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FUDAN-UC CENTER ON CONTEMPORARY CHINA

REDISCOVERING CHINA

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Richard MADSEN

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Message from the Director

Richard MADSEN

The Fudan-UC Center on Contemporary China has experienced substantial growth during the past year, thanks to support from Fudan University, the University of California system, and scholars from both China and the U.S. This second issue of *Rediscovering China* presents the highlights of this year's events — the “China, Mexico, US: Deepening Partnerships” conference, the “China-Japan Relations and Role of the U.S.” conference — as well as articles from distinguished scholars within the Fudan and UC system. This issue also features updates from the Fudan-ZEW Indicator of Economic Sentiment and the 2014 Shanghai Forum Theme. In addition, we continue to provide Audio and Video clips for your reference.

About Fudan-UC Center on Contemporary China

The Fudan-UC Center on Contemporary China is the first academic institution to be established by a major Chinese university in cooperation with a leading North American university. It is based in the School of International Relations and Pacific Studies (IR/PS) at the UC San Diego. Under the directorship of Professor Richard Madsen, the Center serves to connect all ten campuses of the University of California system with Fudan University in Shanghai. It will bring together leading research scholars from both universities for conferences and lectures, and it will facilitate cooperative research. The Center will promote deeper mutual understanding between the U.S. and China.

Call for Contributions

Rediscovering China is a platform for faculty and graduate students from throughout the UC system and Fudan University to publish research papers and exchange ideas together. It will draw contributions from a wide range of areas, including international relations, economic issues, population studies, social issues, the environment, law, governance, religion, etc. Research findings, analysis, short policy articles, book reviews, and dissertation summaries are all welcome.

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China's Investments in Latin American Oil and Gas: Patterns and Challenges for the Region

David R. MARES¹

Throughout the Latin American region Chinese national oil companies (NOCs) have been perceived to be both anxious to become involved and more in tune with regional development desires than are private international oil companies (IOCs). This paper is designed to introduce a note of caution: despite important Chinese investments in Latin American oil and gas over the past few years and Chinese government officials' claims about the importance of the region, Chinese investment is not easy to attract. If Latin America is to continue to successfully attract important flows of Chinese capital and technology, it will need to be concerned with developing an attractive and stable investment climate.

In this article I first present the dominant perspective in Latin America regarding how willing China and its companies are to invest in Latin American energy and on terms that are more favorable to Latin American development than those demanded by IOCs. I then place Latin American investments in the context of China's overall global foreign direct investment (FDI) picture to show how relatively unattractive the region is to China and how focused that investment is on commodities. A third section demonstrates that China is investing in precisely the same areas as IOCs and non-Chinese NOCs, and competing with them for similar contracts. The concluding section draws lessons from this experience for Latin America as it seeks to attract future Chinese investment in the sector.

Latin American Perspectives

Within the major Latin American natural resource countries, policymakers, many analysts and the public believe that Chinese investors do not consider the same factors as IOCs. Private companies from the developed world seek to maximize profit and the energy security of their home countries; these goals are perceived to come at the expense of national development and the environment in the developing world. In contrast, Chinese companies are expected to be more desperate for Latin American oil and gas because of China's high growth rates and their energy companies are expected to be less profit-oriented because they are state-owned. As NOCs, Chinese oil companies are expected to perform in line with China's diplomatic strategy of promoting 'win-win' relationships with developing countries.

These perspectives are reinforced by the recently greatly expanded potential of the region in oil and natural gas, including conventional and unconventional sources: Brazil's pre-salt reserves; Colombian, Ecuadorian and Peruvian efforts in the Amazon; Venezuela's offshore gas fields; Argentine, Brazilian and Paraguayan shale gas and oil prospects; and Mexico's opening of its unexplored portions of the Gulf of Mexico. This promising hydrocarbon potential makes Latin America especially attractive in the oil and gas world. Attention from IOCs reinforces regional perspectives that Latin America has a more advantageous bargaining situation than in the past. The China 'myth' that has been constructed makes it more reasonable to expect that in this new hydrocarbon situation the region can get 'better' (non-market) deals with the Chinese

¹ I thank Megan Horton for research assistance. Responsibility for content herein is mine.

What Do the Data Show?

The first thing to note is that the impact of China's high growth rates has had uneven impacts on global commodity prices and thus on the value of Latin American exports. The impact has been huge on prices of iron ore (50%) and copper (25%)¹; but only about 17% of the increased price of crude oil in the period from 2002 - 2010 can be attributed to rising Chinese demand.² This is not to say that Chinese demand for oil is not important, but that the oil market was responding to many other factors as well and those may or may not be as important in the future, so one's expectations of continued high oil prices may be misplaced. And since Chinese growth rates in the future will be at least slightly less (officially projected to be 7.5%, though many analysts see the possibility of slowing to under 5%) expectations about Chinese demand and prices need to be tempered.

Between 2005 and 2012, only in 2010 did Latin America stand out as a recipient of Chinese investments in the energy sector. Asia and the Middle East each received more attention in seven of the eight years, in six of the eight years Africa was more favored and in half the period Europe beat Latin America; in 2012 the U.S. and Canada received more than four times the investment the Chinese put into Latin America's energy sector.³ The take-away from this experience is that Latin America needs to compete for Chinese investment, and it has not done particularly well.

Another way to evaluate Latin America's relative attraction for Chinese investment is to look at overall Chinese corporate investments abroad. Even in the boom year of 2010, Latin America accounted for only 30.3% of those Chinese foreign investments that year; the next best year for the region was 2005 when it received almost 20%. In half the years between 2005 and 2012, Latin America received less than 7% of total Chinese corporate investments abroad.⁴

Chinese investment in Latin America is concentrated in the primary sector to a greater degree than is the norm for Chinese foreign investment; 80% of Chinese investment in the region is found in energy, metals and agriculture, compared with 66% in China's total foreign investment profile. More than half of China's investment in Latin America is in energy (53%), with another 22% in metals, and again, these figures are higher than the global Chinese norm.⁵ In short, China sees Latin America as a source of energy and primary resources more generally, but China does not see the region as the most attractive location to source those resources. Where in Latin America are the Chinese investments in energy? One might first think of Venezuela, but that is incorrect. According to data accumulated by The Heritage Foundation,⁶ through 2012 the bulk of Chinese investment in hydrocarbons exploration and production has gone to Brazil, followed by Argentina; Venezuela is the third most favored recipient.

¹ Jenkins, Rhys. "The 'China effect' on commodity prices and Latin American export earnings." CEPAL Review, 103 (2011): 73-87. Figures for 2002-2007.

² Mu, Xiaoyi, and Haichun Ye. 2011. "Understanding the Crude Oil Price: How Important Is the China Factor?" The Energy Journal 32 (4): 71-94.

³ Tom O'Donnell, <http://globalbarrel.com/2013/11/27/china-y-america-latina-quien-gana-y-quien-pierde-petroguia-2014-spanish>.

⁴ Ben Laidler, Qu Hongbin, Todd Dunivant, Simon Francis, Thomas Hilboldt, and Andre Loes, *South-South Special: What a globalizing China means for LatAm* HSBC Global Research, Equity, Equity Strategy, and Economics, HSBC Securities (USA) Inc., November 2013.

⁵ Ben Laidler, Qu Hongbin, Todd Dunivant, Simon Francis, Thomas Hilboldt, and Andre Loes, *South-South Special: What a globalizing China means for LatAm* HSBC Global Research, Equity, Equity Strategy, and Economics, HSBC Securities (USA) Inc., November 2013.

⁶ China Global Investment Tracker, The Heritage Foundation <http://www.heritage.org/research/projects/china-global-investment-tracker-interactive-map>.

Do the Chinese Invest Differently in Energy Than Market-Driven Investors?

An argument has been made that in energy the Chinese invest and produce where market driven investors would not, and thus Chinese investment in the sector benefits global supply rather than simply diverting supply to China.¹ Were this pattern to be correct, Latin American governments would benefit as well, since they would be receiving royalties and taxes, as well as rents from any joint ventures with Chinese companies, from production that would not otherwise occur. Testing this proposition requires examining each of the Chinese investments in detail to see whether non-Chinese companies were interested in the assets (which would at least suggest that the attraction of presumably marginal assets is not unique to the Chinese) and whether the new Chinese owners actually produced from these assets. In this paper I can only present suggestive evidence, but this claim is a major one that needs to be evaluated.

