly dependent on the allocation of resources from higher-level governments for all further financial obligations. Village fiscal problems are further exacerbated by the fact that fiscal revenue on the county and township levels (which are directly above the villages, and responsible for their administration) is relatively low compared to the municipalities and provinces that account for around 70% of subnational revenues.

Most local administrations cannot cover their own administrative expenses and staff salaries. In poor provinces (Tibet, Qinghai, Guizhou, etc.), less than 50% of salary obligations can be covered from local revenue. These regions are heavily reliant on transfer payments.

To what extent does central government ensure that subnational self-governments meet national standards of public services?

This question seeks to assess how central government ensures that the decentralized provision of public services complies with standards (rules, performance figures, etc.) agreed upon and set on the national level.

Central government effectively ensures that subnational self-governments meet national standards of public services. **10**
9

Central government ensures largely that subnational self-governments meet national standards of public services. **8**
7
6

Central government ensures that subnational self-governments meet national minimum standards of public services. **5**
4
3

Central government does not ensure that subnational self-governments meet national standards of public services. **2**
1

Explanation:

National public service standards (or what comes close to this in China) are laid down in national multiyear programs. These include five-year plans that set target levels for the provision of public services for the specified period. Annual policy programs and regional programs are then derived from the overarching plans, and serve to transform abstract policy guidance into administrative standards. Numerous sectoral policies further specify national public standards.

The cadre appraisal system is a crucial tool in ensuring that national policy aims are fulfilled on the lower levels. The promotion of local cadres and officials hinges upon documentable policy accomplishments; these in turn are defined subject to local conditions but revolve in large part around the issues of economic development and social stability. The criteria may be expanded to include other policy targets that cadres and officials have to attain in order to be promoted. In addition, policy contracts may be signed between lower-level leading cadres and the higher-level government overseeing them. Political contracting binds local officials to certain tangible policy goals, and thus provides an incentive framework for their behavior. This system also serves to divide policy tasks among local administrations.

The system of responsibility created by this form of political contracting and cadre management enables higher-level governments to retain some vertical control over local administrations' provision of goods, especially in core areas of state activity such as family planning, social stability and economic development. However, this control is frequently blunted by conflicts between the interests and goals set out by these contracts or cadre requirements. Fixed revenue generation may result in a decline in public service quality as local governments focus on the extraction of funds. Revenue generation and economic development may further conflict significantly with contracts on pollution prevention and environmental protection. In such cases, local governments tend to opt for the goals within their reach or those that receive the greatest amount of attention from higher levels, effectively excluding secondary targets from their agenda, especially when they run counter to local vested interests. The responsibility system's potential for steering local governments' provision of services thus remains limited to certain clearly circumscribed and uncontroversial issues.

Due to China's huge regional variation, broad variances between standards of public service provision are evident. Whereas there are many examples of impressive local governance in terms of social goods provision in the more developed eastern coastal provinces, China's central and western regions have traditionally lagged behind in this respect. Local governments' ability to provide services in poor regions remains marginal due to scarce funds and a paucity of revenue generation sources.

Regional disparities have been further exacerbated by tax system reforms that allow richer provinces to keep more revenue for their own expenditure rather than providing transfers to poorer provinces. This has resulted in many eastern provinces showing expenditure levels markedly above the national average (Shanghai, Beijing, Guangdong, etc.), and central or western provinces with levels visibly below average (Henan, Hunan, Guizhou, etc.).

To what extent does the government respond to international and supranational developments by adapting domestic government structures?

Government structures include the organization of ministries, the cooperation among ministries and in cabinet, the center of government and relations with subnational levels of government. This question asks whether these structures have been adapted to address inter / supranational developments and their effects for policy formulation and policy implementation.

Please note that structural reforms are also studied in view of their role in institutional learning (question M 8.2).

- | | |
|--|--|
| The government has appropriately and effectively adapted domestic government structures to international and supranational developments. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| The government has largely adapted domestic government structures to international and supranational developments. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| The government has partly adapted domestic government structures to international and supranational developments. | 5 <input checked="" type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| The government has not adapted domestic government structures. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

The necessity of administrative cooperation with a multitude of foreign economic actors and the decision to join international organizations (e.g., the WTO) has led to organizational changes within Chinese state organs, even with respect to funding and daily operations (e.g., Chinese customs administration). The institutional structure of China has been shaped by the requirements of increased foreign engagement within the economic sphere, especially after WTO accession in 2001. The very essence of reform policies in China has been to open the country to the world market and to provide an attractive environment for foreign investors. Hence, important parts of the judicial system concerned with economic regulations and trade have been streamlined in order to better fit international standards and to provide a more secure investment climate for foreign investors.