Initial evidence suggests that the Chinese, however, are buying into existing fields or going into new projects in a minority position with major IOCs. Between 2005 and 2012 Chinese companies made 11 investments in Latin American oil and gas sectors, four of which consisted of purchasing companies in whole or part.

Brazil has received over \$10 billion in Chinese direct foreign investment in its oil and gas sector. The country was a net oil importer until 2007, but in 2011 fell back into net importer status. Still it exports about 500,000 barrels of oil per day, with almost a quarter of that going to China, the second largest customer after the U.S.

The first Chinese investment in Brazil's oil sector came in May 2010, when Sinochem purchased a 40% stake in a Brazilian field that was 100% under control of Statoil, the Norwegian NOC. Statoil farmed out this portion to diversify its portfolio, as is the norm in major projects. The other Chinese NOCs were apparently interested in purchasing Statoil's offerings as well.²

Sinopec bought into Brazil via a 40% interest in Repsol's Brazilian subsidiary for \$7.1 billion in 2010. Repsol was seeking new capital to help it develop its extensive Brazilian portfolio. Petrobras, the Brazilian NOC, reportedly offered \$6.7 billion but was outbid by the Chinese.³ But Repsol/Sinopec joined with Statoil and Petrobras in 2012 to discover an important new field offshore that could hold more than 250 million barrels of oil.⁴ Sinopec also purchased a 30% stake in Portugal's Galp Energia Brazilian subsidiary for \$4.8 billion in 2011. Once again, this was a maneuver on the part of the Brazilian subsidiary to raise capital for developing its share of deepwater operations in the country. Through its participation in Galp Energia Sinopec owns 30% of the 20% Galp participation in an offshore gas well in the Jupiter block.⁵ Galp got competing bids from

¹ Barbara Kotschwar, Theodore H. Moran, and Julia Muir, "Chinese Investment in Latin American Resources: The Good, the Bad, and the Ugly" Brookings Working Paper, February 2012.

² <http://eleconomista.com.mx/corporativos/2010/05/21/sinochem-gana-participacion-campo-petrolero-brasil>;
<http://www.reuters.com/article/2010/03/19/china-statoil-idUSBJI00225320100319>.

³ <http://www.reuters.com/article/2009/08/26/cnooc-idUSHKG36449320090826>;
http://www.ieco.clarin.com/economia/Repsol-US-Brasil-petrolera-Sinopec_0_345565760.html;
http://www.clarin.com/economia/finalmente-entran-Repsol-asocian-Brasil_0_346165536.html.

⁴ <http://www.reuters.com/article/2012/02/27/statoil-idUSWEA338920120227>;
<http://www.reuters.com/article/2012/02/27/repsol-statoil-idUSL5E8DR3FB20120227>.

⁵ <http://www.reuters.com/article/2012/10/10/snippet-idUSL1E8LA7DZ20121010>; <http://www.bloomberg.com/news/2011-11-11/sinopec-agrees-to-pay-3-54-billion-for-30-stake-in-galp-s-brazilian-unit.html>;
<http://business.financialpost.com/2011/11/11/china%E2%80%99s-sinopec-buys-5-2-billion-stake-in-brazils-galp/>;
<http://www.reuters.com/article/2011/11/18/idUSL5E7MI24B20111118>.

PetroChina, CNOOC, and Abu Dhabi's International Petroleum Investment Company (IPIC). While Sinopec won, it paid less for the shares than Galp or the market anticipated.

Argentina. CNOOC's first major acquisition in the region was its purchase of 50% of the Argentine company Bidas, for \$3.1 billion in 2010. Bidas is a successful company owned by the Bulgheroni family and was interested in expanding its presence in Asia, where it had already partnered with CNOOC in a Turkmenistan gas project. Though CNPC was also interested in acquiring the shares offered by Bidas, the Chinese were not the only ones to see value: Russia's Gazprom and Austria's OMV had also been interested.¹ The new Bidas/CNOOC company almost pulled off a major acquisition themselves when British Petroleum was looking to raise capital and offered to sell its 60% share in PanAmerican Energy (PAE) to Bidas, which already owned 40% (thus CNOOC owns 20% of PAE). PAE is very successful and the purchase price was set at \$7.1 billion. The deal fell through amidst significant legal conflict after the Argentine government instituted measures to limit capital flight in the face of high inflation and an overvalued currency. Though the Bulgheroni family can be assumed to be simply rich Argentines undermining the nationalist project of the Cristina Fernández de Kirchner government, CNOOC also walked away from the deal, demonstrating its concerns over the commercial profitability of its investments². Through its 20% share of PAE CNOOC participated in the purchase of Exxon's assets in Argentina for \$330 million in 2011. But again, these are not 'marginal' assets that the Chinese are purchasing when no one else is interested: Petrobras and Grupo Dolphin had also expressed interest.³

Another Chinese NOC, Sinopec, purchased Occidental Petroleum's Argentine holdings for \$2.47 billion later that same year, 2010. Oxy sold these holdings not because they were marginal, but because it was increasing its participation in the booming US gas market⁴ and frustrated in Argentina at the price caps on gas maintained by successive Argentine governments since 2002.⁵ While there are suggestions that Sinopec overpaid for these assets,⁶ if it did so the benefit went to Oxy, not Argentina, and it would suggest that the Chinese company saw these assets as valuable enough to wait out a change in Argentine government policy on repatriating profits, not as a case of purchasing marginal assets.

Venezuela. Under Chavez in Venezuela, the Chinese adopted an interesting strategy that only with the death of Chávez seems to be changing. Rather than investing in production, China provided the Venezuelan government of Hugo Chávez with loans (over \$40 billion) to be used as Chávez saw fit and to be paid back in oil shipments. A similar strategy was used in Ecuador. This tactic had no necessary impact on production and simply ensured preferential access to available oil.

¹ http://www.ieco.clarin.com/empresas/Bulgheroni-Bidas-principal-petrolera-China_0_225577447.html;
<http://edant.clarin.com/diario/2010/03/21/elpais/p-02163935.html>; http://www.ieco.clarin.com/empresas/Bulgheroni-sumaria-petrolera-china-YPF_0_223777632.html.

² <http://www.businessweek.com/news/2011-11-09/cnooc-purchase-of-bp-s-7-1-billion-argentine-unit-scrapped.html>;
http://www.ieco.clarin.com/empresas/Asociada-Bulgheroni-CNOOC-petrolera-US_0_380362220.html;
http://www.clarin.com/politica/negocios-China-tejen-palacio-Flores_0_382761799.html.

³ <http://www.marketwatch.com/story/argentinas-pan-american-to-buy-exxon-unit-2011-02-19>;
http://www.clarin.com/economia/Negocian-fuertes-cambios-sector-petrolero_0_337166376.html.

⁴ http://www.ieco.clarin.com/empresas/avanzada-Sinopec-petrolera-Oxy-US_0_387561490.html;
<http://newsroom.oxy.com/news/oxy/20101210005306/en>; <http://www.energy-pedia.com/news/argentina/occidental-petroleum-to-sell-argentine-assets-to-sinopec>.

⁵ <http://www.lanacion.com.ar/1332518-otra-petrolera-china-pone-un-pie-en-el-mercado-argentino>;
http://www.clarin.com/politica/avance-compran-cuarta-productora-petroleo_0_388161316.html.

⁶ <http://www.ibtimes.com/chinas-sinopec-buys-occidentals-argentina-assets-445639>.

CNPC has been in Venezuela since 1997, operating three mature and marginal blocks, Intercampo, Caracoles and Zumano oilfields.¹ In 2009 CNPC entered into a joint venture with PDVSA to develop the Junin 4 oil block in the Orinoco heavy oil belt, and in 2013, after PDVSA had rejected bids by Statoil and Total, CNPC became partner in the Junin 10 oil block with a planned investment of \$14 billion. Though the Junin blocks are still in early exploration and development phases they, as well as the Carabobo blocks, have attracted a great deal of attention from NOCs as well as IOCs.² Venezuelan government policy makes the investment environment difficult,³ but there is little doubt regarding the huge reserves in the Orinoco. The extent of the reserves continues to maintain investor interest despite high risks. However, production capacity is deteriorating and the major new production projects are not advancing.

Ecuador. Chinese investment in Ecuador looks a great deal like its strategy in Venezuela. Most of its exposure here is in the form of loans for oil credit swaps, with a major oil refinery deal thrown into the mix. CNPC and Sinopec did form a joint Chinese venture in 2005, purchasing the assets of Canadian firm EnCana in five blocks for \$1.4 billion. EnCana had gotten into difficulties with the Ecuadorian government and worried about the country's stability (three presidents had been overthrown by riots in the street in the prior decade) so was interested in leaving. The market understood this situation and EnCana had its offer out for a year before the two Chinese NOCs outbid the Indian NOC ONGC for the EnCana assets. The new company, Andes Petroleum, is divided into 55% CNPC and 45% Sinopec,⁴ and operates in three blocks, Tarapoa in the province of Sucumbios and in Blocks 14 and 17 in the province of Orellana and Pastaza, which are in enhanced oil recovery phases.⁵ Though the Chinese are marginal producers in Ecuador, Chinese traders buy up virtually all of the country's crude destined for export, largely because of the loans for oil arrangements entered into by the two countries since 2009.⁶

Colombia. Chinese companies have two investments in Colombia's oil and gas sector. The first is a joint venture between the local subsidiaries of Sinopec with India's NOC ONGC, for some Colombian assets of US-based Omimex.⁷ CNPC had also been interested in purchasing these assets.⁸ Sinochem is also involved in Colombia. In 2012 it purchased Total's oil production and pipeline unit, Tepma BV, for \$US980 million. Total was interested in selling its older fields and downstream assets to focus on production in new fields.⁹ In this case, Chinese investment appears not to be focused on bringing new fields into production but keeping production levels up in old fields.

¹ <http://www.cnpc.com.cn/en/cnpcworldwide/venezuela/?COLLCC=3407599778&>.

² <http://www.reuters.com/article/2009/11/05/us-venezuela-oil-carabobo-factbox-idUSTRE5A46JH20091105;>
<http://www.reuters.com/article/2010/07/13/venezuela-orinoco-idUSN099138020100713;>
<http://www.reuters.com/article/2013/09/18/venezuela-cnpc-idUSL2N0HE10C20130918>.

³ <http://www.reuters.com/article/2013/10/11/venezuela-oil-idUSL1N0I011920131011>.

⁴ <http://www.eia.gov/countries/cab.cfm?fips=ec;>
[http://www.elcomercio.com/noticias/Andes-Petroleum-participacion-ciento-OCP_0_113389840.html;](http://www.elcomercio.com/noticias/Andes-Petroleum-participacion-ciento-OCP_0_113389840.html)
http://www.chinadaily.com.cn/english/doc/2005-09/16/content_478433.htm.

⁵ <http://www.cnpc.com.cn/en/cnpcworldwide/ecuador/>.

⁶ <http://www.reuters.com/article/2013/11/26/us-china-ecuador-oil-special-report-idUSBRE9AP0HX20131126> the loans may total over \$7 billion according to the Inter-American Dialogue.

⁷ <http://www.asialaw.com/Article/1971243/Search/Results/Chinas-Sinopec-in-JV-acquisition-of-Colombias-Omimex.html?Keywords=Denton+Wilde+Sapte>.

⁸ http://www.portafolio.co/detalle_archivo/MAM-2130215.

⁹ [http://www.thedeal.com/content/energy/sinochem-buys-total-colombian-oil-unit.php;](http://www.thedeal.com/content/energy/sinochem-buys-total-colombian-oil-unit.php)
<http://www.thedeal.com/content/energy/sinochem-buys-total-colombian-oil-unit.php>.

What Can We Expect?

This brief overview of Chinese investment patterns in Latin America's energy sector should provide a healthy dose of caution for Latin American policymakers, analysts and citizens who await with expectation or fear the possibility that Chinese NOCs will provide alternatives to the IOCs that demand high returns for access to their production capital, technology and expertise. When Chinese companies compete with other Chinese companies, that competition does not allow us to evaluate whether Chinese investment stimulates marginal production. But when Chinese companies compete with non-Chinese companies, or take a minority position in a joint venture with non-Chinese companies, it does suggest that Chinese companies are not responsible for uniquely stimulating marginal producers. And of course, when the Chinese purchase important assets, the Chinese are not playing with those located on the margins of the market. The evidence, such as it is at this point, strongly suggests that Chinese companies in Latin America are looking for quality oil and gas assets.

Latin America cannot look to China as a preferential financier for national development projects. As we have seen, China has thus far behaved in a fashion similar to other NOCs and corporations in the energy sector. As Chinese growth slows, its demand for oil and gas will nonetheless continue to expand. However, the slowdown in Chinese growth and demands at home will mean that the Chinese will become even more selective in their Overseas Direct Investment (ODI). The rocky experience of the last decade with Latin America's political economy will trigger careful examination as Chinese companies need to focus increasingly on the effectiveness of their investments, becoming even more like IOCs.

The Growth of Intra-Party Democracy and Its Implications for China's Democratic Future

Dingping GUO

During the past three decades, while the CCP continues to consolidate its political leadership and tolerate no any opposition parties, the intra-party democracy has been emphasized repeatedly and expanded vigorously by Chinese Communist leaders as an alternative to electoral democracy or liberal democracy characterized by multiparty competition. This paper is designed to explore and explain the gradual growth of intra-party democracy in Chinese Communist Party (CCP) and its implications for China's democratization in the future. The whole paper consists of the following four sections: (1) Introduction. A new approach to democratization in China will be introduced by reviewing many different kinds of discussions and disputes about China's democratic developments during the past several decades. (2) The development of intra-party democracy in the CCP will be analyzed based on the Communist theory and practice. The major experiments with intra-party democracy during the recent years will be introduced and explained. (3) The limitations of intra-party democracy will be discussed. (4) The implications for China's democratic future will be analyzed. This article argues that the growth of intra-party democracy has not only reflected the CCP's continuous efforts to institutionalize the rules of elite politics and fight against widespread corruption, but might also provide a good approach to political transition to democracy with Chinese characteristics in the future.

I. Chinese Approach to Democratization

Democratization has been a global wave beginning from the middle 1970s and a central theme of comparative political studies since the early 1980s. Similarly, democratization has been established as an important goal of political development and political reform in China since the reform and opening policy was adopted during the late 1970s. As Deng Xiaoping pointed out, "special emphasis should be placed on democratization nowadays, because the democratic centralism has not really been implemented for a long time and as a result, centralization has been emphasized too much and democracy ignored" (Deng, 1994b, 144). Therefore, Deng Xiaoping expatiated on his blueprint for political reforms in 1980, which aimed at fully developing people's democracy and finally creating higher and truer democracy in China than in western capitalist countries (Deng, 1994b, 322).

While the CCP leaders pledged to develop intra-party democracy, some experiments had been conducted from the late 1980s when the Central Organization Department promulgated "Provisional Methods regarding Multi-Candidate Elections of the Provincial, City and County Congress" in March 1988. In the 1990s, the CCP leaders focused on the market-oriented reforms and initiated few efforts to promote intra-party democracy at the national level, but several innovative and bold attempts to introduce elements of democracy at the grass-root levels in the Party surfaced in some areas and were tolerated by the central authority of the CCP (Lai, 2008, 209-213). Since Hu Jintao ascended to power as the supreme leader in late 2002, the CCP leaders have attached more importance to the development of intra-party democracy. In his report delivered to the 18th Party Congress, Hu Jintao promised to vigorously promote intra-Party democracy and enhance the Party's creative vitality. As he pointed out, "Intra-Party democracy is the life of the Party", and we should ensure that Party members have the right to know, participate in and oversee Party affairs, as well as the right to vote by improving institutions for intra-Party democracy (Hu, 2012).

At the same time, there have been comprehensive discussions about and intense debates over the nature and road of political democratization among Chinese scholars. While many people suggest that the goals of political development be electoral democracy based on strengthening and empowering of the People's Congress system, and deliberative democracy based on reinventing and rebuilding of the Chinese People's Political Consultative Conference (CPPCC) system, some other scholars argue that the only feasible plan for political reform should be to expand the intra-party democracy within the ruling Chinese Communist Party (He etc, 2004, 23-26). Wei Hu, a political scientist based in Shanghai, argued that political development should focus on the expansion of intra-party democracy, which could combine the seemingly conflicting two goals of democratization and CCP leadership and consequently lead to a Chinese model of democracy (Hu, 1999, 2010). Another scholar from Beijing, Zengke He, insisted that democratization should be the goal of political development in China and intra-party democracy within the CCP should be given priority over people's democracy (He, 2004). Since the studies of intra-party democracy became a hot topic, many different understanding of intra-party democracy can be found and various proposals have been put forward, among which some scholars insist on top-down initiative and others on down-top ones; some support competitive elections within the CCP and others favor non-competitive deliberation (He, 2011).