As a further consequence of WTO membership, customs rates have been cut and the system of trade regulation reformed. All in all, a major liberalization of economic regulations and an opening of the economy to world standards have taken place. This has been exemplified by the successive waves of reform of the Chinese customs administration since 1994. Chinese customs administration has been modernized and its effectiveness significantly upgraded in order to raise the competitiveness of China's export industry on the global market. Intellectual property rights (IPR) have remained a major and contentious issue between China and foreign entrepreneurs, but significant steps to modernize formal legislation and enhance the efficiency of IPR protection have been taken. As a final example of adaptation to international policy regimes and standards, China has effectively reformed its judicial regulations and its procedures to deal with money laundering.

A number of policy programs (including poverty reduction, local elections, climate change policies and environmental protection programs) are supported by and thus made possible through foreign financial assistance and experts. Leading Chinese officials regularly participate in cooperative transnational ventures and policy networks. For instance, Chinese officials have been actively involved in discussions about global climate-change mitigation measures under the U.N. Framework Convention on Climate Change (UNFCCC). This in turn has shaped Chinese policies on the issue of global warming. The party leadership explicitly cultivates the image of being "a responsible great power that assumes international obligations" in China's multilateral engagements. As such, Chinese decision makers view the transfer of international norms into national legislation in both instrumental and status-driven terms.

The transnational transfer of ideas and policies has also been facilitated by the intense cooperation of semiofficial research institutes with foreign governments and partner institutions, a trend that has tacitly influenced the Chinese policy agenda. For their part, regional government bodies have become involved in close mutually beneficial relations with

foreign investors. Thus, new transnational lobbies have emerged within China that have a stake in safeguarding and deepening China's integration into the world economy.

Adaptive reforms and liberalization efforts have not been limited solely to economic matters. However, liberalization with respect to policies directly relevant to regime stability remains cautiously restricted. As seen with the liberalization of media policies before the Beijing Olympic Games in 2008, policy changes have been programmatic, and do not signify deeper structural change. It remains to be seen what long-term effects economic liberalization and the influx of foreign technologies and ideas will have on the shape of China's future social policies.

To what extent does the government participate in the international coordination of joint reform initiatives?

This question evaluates whether the government actively collaborates in reform initiatives promoted by international fora or organizations. The underlying assumption is that – given the transnational integration of modern states – executive capacity increasingly depends on whether a government is able to actively participate in international institutions and in shaping international policies.

Joint reform initiatives concern challenges or problems that cannot be mastered unilaterally by an individual country and that aim to facilitate international cooperation in fields such as international security, economic development, social progress, human rights issues or environmental protection.

- | | |
|--|--|
| The government actively participates in the international coordination of joint reform initiatives as often as possible. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| The government often participates in the international coordination of joint reform initiatives. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input checked="" type="checkbox"/> |
| <hr/> | |
| The government selectively and sporadically participates in the international coordination of joint reform initiatives. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| The government does not participate in the international coordination of joint reform initiatives. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

The PRC has maintained and expanded cooperative ties with multilateral institutions such as the IMF, the World Bank and the Asian Development Bank (ADB), as well as with foreign governments. These links have helped the country obtain support for ongoing economic reforms, sustainable development, health care, social security systems and legal reforms. China makes efficient use of this support, particularly in areas such as renewable energy sources and energy conservation where it lags technologically. In the energy sector, China has exchanged market access for the rights to import leading-edge technology necessary to meet its climate mitigation targets. It has actively endeavored to spur domestic technology development through the encouragement of spillover effects related to international science and technology cooperation.

On a larger scale, China has recently advocated for use of the G-20 as the world's primary forum for global economic coordination meetings. It is an active member of the U.N. Framework Convention on Climate Change, and has become a major player in international climate change negotiations. In addition, China has begun to redefine its international role as a "responsible stakeholder" in international affairs, giving evidence of a pronounced shift in the international power balance following the global financial crisis. China has stepped up its involvement in international regimes and has actively sought to participate in their redefinition. Thus, China has not only adapted its domestic policy environment to international influence, but is increasingly becoming proactive in shaping international regimes.