However, from comparative perspective, intra-party democracy has not been taken seriously as an approach to modern democracy because almost all scholars tend to define modern democracy as a system of multiparty competition and pay much less attention to intra-party democracy. Indeed, during the past three decades, the multiparty competition system has been introduced and institutionalized in most of countries all around the world. By defining democracy as a multiparty competition system, Larry Diamond said: "as democracy spread within each continent, it grew into a global phenomenon; today, about three-fifths of all the world's states are democracies" (Diamond, 2008, 54). In this sense, the global wave of democratization depends on whether there is multiparty competition, not whether there is intra-party democracy. And furthermore, the intra-party democracy per se has been doubted and even discarded as a goal of political development from the early time of party politics. By studying the German Social Democratic Party, Robert Michels proclaimed in 1911 to discover the "iron law of oligarchy" which stated: "It is organization which gives birth to the domination of the elected over the electors, of the mandataries over the mandators, of the delegates over the delegators. Who say organization, say oligarchy" (Michels, 1949, 365). According to this iron law, political party as a modern organization would be inevitably governed by party leaders who would control the decision-making process and the channels of information based on their advantages in leadership positions and skills; they would manipulate the uninformed and unprofessional party members, making empty rituals of formal democratic policy-making processes (Heidar, 2006, 309-310). Four decades later, Maurice Duverger confirmed the oligarchical tendencies and said: "The leadership of political parties presents dual characteristics: it is democratic in appearance and oligarchic in reality" (Duverger, 1954, 133). If this iron law could be applied to all political parties, it is obvious that intra-party democracy would be impossible. Although Michels' law has been tested and contested repeatedly, and intra-party democracy has been promoted to certain extent in some political parties, the oligarchical tendencies of party organization remains the same as one hundred years ago. Even after great progress toward democracy has made during the 1980s in East Asia, the development of truly democratic procedures within the parties is obviously not being encouraged (Sachsenroder, 1998, 18-19).

While more emphasis has been placed on the multiparty competition and less attention paid to intra-party democracy in many foreign countries all around the world (Mair, 1990, 20-22), the intra-party democracy has

been sought and emphasized as an important strategy of political democratization in China for the following reasons:

First, intra-party democracy has been developed as an experiment with single-party democracy. The CCP is the sole ruling party and has zero tolerance for any organized opposition outside the party, although there are eight so-called “democratic parties” as satellite party in China. Therefore, the western style democracy characterized by multiparty competition has been strongly rejected by Chinese communist leaders. After the adoption of multiparty democracy is ruled out, the possibility of single-party democracy has been explained and explored in China. For example, Huning Wang, the former professor of political science and now one of top Communist leaders, discussed the relations between the Communist leadership and democratic politics in the early 1990s and argued that single-party democracy would be totally different from the western style democracy, its basic principles, procedures and norms must be studied and developed by ourselves, it would include many aspects such as social democracy, intra-party democracy, political democracy, party-state relations, party-society relations and so on (Wang, 1993). Obviously, intra-party democracy is indispensable to single-party democracy.

Second, intra-party democracy has been sought as an integral part of global democratization. As democracy has spread all over the world, more and more people in most countries come to accept democracy as the only legitimate form of government. Just as Samuel Huntington put it, “A world democratic ethos came into being; even those whose actions were clearly antidemocratic often justified their actions by democratic values” (Huntington, 1991, 47). After the open-door policy was implemented from the late 1970s, there have been more and more exchanges with the outside world. As a result, it is much more difficult for the CCP to resist the global wave of democratization. Moreover, as a so-called representative of the most advanced culture, the CCP has to keep up with the contemporary wave of global democratization. Song Ouyang, the master mouthpiece of the party-building project, analyzed the importance of intra-party democratic development and argued that it was imperative to consciously study the general trend of global democratization, review the intra-party democratic situations, highly raise the flag of democracy, and promote the theoretical, practical and institutional innovations of intra-party democratic development with great efforts (Ouyang, 2011, 65). While the CCP has been improved its legitimacy based on economic performance during the past decades, it has sought to gain the support of the masses by introducing democratic procedures and responding to public preferences.

Third, intra-party democracy has been emphasized as an effective way to govern the mammoth organization of the CCP. According to the official statistics, at the end of 2012, the CCP is a political body with huge membership of more than 85 millions, 4.2 millions cells at grassroots level, and party organizations have been established at 7245 urban streets, 33 thousands townships, 87 thousands urban communities (neighborhood) and 588 thousands administrative villages (Xinhua, 2013). The whole body of the CCP is organized under the constitutional principle of democratic centralism. Considering the over-concentration of power in party leaders and its negative influences on public policy and political life during the Maoist years, intra-party democracy has been repeatedly emphasized after Mao’s death in order to encourage the party members’ participation in party affairs and overcome the problems such as personal cult and dictatorship.

Fourth, intra-party democracy has been utilized as a means of alleviating public discontent, strengthening intra-party supervision, fighting against corruption and maintaining social order and political stability. Since the CCP is the sole ruling party and many party leaders assume important government positions at all levels, the CCP and its leaders have great power to intervene into economic and social affairs. If there is no intra-party

democracy and intra-party supervision, political power will easily be abused for personal gains and social justice will necessarily be distorted so as to cause public discontent. Intra-party democracy has usually been promoted as the mechanism of check and balance, the fundamental measure to contain the widespread corruption and the instrument to protect human rights of party members within the CCP.

II. Developments of Intra-party Democracy

The Chinese Communist Party was founded in 1921 as a revolutionary and progressive force struggling for democracy and against autocracy. At its 2nd Congress in 1922, the CCP established the goal of China's revolution as follows: "unifying China proper (including Manchuria) into a real democratic republic" and "Mongolia, Tibet and Xinjiang can exercise the power of ethnic autonomy and become democratic autonomous regions" (Chen, 1991, 55-56). It would be a democratic revolution against imperialism and feudalism. During the following revolutionary period, while the CCP had carried out the political and military struggle against all dictatorships and suppressions, the Party had experimented with all kinds of democratic government and democratic life under its leadership. For example, the CCP carried the banner for democracy, established democratic government in Yan'an and attracted much attention from at home and abroad. The democratic government was based on a special institutional arrangement in which any administrative organs or legislative organs consisted of three different political forces, the Communist members, the progressive forces and the moderate forces, with each occupying one-thirds positions and sometime the Communists occupying less than one-thirds. This was the famous three-three-structural (San San Zhi) democratic government under the Communist leadership during the Anti-Japanese War period. It was totally different from the Nationalist Party dictatorship at that time (Deng, 1994a, 8-9).

However, after the CCP defeated the Nationalist Party government in the civil war and ascended to power in 1949, it revised its democratic program and began to emphasize the proletariat dictatorship under the Communist leadership. For example, Liu Shaoqi, one of the PRC founding fathers, emphasized democracy only as a revolutionary slogan for political mobilization and then pointed out bluntly in 1951: "When talking about elections, some people often recall the old slogan 'general, equal, direct and secret voting'. No doubt, under the past counterrevolutionary dictatorship of Chiang Kai-shek, it is progressive and significant for us to raise this propaganda slogan against Chiang Kai-shek's despotic rule. However, under the new democratic leadership, if this slogan is put into practice immediately, it is not suitable to the present conditions of Chinese people, and consequentially it is not acceptable" (Liu, 1985, 54-55). Thereafter, the CCP made great efforts to consolidate its ruling power and established a party-state, which gradually degenerated into Mao Zedong's personal dictatorship during the Cultural Revolution (1966-1976). Mao as the founding father of the Communist China took advantage of his prestige and power to rise above the Communist party and state. After he launched the Cultural Revolution, many of his revolutionary comrades and colleagues had been compelled to submit self-criticism and even put into prison without trial, most of the Communist committees and governmental agencies had been dismantled. As Harry Harding said, "No one in China, save Mao Zedong himself, was to be exempt from criticism, and the methods of criticism could be harsh indeed" (Harding, 1997, 189). During the Cultural Revolution, many communist leaders were subjected to criticism, sent to labor camp and put into prison just because they allegedly opposed Mao Zedong. The most famous case was Liu Shaoqi, the former President of China who was criticized and abused to death in 1969.