In other policy realms such as human rights or national defense, China has been very reluctant to embrace multilateral coordination, and has instead insisted on preservation of its own national sovereignty. Although China has signed several U.N. documents on the protection of human rights, implementation has been partial at best (see "civil rights" and "political liberties" for details).

To what extent do actors within the government monitor whether institutional arrangements of governing are appropriate?

Institutional arrangements include the rules of procedure and the work formats defined there, in particular the cabinet, the office of the head of government, the center of government, the portfolios of ministries, the advisory staffs of ministers and the head of government as well as the management of relations with parliament, governing parties, ministerial administration and public communication.

The institutional arrangements of governing are monitored regularly and effectively. 10
9

The institutional arrangements of governing are monitored regularly. 8
7
6

The institutional arrangements of governing are selectively and sporadically monitored. 5
4
3

There is no monitoring. 2
1

Explanation:

The work rules for State Council organs and ministerial portfolios are regularly overhauled when a new premier takes (every five or 10 years). More broadly, the Chinese government has been subject to constant reorganization (with ministries merged, abolished or newly created) since the 1980s in an effort to adapt to the changing economic, social and international environment.

A special commission headed by the premier (*Zhongyang bianwei*) is tasked with monitoring the government's organizational configuration, and drafts reorganization proposals including staffing plans and limits for national and subnational organs.

The operations of this commission are not transparent. Only the results of commission decisions are released to the public. Major adjustments in government organization structure are regularly undertaken in five-year cycles (following the constitution of new national people's congresses, which in turn confirm new governments every five years).

According to the rare public statements on the issue, administrative streamlining has been a core criterion of executive restructuring. Such changes have been driven by government adjustments to structural changes in the economic, societal or international environment; efforts to avoid functional overlap; and reforms designed to increase work efficiency and reduce red tape, among other goals.

M 8

Organizational Reform Capacity

Category: Institutional Learning

M 8.2

Institutional Reform

To what extent does the government improve its strategic capacity by changing the institutional arrangements of governing?

For a list of institutional arrangements, see question M 8.1. Strategic capacity is the capacity to take and implement political decisions which take into account the externalities and interdependencies of policies, are based on scientific knowledge, promote common goods and represent a long-term orientation.

- | | |
|---|---------------------------------------|
| The government improves considerably its strategic capacity by changing its institutional arrangements. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| The government improves its strategic capacity by changing its institutional arrangements. | 8 <input type="checkbox"/> |
| | 7 <input checked="" type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| The government does not improve its strategic capacity by changing its institutional arrangements. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| The government loses strategic capacity by changing its institutional arrangements. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

Through the course of several rounds of institutional reorganization (especially in 1998 and 2003), the government has tried to streamline decision-making, make implementation more efficient, and make necessary adaptations to changes originating from inside and outside of China. Constant reorganization has successively reduced the overall number of ministries and commissions subordinate to the State Council to 44 in 1993, 29 in 1998 and to today's figure of 27. Industrial ministries and bureaucracy branches modeled after the Soviet tradition were cut back in the reform waves of 1998 and 2003. New ministries and commissions have been created from the merger of existing institutions or upgraded, as in the cases of the National Development and Reform Commission (NDRC) in 2003 or the Ministry of Environmental Protection in 2008.

The government has been quite effective in reorienting existing institutions (e.g., the former State Planning Commission, now the NDRC) to new missions such as macroeconomic guidance or industrial policy, as well as in setting up new organs that somewhat resemble foreign counterparts but remain part and parcel of the party state (e.g., regulatory bodies for banks, securities and insurance companies).

Despite this two-decade overhaul of the institutional system, the overall impact of the bureaucratic streamlining on the real functioning of institutions has remained unclear. The CCP's broad discretionary powers remain in place, and are highly opaque to outside analysts.

Management Index

Executive Accountability

Citizens

M 9 Citizens' Participatory Competence

Legislature

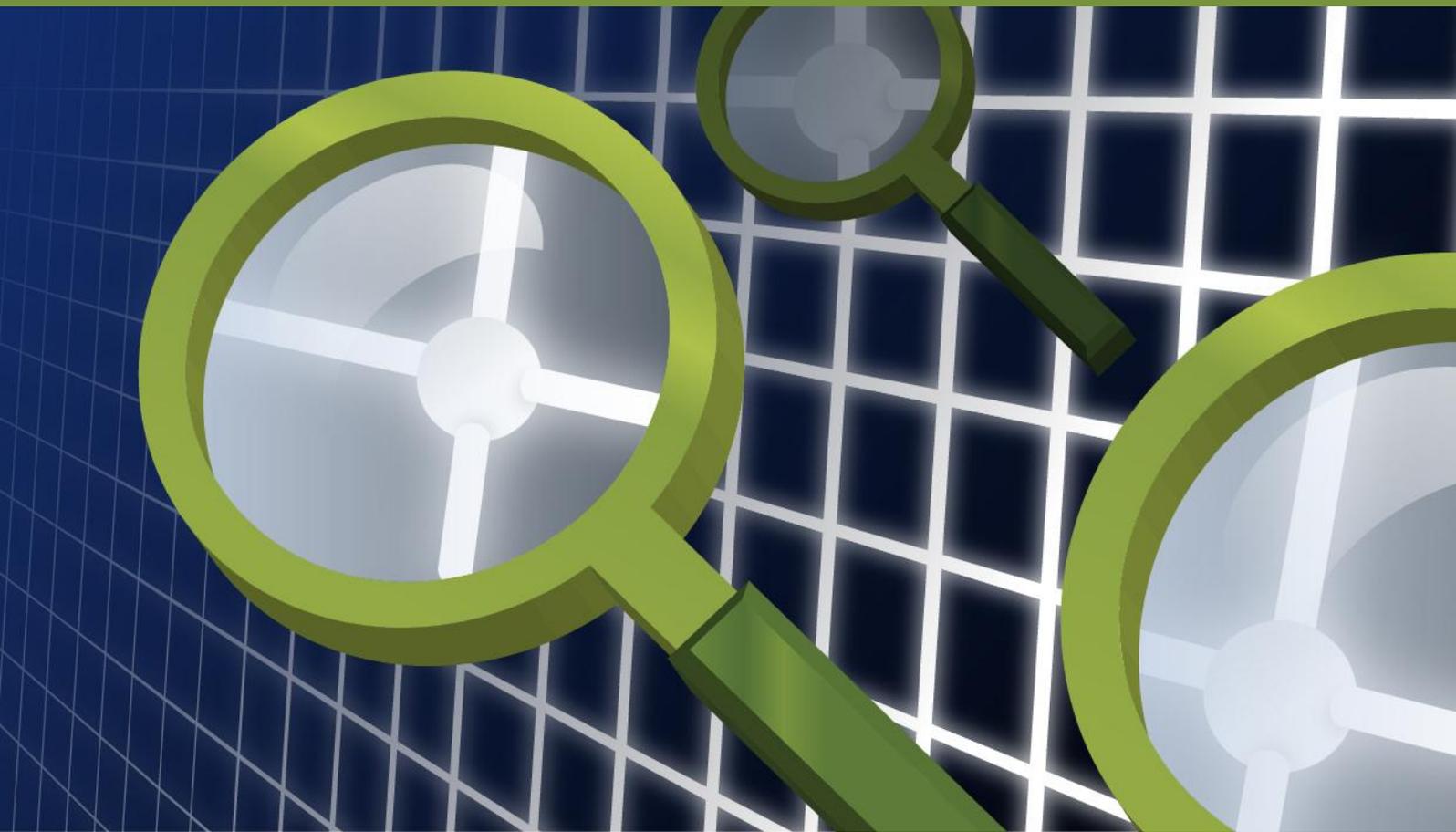
M 10 Structures and Resources of Parliamentary Actors

M 11 Parliamentary Accountability and Oversight

Intermediary Organizations

M 12 Media

M 13 Parties and Interest Associations



To what extent are citizens informed of government policy-making?

This question assesses the extent to which citizens have information and knowledge enabling them to evaluate government policy-making adequately. The question focuses on policies, not the personnel or political composition of government or the power struggles that often dominate government. A high level of information about policies presupposes that citizens understand the motives, objectives, effects and implications of policies.

Please rely on local opinion survey data to substantiate your evaluation.