After the death of Mao Zedong and the end of the Cultural Revolution, the second communist leadership group with Deng Xiaoping as the core sought drastically to reform China's economic and political systems, because Chinese were ashamed and chagrined by the fact that Maoist socialism had produced only meager

results in the preceding thirty years in comparison with the other nations of East Asia. Deng Xiaoping, who was criticized twice during the early and late Cultural Revolution, and took over as China's supreme leader in 1978, publicly declared his commitment to accelerating the long-delayed process of political institutionalization and democratization in China. In a landmark speech entitled "On the Reform of the System of Party and State Leadership" (Deng, 1994b, 320-343), Deng called for political reforms which aimed at the democratization of political and social lives and the establishment of a system governed by rules, clear lines of authority, and collective decision-making institutions to replace the over-concentration of power and patriarchal rule that had characterized China under the personal dictatorship of Mao Zedong. By drawing the lessons from the tragic and disastrous Cultural Revolution, the CCP under the leadership of Deng Xiaoping began to promote unswervingly political reforms, implement fully the principles of democratic centralism and collective leadership, and oppose firmly all forms of personal cult and personal dictatorship in order to avoid the resurgence of Maoist dictatorship. Furthermore, the CCP leaders resolved to abandon the Maoist practices of "class struggle", "rightful rebellion" and so-called "grand democracy", and promote the institutionalization of the socialist democracy and legality (Zhonggong Zhongyang Dangshi Yanjiushi, 2011, 979-980).

Since the late 1970s when the reform and opening policies were adopted, the CCP have attached great importance and paid much attention to its party-building, emphasized repeatedly the expansion of intra-party democracy and explored many new forms of intra-party democracy during the past several decades. As early as in February 1980, "Some Rules on Intra-Party Political Life" was discussed and adopted at the Fifth Plenum of the Eleventh Central Committee of the CCP. According the Rules, the collective decision-making system must be upheld and any personal dictatorship prohibited; the intra-party democracy must be developed and different opinions correctly and fairly treated; the human and political rights of party members must be protected and could not be violated; the intra-party elections must be free and can fully reflect the will of voters.

As an obvious reaction to the undemocratic practices and activities during the Cultural Revolution, the Rules aimed at restoring the intra-party democratic life and providing the institutional guarantee for it (Lin, 2010, 99). From then on, almost every Central Committee has held its plenary session on the party-building and adopted some kind of special resolution based on the current situations of the CCP. For instance, after Jiang Zemin was suddenly designated as General Secretary and his power was consolidated step by step, the Fourth Plenum of the Fourteenth Central Committee convened in Beijing on September 25-28, 1994, focusing on the issue of party-building. The plenum adopted the "Decision on Some Major Issues on Strengthening Party Building", which on the one hand excoriated negative trends such as corruption and weakness of grassroots party organizations and, on the other hand, urged renewed attention to democratic centralism. While the plenum stressed the central authority, as the decision put it, "there must be a firm central leading body, and there must be a leading core in this leading group", the CCP declared that democratic centralism and "system construction" were necessary so that the Party's policies "will not change with a change in leaders or with a change in their ideas and their focus of attention." Moreover, the plenum decision called for intra-party democracy, declaring that "if there is no democracy, there will be no socialism, nor socialist modernization" (Fewsmith, 2008, 169-171). In his political report to the 15th CCP National Congress, Jiang Zemin devoted considerable space to political and legal reforms, and repeatedly used the word "democracy" some 32 times, more importantly, he used for the first time the term "rule of law" instead of the standard formula "rule by law" in the CCP official documents.

At the 16th CCP National Congress in early November 2002, Hu Jintao succeeded Jiang as head of the CCP and the highest power was transferred peacefully in the CCP history. The Fourth Plenum of the 16th Central Committee met from September 16-19, 2004, and endorsed a resolution on strengthening the Party's

ability to govern. The resolution discussed party-building in its final section and stated that it was important to “deepen reform of the cadre and personnel systems” by promoting such mechanisms as “democratic recommendation, democratic assessment, multi-candidate examination, public announcement before appointment, open selection and competition for posts, and voting by the entire Party committee.” “Developing intra-party democracy is an important part of political structural reform and political civilization construction” (Benshubianxiezhu, 2004, 31-37). Five years later, when the CCP celebrated its sixtieth anniversary as the ruling party in China, the Fourth Plenum of the 17th Central Committee convened in Beijing from September 15-18, 2009, and adopted “Resolution on Some Major Issues on Strengthening and Improving Party Building under the New Circumstances.” Although the Resolution reemphasized the importance of democratic centralism, it paid special attention to actively developing intra-party democracy. While the intra-party democracy was sought just like Party’s life, many institutions were designed and arranged in order to protect the basic rights of party members and strengthen the grassroots democracy of the CCP (Liu, 2010, 71-72).

Since the intra-party democracy was sought from the late 1970s, many experiments have been conducted at all levels and great achievements have been made during the past 30 years. The progress toward intra-party democracy can be outlined as follows: first, the experiments with a permanent system of party congresses have been conducted. According to the Party constitution, the National Congress and the Central Committee produced by the Party Congress are the highest leadership organs within the CCP. The Party Congresses are established in various party organizations above the county level. The Congress is held once every five years. When the Congress is in session, it usually performs its function as the leading organ; during recess, the party committee at all levels performs this function. Therefore, the representatives of party congresses at all levels can play their roles only when the Congresses are in session. When the Congresses are closed, the duty of Party representatives is finished. This is to say, during recess, the Party Congress can not exercise its influence and the Party representatives cannot play their roles. Even it can be said that they do not exist at all. In order to perform the functions of the Party Congresses and their representatives, it is obvious that the permanent system (Changrenzhi, standing system or tenure system) of the party congresses must be established so as to develop intra-party democracy. Through long-term discussions and debates, the 16th CCP National Congress finally endorsed the proposal that local party congresses should be in session more regularly, instead of meeting only once every five years, on an experimental basis. The 17th National Congress decided to expand the experiments with the permanent system of party congress. As Hu Jintao said in the political report to the 17th National Congress, we must “perfecting the system of party congress, implement the tenure system of party representative, and choose some counties (cities and districts) to conduct experiment with the permanent system of party congress.” During the past decades, many experiments have been conducted all over the country.

For example, Jiaojiang District of Taizhou Municipality in Zhejiang Province has made great achievements and showed typical significance in conducting experiments with the permanent system of its party congress. In December 1988, Jiaojiang Third Congress of the CCP started the experiment with the permanent system of party congress with the approval of Provincial Communist Party Committee and the consent of Organization Department of the CCP. In January 1993, Jiaojiang expanded the experiment with the permanent system of party congress in towns and neighborhoods. Since 2003, the permanent system of party congress has introduced into some Communist party organization in the urban communities and non-public enterprises. Jiaojiang District has played a leading role for about twenty years in the experiments with the permanent system of party congress and attracted much attention from all around China. The experiment with the permanent system of party congress consists of four parts: the tenure system of party representative, the annual session of party congress, the member system of the local party committee, and the decision-making

system of appointing and removing cadres by a vote of the party committee. According to one study, Jiaojiang experiment with the permanent system of party congress is an important institutional innovation toward developing intra-party democracy. It has further improved the system of party congress, and made the party congress (annual session) the real highest leading organ, decision-making organ and supervisory organ of the party organization at the same level, and provided the institutional platform to guarantee and realize the democratic rights of party members (Liu, 2011, 92-99).

Second, democratization of candidate and leadership selection has been promoted. The process of recruitment to elected and appointed offices is widely regarded as one classic function for political parties, with potential consequences for the degree of intra-party conflict and democracy (Norris, 2006, 89). In most modern representative democracies, there have been obvious trends during the last decades in the direction of greater democratization of candidate and leadership selection. The controlling role of an exclusive selectorate diminishes so that more people – i. e. a more inclusive selectorate – have a direct say in who is selected and, hence, how they are represented. American political parties have been among the most innovative in inventing new ways to democratize party nominations. Nowadays the primaries play the major role in the nomination process of presidential candidates. For example, when Bill Clinton won the democratic presidential nomination, no fewer than 35 states held primaries. British political parties have promoted democratization of leadership selection by introducing new rules during the past years. For example, when British Conservatives chose William Hague as their new leader in 1997, the selectorate which made that decision consisted solely of the 165 Conservative Members of Parliament. However, a new constitution adopted by the party provides that the final two leadership candidates are submitted to the mass party membership in a postal ballot. In 1980, the Labor Party, which like the Conservatives had long allowed the party caucus to select the leader, adopted an “electoral college” formula in which the parliamentary caucus, the constituency associations and the affiliated trade unions would each hold one-third of the votes required to elect the party leader (LeDuc, 2001, 324-325). Since the CCP is the sole ruling party which controls most of important official and public positions in the Communist Party-State, the democratization of candidate and leadership selection is of vital political significance. The reform of cadre selection and appointment has been placed on the political agenda and many specific measures have been taken in order to promote the democratization of candidate and leadership selection.