- | | |
|--|---------------------------------------|
| Most citizens are well-informed of a broad range of government policies. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| Many citizens are well-informed of individual government policies. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| Few citizens are well-informed of government policies; most citizens have only a rudimental knowledge of policies. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input checked="" type="checkbox"/> |
| <hr/> | |
| Most citizens are not aware of government policies. | 2 <input type="checkbox"/> |
| | 1 <input type="checkbox"/> |

Explanation:

The urban public is well aware of the contents of major government policies. In the countryside, most citizens are familiar with official slogans such as “harmonious society” and “scientific development,” as well as with the concrete national and regional policies that affect citizens' taxes, fees or health-care spending.

The policy-making process itself is not transparent to the public. There is ample propaganda-style, noninvestigative media coverage on meetings of the State Council or National People’s Congress. Yet the deliberations undertaken in executive bodies are presented as a harmonious process of consensus-building, featuring minor controversies at best. As a rule, media coverage is focused on policy output, not on the policy process.

Representative and credible survey data on this sensitive political issue (which is subject to an especially strong political "courtesy bias" or "avoidance bias" during the process of data collection) is not available. However, qualitative fieldwork has produced a vast body of anecdotal evidence indicating that knowledge about the policy process is extremely thin beyond those citizens who are directly in touch with officialdom and government units.

M 10 Structures and Resources of Legislative Actors

Category: Legislature

M 10.1 Number of Committees

How many parliamentary committees are there?

The underlying assumption is that a parliament with a sufficient number of committees is better able to discuss bills, whereas too many committees may lead to fragmentation. Based on comparative studies, 12 – 18 committees are considered optimal. Please consider only regular parliamentary committees, not committees established ad hoc to investigate specific questions.

Total parliamentary committees:

n/a

Since the Chinese Parliament (National People's Congress) is not a legislative body in the Western sense, this question is not wholly applicable to China. The NPC's almost 3000 delegates meet only once a year for a plenary session; in the interim periods, its Standing Committee (currently numbering 175 members) performs the body's functions (including the drafting of legislation in such fields as economics, education, energy, etc.).

How many members does a parliamentary (sub-)committee have on average?

It is assumed that parliamentary committees can best respond to their task of control if they have neither too many nor too few members. Based on comparative studies, 13-25 committee members are considered optimal.

Please consider only regular parliamentary committees, not committees established ad hoc to investigate specific questions.

Average number of committee members:

No information available

Where subcommittees exist, average number of subcommittee members:

No information available

M 10 Structures and Resources of Legislative Actors

Category: Legislature

M 10.3 Pro-Government Committee Chairs

How many committee chairpersons nominated by the governing party (or parties) are appointed?

This question addresses the influence of governing parties in parliament. Please consider only regular parliamentary committees, not committees established ad hoc to investigate specific questions.

Total nominated / appointed committee chairpersons:

No information available

According to the NPC's Chinese language webpage, all committee chairpersons are members of the CCP; as such they are managed through the nomenklatura system.

M 10.4 Deputy Expert Staff

How large, on average, is the deputy's expert support staff?

This question seeks to measure the capacities of parliamentary deputies.

Expert support staff size:

*No information
available*

Deputies in China do not have offices or staff of their own; offices are linked to the committees. **No additional, more detailed information is available.**

M 10.6 Legislature's Expert Staff

How many expert support staff members work for the legislature (including legislature's library)?

This question seeks to measure the capacities of the parliament.

Total parliamentary expert support staff:

*No information
available*

M 11 Legislative Accountability

Category: Legislature

M 11.3 Summoning Ministers

Are parliamentary committees able to summon ministers for hearings?

Please assess whether parliamentary committees are de facto, not only legally, able to summon ministers to committee meetings and to confront them with their questions. Please specify if you consider the rights of committees limited. This question considers regular parliamentary committees only, not committees established ad hoc to investigate specific questions.

Parliamentary committees may summon ministers. Ministers regularly follow invitations and are obliged to answer questions. **10**
9

The rights of parliamentary committees to summon ministers are slightly limited; ministers occasionally refuse to follow invitations or to answer questions. **8**
7
6

The rights of parliamentary committees to summon ministers are considerably limited; ministers frequently refuse to follow invitations or to answer questions. **5**
4
3

Parliamentary committees may not summon ministers. **2**
1

non-applicable

Explanation:

No generalizable information on the issue of summoning ministers is available.

Are parliamentary committees able to summon experts for committee meetings?

Please assess whether parliamentary committees are de facto, not only legally, able to invite experts to committee meetings. Please specify if you consider the rights of committees limited. This question considers regular parliamentary committees only, not committees established ad hoc to investigate specific questions.

Parliamentary committees may summon experts. 10

9

The rights of parliamentary committees to summon experts are slightly limited. 8

7

6

The rights of parliamentary committees to summon experts are considerably limited. 5

4

3

Parliamentary committees may not summon experts. 2

1

non-applicable

Explanation:

Though there are no parliamentary committees per se in the Chinese political system, briefings by experts are a routine practice within the Chinese policy-making process (see “scholarly advice” for details). Exchanges between experts and NPC delegates are frequent. In fact, the NPC consists of a large spectrum of representatives from society including many scientists and active experts from research institutes, think tanks, universities, and other institutions. Due to the nondemocratic character of admission into the NPC, and a decision process based largely on prefabricated acclamation, these delegates’ influence on the actual workings and decisions of the NPC is open to question. However, their participation does further the inclusion of academic knowledge into NPC decision-making and committee work even if the NPC’s subordinate role renders the impact of expert review and advice in this venue quite limited.

In general, it is not possible to judge whether expert hearings are anything other than show. Their actual consequences for law-making are unclear. Please also note that parliamentary committees in China are largely irrelevant within the legislative process, and cannot be compared to their counterparts in liberal western democracies.

To what extent do the task areas of parliamentary committees and ministries coincide?

If the task areas of parliamentary committees match the task areas of ministries, each parliamentary committee may focus on monitoring the activities of its corresponding ministry, thereby increasing the control capacity of the legislature. There are two possible ill-fitting constellations between committee and ministerial portfolios. If there are fewer committees than ministries, the committees may be overburdened with monitoring ministerial activities. If there are more committees than ministries, control responsibilities are split and the parliament may act non-cohesively.

This question considers regular parliamentary committees only, not committees established ad hoc to investigate specific questions.

- | | | |
|--|-----------|--------------------------|
| The task areas of parliamentary committees and ministries fully coincide. | 10 | <input type="checkbox"/> |
| Parliamentary committees monitor ministries effectively. | 9 | <input type="checkbox"/> |
| <hr/> | | |
| The task areas of parliamentary committees do not fully correspond to the task areas of ministries. Parliamentary committees are largely capable of monitoring ministries. | 8 | <input type="checkbox"/> |
| | 7 | <input type="checkbox"/> |
| | 6 | <input type="checkbox"/> |
| <hr/> | | |
| The task areas of parliamentary committees do not correspond to the task areas of ministries. Parliamentary committees fail to monitor ministries effectively. | 5 | <input type="checkbox"/> |
| | 4 | <input type="checkbox"/> |
| | 3 | <input type="checkbox"/> |
| <hr/> | | |
| The task areas of parliamentary committees differ widely from the task areas of ministries. Parliamentary committees frequently fail to monitor ministries effectively. | 2 | <input type="checkbox"/> |
| | 1 | <input type="checkbox"/> |

non-applicable

Explanation:

Although the NPC has “committees,” there are only nine NPC “special committees” as compared with 65 ministries, commissions and other organs with ministerial rank subordinate to the State Council. In some cases, a special committee (e.g., Foreign Affairs Committee, Ethnic Affairs Committee) mirrors a single corresponding ministry (in this case, the Ministry of Foreign Affairs and the Ethnic Affairs Commission). In other cases, (e.g., Financial and Economic Affairs Committee) the special committee may correspond to numerous organs falling under the State Council’s bureaucratic auspices (e.g. the ministries of Finance and Commerce, the National Development and Reform Commission, the People’s Bank of China, etc.).

The NPC committees as such do not possess any meaningful monitoring function. Committees may formally “examine” policies, regulations, documents, decrees and other such items issued by ministries or commissions subordinate to the State Council, but this does not mean they exert any relevant influence on State Council policy-making.

M 11 Legislative Accountability

Category: Legislature

M 11.6 Audit Office

To what extent is the audit office accountable to the parliament?

This question assesses the extent to which the parliament can rely on its own auditing capacities.

- The audit office is accountable to the parliament exclusively. **10**
9
-
- The audit office is accountable primarily to the parliament. **8**
7
6
-
- The audit office is not accountable to the parliament, but has to report regularly to the parliament. **5**
4
3
-
- The audit office is governed by the executive. **2**
1

Explanation:

According to the Chinese constitution, the National Audit Office is under the direct leadership of the premier of the State Council. The Auditor General is a member of the State Council, and is nominated by the premier subject to approval by the National People's Congress or its Standing Committee.