For a long time, the leadership selection of the CCP has been criticized as “one has a final say (Yiyantang)” by many people at home and abroad. As Susan Shirk put it, comparing the Communist China with the Western democracies, “the leadership selection process is less transparent, and the formal rules for selection are not always followed” (Shirk, 1993, 70). In order to develop intra-party democracy, the CCP leaders have called for more political reforms and more competitive intra-party elections to select the party leaders and government officials. For example, the Resolution on Party-building adopted at the Fourth Plenum of the 17th Central Committee provides that the Party should “improve intra-party electoral methods, regulate electoral procedures and voting formats, cultivate new ways to introduce candidates, and gradually expand the scope of direct elections.” In fact, since the early 1980s, the CCP has adopted a method of multi-candidate election known as a “more candidates for seats election (Cha’e Xuanju)” instead of the equal-candidate election (Deng’e Xuanju). From then on, the multi-candidate elections have been expanded and implemented at all levels of party organizations. At the 16th Party Congress in 2002, there were 208 candidates for the 198 full membership seats and 167 candidates for the 158 alternate membership seats in the Central Committee, 5.1 and 5.7 percent more than the fixed seats respectively (Chen, 2003, 623). At the 17th Party Congress in 2007, the representative voted to elect 204 full members from the total number of 221 candidates (8.3 percent more), and 167 alternate members from the total number of 183 candidates (9.6 percent more) to the 17th Central

Committee (Xinhua, 2007; Bergsten etc, 2009, 63). At the 18th Party Congress in 2012, 205 full members of the CCP Central Committee were elected from the total 224 candidates (9.3% more), and 171 alternate members from 190 candidates (11.1%) (Xinhua, 2012).

While the scope of multi-candidate elections is expanded and the direct election of party secretaries and members of township party committees is introduced in many places, Jiangsu and Sichuan provinces have conducted successful experiments and attracted much attention from the top leaders and mass media. A new method of “publicly recommending and directly electing (Gongtui Zhixuan)” has been adopted widely and highly lauded in China. Jiangsu province, particularly its capital, Nanjing, was an experimental area for multi-candidate and direct elections in 2002-2007 under the leadership of then Jiangsu Party secretary Li Yuanchao. Therefore, Jiangsu province has taken a lead in the experiment with direct election of township party secretaries and members of party organizations, the Provincial Party Committee has chosen each county from North Jiangsu, Middle Jiangsu and South Jiangsu to conduct this experiment, and the direct elections have been implemented in more than one hundred township party organizations (Ouyang, 2011, 275). In Pingchang County, Sichuan Province, the first experiment with direct election of township party leaders was conducted in Lingshan Township in 2001. On this experimental basis, the direct elections were expanded and implemented in 2004 in 9 Townships of Pingchang County, and 9 party secretaries, 28 deputy-party secretaries and 81 members of township party committees were directly elected based on public recommendation and open nomination. From the late 2004 to early 2005, the direct elections were carried out in 490 rural village and urban neighborhood party organizations. China’s official Xinhua News Agency called it “the first large-scale experiment with direct election in the CCP history, and also most advanced and broadest experiment with direct election in Sichuan Province” (Wang, 2007, 17).

Third, participation in decision-making process has been increased. One of the ways to assess the degree of intra-party democracy in a political party is to ask who dominate the decision-making process. In the most inclusive of parties, individual party members may be asked to vote on specific policy positions. More usually, parties tend to choose less inclusive options in their policy deliberation process. In the CCP history, only a few party leaders have dominated the decision-making process for a long time and even personal dictatorship prevailed over collective leadership during the Cultural Revolution. As Deng Xiaoping pointed out frankly, “The over-concentration of power is that all powers have been concentrated in the party committee, and more usually the powers of party committee concentrated in the hands of several party secretaries, especially the first secretary with the slogan “strengthening Party’s unified leadership”; everything must be decided by the first secretary himself; Party’s unified leadership tends to degenerate into personal dictatorship” (Deng, 1994b, 328-329). Since the early 1980s, much emphasis has been placed on collective leadership and public participation in decision-making process. While the experiments with the permanent system of party congress have been expanded and the central role of party committee has been emphasized in decision-making process, the rule of “decision by votes (piaoju zhi)” has been adopted widely at all levels in order to strengthen collective leadership. According to the Resolution adopted at the Fourth Plenum of the 17th Central Committee, all major decisions regarding socioeconomic policies, large construction projects, financial expenditures, and important personnel appointments should be made via a “decision by votes” during a meeting of the Party committee (quanwei hui) or executive committee (changwei hui) rather than at the whim of the party secretary, so as to perfect the intra-party democratic decision-making mechanism. As the forerunner of intra-party democracy, Jiaojiang District Party Committee in Zhejiang Province has carried out the rule of “decision by votes” since 1988, which stipulate that two-thirds of party committee’s members should be present at the meeting and the decision should be made by votes based on thorough deliberation; one member has one vote which must be cast secretly; a candidate for appointment must receive at least half of the votes in order to be

confirmed. Afterwards, the rule of “decision by votes” has been emulated by many other areas and become a common practice (Zheng, 2005, 291-294).

At the same time, the CCP leadership has constantly sought consultations from research institutes, think tanks, other democratic political parties, social groups and public hearings so as to enhance scientific, democratic and legal decision-making. In February 2005, the CCP Central Committee issued the important document “Opinions of the CCP Central Committee on Further Strengthening the Building of the System of Multi-Party Cooperation and Consultation under the Leadership of the CCP,” encouraging more active participation in policy deliberation and decision making process by the members of the eight non-Communist “democratic parties” and the Chinese People’s Political Consultative Conference (CPPCC). As a result of this new initiative, the CCP leaders have consulted more closely with these noncommunist parties and submitted major policy program to the CPPCC for feedback before adoption. The members of the CPPCC are more involved into public policy-making process by being shown drafts of various policy initiatives, party and government documents, and being asked for various feedback on them. At the local level, the CCP leaders have decided to expose party committees to input and criticism from local citizens and encourage intra-party criticism of policies (Shambaugh, 2008, 137-139).

Fourth, transparency in Party affairs has been improved. The CCP politics has been described as “black box” operation and “back door” dealing and the decision-making in the CCP has been shrouded in secrecy for a long time. However, along with the opening up of Chinese society and rise of internet politics, the CCP leaders are confronted with the increasing expectations of party members for transparency of party affairs. In order to respond to these new situations and guarantee the basic right to know about party affairs, various concrete measures have been implemented so as to improve transparency in party affairs during the past several years. After Tiananmen demonstration for democratization in 1989, and especially the SARS incidents in 2003, the demand for transparency in politics has been made repeatedly by the public and met piecemeal by the Communist party and government. For instance, “Regulations on Opening Government Information (draft)” had been prepared from 2002 by The Office of Information Affairs of the Central Government and submitted for deliberation. The “Regulations” passed the 165 meeting of the State Council and went into effect from May 1, 2008 (Cheng, 2009, 156). Since the CCP dominates the policy-making process and controls most of crucial information, it is naturally imperative to open the party organization and party affairs to its members and general public. The Resolutions on party building adopted at the Fourth Plenum of the 17th Central Committee in 2009 provide that the Party should improve transparency in party affairs, perfect the system of intra-party communication, open intra-party information and foster the smooth flow of information within the party organization at all levels. In September 2010, “Regulations on Opening Party Affairs at the Grassroots Organizations of the CCP” was issued as an important step to develop intra-party democracy (Renmin Ribao, 2010). The Regulations stipulate that all grassroots organizations of the CCP should open the information on the party organization’s decision and its implementation, ideological building, organizational management, leadership building, cadre selection and appointment, party member’s right protection, and discipline enforcement. This works have been carried out all over the country smoothly and successfully. All townships and 95 percent of villages in Anhui Province have opened the party affairs as required by the Regulations. 97 percent of villages in Sichuan Province have finished the same jobs. Many specific ways and methods to improve transparency in party affairs of grassroots organizations have been created in Shanxi, Guangdong, Ningxia, Jiangxi and other provinces/prefectures (Ouyang, 2011, 273).