M 11 Legislative Accountability

Category: Legislature

M 11.7 Ombuds Office

Does the parliament have an ombuds office?

This question asks whether parliaments have institutions that listen to the concerns of citizens, publicly advocate the issues raised by citizens and initiate governmental action to address them.

The term “ombuds office” is used here as a label representing these functions and may be institutionalized in different organizational formats. Please also consider possible functional equivalents and substantiate your answer.

- | | |
|---|---------------------------------------|
| The parliament has an effective ombuds office. | 10 <input type="checkbox"/> |
| | 9 <input type="checkbox"/> |
| <hr/> | |
| The parliament has an ombuds office, but its advocacy role is slightly limited. | 8 <input type="checkbox"/> |
| | 7 <input type="checkbox"/> |
| | 6 <input type="checkbox"/> |
| <hr/> | |
| The parliament has an ombuds office, but its advocacy role is considerably limited. | 5 <input type="checkbox"/> |
| | 4 <input type="checkbox"/> |
| | 3 <input type="checkbox"/> |
| <hr/> | |
| The parliament does not have an ombuds office. | 2 <input type="checkbox"/> |
| | 1 <input checked="" type="checkbox"/> |

Explanation:

China's governing system contains neither an Ombuds Office nor a functional equivalent.

To what extent do the TV and radio stations in your country provide substantive indepth information on decisions taken by the government?

This question seeks to assess the extent to which the media provide contextualized information, analysis and background information that enables the broader public to evaluate the government's decisions. For reasons of comparability and simplicity, the question focuses on:

(1) your country's main TV and radio stations (excluding all other electronic and print media as well as pure news channels) and

(2) decisions taken by the government (and not political issues or the political process in general). A lack of in-depth information is not tantamount to a complete lack of information but to the dominance of "infotainment programs" framing government decisions as personalized power politics and diverting attention from the substance of decisions to entertaining events and stories.

The main TV and radio stations every day produce high-quality information programs analyzing government decisions. **10**
9

The main TV and radio stations produce a mix of infotainment and quality information programs. Programs with in-depth information on government decisions comprise between five and seven hours a week. **8**
7
6

The main TV and radio stations produce many superficial infotainment programs. In-depth information on government decisions is limited to programs lasting between three and five hours a week. **5**
4
3

The main TV and radio stations are dominated by superficial infotainment programs. In-depth information on government decisions is limited to programs lasting between one and three hours a week. **2**
1

Explanation:

As mentioned before (see “media access,” “media freedom” and “media pluralism”), traditional media (print, radio and television) plays a less significant role than does internet media. Social media such as microblogs exert a growing influence on public debate and citizens’ opinions. China’s main TV and radio stations are run by the state and are subject to CCP propaganda department interference. As such, they do not provide independent reporting on political processes and decision-making. In accordance with the General Administration of Press and Publication (GAPP) and the State Administration of Radio, Film and Television (SARFT, a ministry until 1998), CCP propaganda departments at all levels continue to oversee all news reporting and media publications and set the guidelines for acceptable media contents.

There has been a trend toward the provision of entertainment and other depoliticized content, as even state-owned media companies are subject to the pressure of the market (i.e., the taste of the general public). Certain areas of public interest, including sports and entertainment but also financial information, are only marginally controlled by party and state organs. Investigative reporting has become possible as a result of the liberalization and commercialization of media policies in recent years, but political reporting, apart from local politics, continues to be subject to the highest degree of control.

M 13 Parties and Interest Associations
Category: Intermediary Organizations

M 13.1 Party Competence

To what extent do the electoral programs of major parties in your country propose plausible and coherent policies?

This question seeks to assess the quality of parties’ policy proposals by analyzing the electoral programs of parties. It is assumed that programs document a party’s capacity to formulate policies and to engage in a programmatic competition with rival parties.

Two criteria of quality are given: a proposal is plausible if its underlying problem diagnosis, the suggested policy instruments/measures, policy objectives and expected policy impacts are reasonably linked with each other; a proposal is coherent if it does not contradict other proposed policies.

Your evaluation will imply an assessment about whether proposed policies are likely to work, although the question is more focused on the plausibility of policy proposals. Please avoid an assessment of objectives pursued by individual parties, their appropriateness, desirability etc. “Major” parties are conceived here as parties supported by more than ten percent of the voters in the last national elections.