Among many new ways to improve transparency in party affairs, the news spokesperson system is the latest bright spot in China. The Resolution on party building adopted at the Fourth Plenum of the 17th Central

Committee provides that the news spokesperson system should be established in the party committees at all levels. Since then, the news spokesperson system has been set up one after another at the local party committees. On December 29, 2009, 117 spokespersons from the party committees at Nanjing and its districts, counties, departments and commissions appeared before the public and held the first press conference, marking the formal start of the news spokesperson system in Nanjing. In June 30, 2010, 11 spokespersons from the party committees at the CCP central departments and commissions held a vivid meeting with Chinese and foreign journalists. Nowadays, the news spokesperson system has already established in 11 central party organizations, such as the Central Commission for Discipline Inspection, Organization Department, Publicity Department, United Front Department, Foreign Liaison Department, Office for Taiwan Affairs, Office for Foreign Publicity, Central Party School, Research Institute for the CCP Documents, Research Institute for the CCP History, and Center for the CCP Archives (Liu, 2011, 69-71). This system is expected to contribute to greater transparency in party affairs.

III. Limitations of Intra-party Democracy

As analyzed above, several documents on party building have been made and issued as the guiding principles for developing intra-party democracy and many concrete measures taken as the specific steps to improve intra-party governance. All these efforts have produced some positive results and promoted intra-party democratic development to a certain extent. However, these achievements are limited and unbalanced, and more new problems may be brought about if the current political reforms for intra-party democracy continue in the special political context of the Communist party-state. The major limitations of intra-party democracy can be analyzed as follows:

First, the institutionalization of leadership transition is limited. In order to prevent any possible recurrence of Maoist dictatorship especially during the period of the Cultural Revolution, Deng Xiaoping and his colleagues have made great efforts to promote the institutionalization of the elite politics and leadership transition within the CCP. As a rule, party congresses and Central Committee Plenum should convene as stipulated in the party's constitution. Under Mao's leadership, these bodies met only sporadically after 1959, in spite of that the party constitution adopted in 1956 stipulates that party congresses convene every five years and plenums convene twice a year. In contrast with the irregularities of Mao's period, under Deng's leadership, these bodies have met regularly on the schedule prescribed by the 1982 party constitution which calls for party congresses every five year and Central Committee Plenum at least once every year. Following this rule of game, party congresses have convened in 1982, 1987, 1992, 1997, 2002, 2007 and 2012, and Central Committee Plenums every year. At the same pace, the central leadership has shifted from Deng to Jiang and to Hu and to Xi. According to Jing Huang, the Jiang-Hu transition reflects a new norm in China's political processes: the "hierarchical game" of life and death struggles dominated by Mao Zedong, and Deng Xiaoping has been transformed into a more formal "game of competitive coexistence," with the emphasis on compromise making and consensus building. There must be broader participation in the process of leadership selection because of prolonged consultations and compromises among the ruling elites at both the center and at the ministerial and provincial levels. This would help promote elite democracy, or intra-party democracy (Huang, 2008, 80-93).

However, a close examination into the details of leadership transition has indicated that there are always irregularities and exceptions to the communist rule of game. For example, Deng Xiaoping had made the final decisions on many major issues even after he retired and did not hold formal position in the supreme decision-making body, the Standing Committee of the Central Committee of the CCP. This allowed him to remove Zhao Ziyang, the then General Secretary of the CCP from his post, and hand-pick Jiang Zemin from

Shanghai as his successor. As Zhao Ziyang himself reported later, the First Plenum of the 13th Central Committee had made a decision that the Standing Committee should seek Deng's advices and Deng could convene meeting at home and made final decision on all major issues (Zhao, 2009, 66). Although Jiang-Hu transition was hailed as a great success in terms of peaceful transfer of power, there were two important institutional changes which were widely regarded as violations of rules. One was that the members of the Standing Committee of the CCP had been increased from 7 to 9, allowing two more Jiang's protégé into the supreme body. Another was that Jiang continued to serve as the Chairman of the Central Military Commission until 2004-2005, following the precedents established by Deng Xiaoping. Moreover, several surprising downfall of politburo members has been discussed as the results of factional politics within the CCP obviously because there are not clear and formal rule of game for the candidate and leadership selection. For instance, there were the Chen Xitong case under Jiang's leadership before the 15th Party Congress and the Chen Liangyu case under Hu's leadership before the 17th Party Congress. Both of them were strong competitors for the members in the supreme Standing Committee, but toppled down in the race to the highest position.

Second, the experiment with the permanent system of party congress is limited. The party congress is the highest leading body at the same level as stipulated in party's constitution and the experiment with the permanent system of party congress is widely regarded as a progress toward intra-party democracy. However, the permanent system of party congress failed to work well and finally was abandoned in the CCP history. Indeed, during the early period after the founding of the CCP, the party congress convened almost every year and contributed very much to the policy making and leadership changes. But during the long history of military struggle, the severe conditions and serious pressures did not allow the CCP to hold its party congresses regularly. After the Soviet Communist leaders criticized Stalin at the 20th Party Congress for his dictatorship and his failure to convene party congress regularly according to party's constitution, the CCP leaders decided to restore and reestablish the permanent system of party congress in 1956. As Deng Xiaoping reported at the 8th Party Congress, "The biggest merit of the permanent system of party congress is that party congress can become the fully effective highest decision-making and supervision body in the CCP, those results can not be produced by the old party congress which only convenes once several years and whose representatives are reelected every time. According to this new system, all the most important decisions can be discussed by party congress". Therefore, "we believe that this reform can make a major contribution to intra-party democracy" (Deng, 1994b, 233).

Unfortunately, this reform could not be implemented because of the class struggle and mass movement in which many party representatives were criticized and even sent to labor camp and prison. As a result, the 8th Party Congresses convened only twice in 1956 and 1958 according to the 1956 Party's constitution, and the 9th Party Congress was held in 1969, thirteen years later since the 8th Party Congress.

Considering the irregularities and serious violations of rules in party's political life, the permanent system of party congress was discussed again before the 12th Party Congress because a new version of Party Constitution would be deliberated and adopted. Under the leadership of Deng Xiaoping and Hu Yaobang, a deliberation council on Party's constitutional amendments was created and Hu Qiaomu was in charge of its works. From the late 1979 to the middle 1982, many conferences had been organized and researches conducted in order to solicit advices and ideas from the party organizations at all levels and party members of different background.

As the results of discussions and deliberations over the Party's constitutional revision, the proposal for restoring permanent system of party congress was not adopted in the 1982 Party Constitution. Hu Qiaomu

explained the reasons for this decision as follows: The permanent system of party congress stipulated in the 1956 Party Constitution is very difficult to implement in practice and there had been only First and Second Sessions of the 8th Party Congress during the past years; the party congress is different to great extent from the People's Congress, because the latter must convene and discuss many major issues every year, but the former's main task is to make the basic policies and guidelines and produce the stable leadership for the party during the certain period in the future, and so it is unnecessary and impossible to convene the party congress every year; if the permanent system of party congress and tenure system of party representative would be adopted, it is very difficult to define the rights and obligations, power and responsibilities of party representatives and their relations to the party committees at the same level, if no so, this system would make the works of party committee unnecessarily more complex. Afterwards, the debates continue and Hu Qiaomu's points of view have been challenged and confuted by some scholars as intra-party democracy has been emphasized by the CCP leaders (Guo, 1998, 166; Gao, 2006, 189-190). The fundamental dilemma for the experiment with the permanent system of party congress and tenure system of party representative lies in the political structure of the Communist party-state.

Third, the competitive election is limited. The competitive multi-party elections following legal procedures are universally regarded as an essential institution of any democratic state, necessary but not in themselves sufficient for citizens to exercise power over their leaders. This is usually called the minimal definition of democracy (LeDuc, Niemi and Norris, 2010, 6). Since the Communist leadership is upheld as a cardinal principle, the competitive multi-candidate elections have been emphasized and implemented from the early 1980s in order to develop intra-party democracy. As Wei Hu argues, "the only possible model of democratic development in China is to promote intra-party democracy within the CCP; and strengthen intra-party competition instead of inter-party or multi-party competition" (Hu, 2011, 11). Although the multi-candidate elections and direct elections are adopted on the experimental basis, it is not clear whether these experiments will be expanded to the party organizations at all levels, and whether the electoral competition will be permitted at the higher level, such as in the provincial and central party organizations.