Most electoral programs propose plausible and coherent policies.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Many electoral programs propose plausible and coherent policies.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
Few electoral programs propose plausible and coherent policies.	5 <input type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
Most electoral programs do not propose plausible or coherent policies.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>
	non-applicable <input checked="" type="checkbox"/>

Explanation:

As there are no national elections and no competition between political parties at either the national or local levels, this question is not fully applicable to China. The eight so-called united front parties are subordinate to the CCP and do not compete with the CCP in free elections. Their party programs are not electoral programs, as there is no competition for votes in the Chinese political system and the CCP is de facto the only party. The CCP constitution evokes the party's ideological genesis, serving as a reminder of its political and ideological foundations, but does not serve as a program geared toward public appeal or as a proposal of any tangible policies.

M 13 Parties and Interest Associations
Category: Intermediary Organizations

M 13.2 Association Competence (Business)

To what extent do economic interest associations propose reasonable policies?

“Reasonable” policy proposals identify the causes of problems, rely on scholarly knowledge, are technically feasible, take into account long-term interests and anticipate policy effects. These criteria are more demanding than the criteria used to evaluate party programs as interest associations can be expected to represent a specialist, substantive policy know-how.

The assessment should focus on the following interest associations: employers’ associations, leading business associations, trade unions.

Most interest associations propose reasonable policies.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Many interest associations propose reasonable policies.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
Few interest associations propose reasonable policies.	5 <input type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
Most interest associations do not propose reasonable policies.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>
	non-applicable <input checked="" type="checkbox"/>

Explanation:

Under China's state-corporatist arrangement (sometimes called an "authoritarian corporatism"), some business interest organizations (especially the All-China Federation of Industry and Commerce, ACFIC) can exert influence on economic policies. However, there are in general no independent interest associations that can participate more or less autonomously in the various phases of the policy process. The ACFIC is involved in the government's management of the private economy in the sense that it serves as a broker between the private sector and the government and formally participates in discussion of economic regulations. The ACFIC is represented by several members in the NPC and takes part within the Political Consultative Conference (CPPCC). However, its role is rather narrowly focused with respect to the management of China's private economy. The ACFIC also remains under CCP direction, and as such does not constitute a genuinely independent representation of private entrepreneurs' interests in the drafting of China's economic policies.

The All-China Federation of Trade Unions (ACFTU) wields comparatively less influence in the course of interest representation. The ACFTU is deeply intertwined with the Chinese government as well as the CCP, and thus has to be considered an instrument and not an organization able to engage in the independent representation of workers' rights, presenting meaningful policies or advice in their interest. The ACFTU emerged only after the enactment of China's labor law in 2008, and has mainly served to advance official policy vis-à-vis entrepreneurs.

M 13 Parties and Interest Associations
Category: Intermediary Organizations

M 13.3 Association Competence (Others)

To what extent do non-economic interest associations propose reasonable policies?

“Reasonable” policy proposals identify the causes of problems, rely on scholarly knowledge, are technically feasible, take into account long-term interests and anticipate policy effects. These criteria are more demanding than the criteria used to evaluate party programs as interest associations can be expected to represent a specialist, substantive policy know-how.

The assessment should focus on the following interest associations: social interest groups, environmental groups and religious communities.

Most interest associations propose reasonable policies.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Many interest associations propose reasonable policies.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
Few interest associations propose reasonable policies.	5 <input type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
Most interest associations do not propose reasonable policies.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>
	non-applicable <input checked="" type="checkbox"/>

Explanation:

This question is not directly applicable to China (see “association competence (business).”) Noneconomic interest associations from the social, environmental or religious realms do not have meaningful influence on the policy process in China. Thus, they are not in the position to propose reasonable policies. Their sole avenue of representation rests with providing expert policy advice to political decision-making bodies, and most maintain close ties with the government or are effectively under official control.

Address | Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Germany
Phone +49 5241 81-0
Fax +49 5241 81-681999

Dr. Daniel Schraad-Tischler
Program Shaping Sustainable Economies
Phone +49 5241 81-81240
daniel.schraad-tischler@bertelsmann-stiftung.de

Najim Azahaf
Program Shaping Sustainable Economies
Phone +49 5241 81-81411
najim.azahaf@bertelsmann-stiftung.de

www.bertelsmann-stiftung.de

www.sgi-network.org