Furthermore, there are different and even opposite understandings of intra-party democracy in China. For example, by strictly defining intra-party democracy as a system in which every party member and party organization has the basic rights and obligations to participate in, decide and manage the party affairs as stipulated in the Party's constitution, Yicheng Wang denounced and dismissed a lot of wrong ideas and opinions on intra-party democracy, for example, the proposal for establishing intra-party mechanism and system to allow the lawful competition between different factions within the CCP (Wang, 2010, 129-130). Comparative studies of intra-party democracy have indicated that moderate forms of democratization can have beneficial effects on party organizations, such as higher levels of membership participation, but radical forms are more likely distort party cohesiveness, and consequently weaken the quality of democracy (Pennings and Hazan, 2001, 267). For the CCP, if the real competitive multi-candidate elections are widely implemented in the party organizations at all levels and especially the direct elections are expanded to more areas and higher levels, many factions must emerge and finally split the party. But this horrible prospect will not be tolerated by the CCP leaders. Therefore, in the near future, the electoral procedures may be improved and more multi-candidate elections conducted, but the direct elections will be limited to the grassroots level and electoral competition controlled to low level.

IV. Implications for China's Democratic Future

Since the CCP leaders emphasized intra-party democracy first as a effective way to prevent the recurrence of the Cultural Revolution and then sought it as a new method to govern the party organizations and fight against the rampant corruption, many important measures have been taken and great progress achieved during the past three decades, especially during the 21st century after Hu Jintao ascended to the supreme power. Although the growth of intra-party democracy is limited, the great efforts and achievements have profound implications for China's democratic future.

First, the growth of intra-party democracy has contributed to better governance within the CCP and helped protect the basic rights of party members, especially in comparison with the 1950-1970s. Since the CCP has been playing a dominant role in political structure of party-state in China and its membership is larger than population in most of foreign countries, governing the Party is not only a crucial and central work for the CCP leaders, but also a tough task and great challenge for them. Therefore, party-building has always been on the agenda for every Central Committee of the CCP from the early 1980s. After intra-party democracy was established an important goal and integral part of party-building, many concrete measures have been taken in order to prevent personal dictatorship and protect basic rights of the common Communist members. The developments of intra-party democracy are expected to play an important role in the CCP's efforts against abuse of power and political corruption.

Second, the growth of intra-party democracy has made contributions to more democratic and scientific decision-making process within the CCP, which has led directly to China's rapid development and emergence as a big power. In stark contrast to the disastrous consequences of the Great Leap Forward and Cultural Revolution under Mao's personal dictatorship, many far-reaching strategies and policies have been made during the reform period under the collective leadership based on more participation by all different kind of actors such as scholars, entrepreneurs, journalists and even ordinary citizens. This democratic and scientific policy-making process has laid solid foundations for China's peaceful rise.

Third, the developments of intra-party democracy have provided many experiences and lessons for expanding people's democracy. Since the CCP is the sole ruling party with huge organizational network at all levels in China, the expansion of intra-party democracy will play a leading role and exercise demonstration effect on people's democracy. Democracy is the fundamental goal of political reform and political development in China. Considering the low level of development and complex nature of Chinese society, we must develop democracy in China by piecemeal and in gradual way under the leadership of the CCP. The experiments with intra-party democracy will give some clues to develop Chinese-style democracy.

Fourth, the intra-party democratic life helps foster democratic political cultures within the CCP and among Chinese people. China is a country with long history of civilization but without democratic cultural tradition. It is important and imperative for China to introduce some democratic practices in order to nurture the democratic culture both at the grass-root level and at elite level. Political experience with democracy has a sizable independent effect on political attitudes and values, often overpowering the national level of socioeconomic development, individual socioeconomic status, and the regime's economic performance (Diamond, 1999, 162). The expansion of intra-party democracy can provide the CCP members and leaders with such kind of political experience with democracy.

Fifth, the developments of intra-party democracy will help improve the image of the CCP and China as a whole. Since democratization became a global wave, China under one-party rule has always been criticized by foreign political leaders and mass media as standing at the opposite side of history. The substantial progress toward intra-party democracy will not only effectively respond to foreign pressure, but also greatly improve the image of the CCP as a ruling party and democratic organization. At the same time, it will help China acquire a new status as an important member in international community and lift China's soft power to an unprecedented level.

Religion under Communism

Richard MADSEN

The founders of the world Communist movement were all atheists, but so too were most modernizing intellectuals of the late nineteenth and early twentieth centuries. Heirs of the Enlightenment and the French Revolution, these ideological modernizers derived their atheism from various traditions such as Comte's positivism and Nietzsche's nihilism. What was distinctive about Marx's atheism was its connection to class struggle. Marx's famous statement, "Religion is the sigh of the oppressed creature, the sentiment of a heartless world, and the soul of soulless conditions. It is the opium of the people"¹ refers to the function of religion for easing the pain of the oppressed classes while dulling their consciousness of their true class interests. The main task of revolutionaries in the Marxist tradition is not directly to do away with religion – as for example the Positivists might have attempted through scientific education -- but to end the class oppression that makes people feel the need for religion. As Mao Zedong put it, "It is the peasants who made the idols with their own hands, and when the time comes they will cast aside the idols with their own hands; there is no need for anyone else to do it for them prematurely."²

The contribution of the Bolshevik revolution was to develop the organizational apparatus for a social transformation that would, it was assumed, eventually render religion irrelevant. In the struggle to consummate the revolution and to build a strong socialist state, however, the Bolsheviks would have to neutralize the power of what they perceived to be a major counter-revolutionary force – the Russian Orthodox Church. In the struggle to neutralize this church, Lenin began and Stalin completed the organizational structures and the repertoire of strategies and tactics that would be used as a model by almost all subsequent Communist movements. The model often, however, did not fit the religious circumstances of other Communist countries. And although it initially seemed successful in eliminating political opposition from religion in the Soviet Union, the model in the long run was a failure on its own terms. Because of the importance of the Soviet model in most other Communist countries, we will first describe how that model came to be developed. Then we will show the consequences of its clumsy fit with other Communist countries that tried to adopt it. Finally, we will discuss the causes and consequences of that model's collapse through the Communist world.

The Stalinist Model for Suppressing Religious Institutions

For a millennium the Russian Orthodox Church had been the moral foundation of the Russian national culture. Originally it had been governed by an independently chosen hierarchical patriarchate, but after Peter the Great abolished the patriarchate in 1721, it had become a part of the Russian state's administrative machinery, governed by a Holy Synod chaired by a representative of the Tsar. It was established by law as a state church and until 1905 defection from the church was a punishable offense. The liturgy of the church was deeply embedded in the way of life of Russia's peasants and was indispensable for their sense of meaning and community.³

¹ Karl Marx, Contribution to a Critique of Hegel's Philosophy of Right: Introduction.

² Mao Zedong, Report on an Investigation of the Peasant Movement in Hunan (March 1927).

³ Philip Walters, "The Russian Orthodox Church" in Pedro Ramet, ed., Eastern Christianity and Politics in the Twentieth Century (Durham, NC: Duke University Press, 1988), 61-65.

After the fall of the Tsar in February 1917, the Orthodox Church convened a National Council that re-established its patriarchate and declared its independence from the Provisional Government. After the Bolsheviks came to power in the October revolution, they established a constitution that guaranteed freedom of religious belief. But the Communist Party needed to weaken the Orthodox Church to carry out its agendas. Although no longer a state church, the Orthodox Church was still a powerful support for the forms of social life that had prevailed under the old regime. In 1918, the government issued a Decree on Separation of Church from State which took away the right of the church to own property and eliminated all of its educational and welfare facilities. The new Patriarch Tikhon denounced this and condemned the communists. Later, when it became clear that the Bolsheviks were going to remain in power, he modified his position, but the communists continued to see the church as a dangerous opponent. A first showdown came in 1922 when the government used the excuse of raising funds for post-Civil War famine relief to expropriate valuables, such as gold crosses and chalices, belonging to the church. Led by Patriarch Tikhon, the church resisted this – if not necessarily the seizure of all church valuables, at least the seizure of consecrated items. Lenin saw this as a major opportunity to discredit and crush the church: “when in the territories afflicted by famine people are eaten for food and hundreds if not thousands of corpses are lying in the roads, we can (and therefore we must) carry out the seizure of church valuables with wildest and most merciless energy and not stop short of suppressing any opposition.”¹

Patriarch Tikhon was arrested for resisting the confiscation of valuables. Many clergy and bishops were put on trial and imprisoned or executed. Other minority religions, such as Baptists and Pentecostals, were spared this onslaught in order to get their support for the attack on the dominant Orthodox Church. During the trials of church leaders, activist lower clergy were recruited to testify against the Church leadership. The government cultivated such procommunist clergy and laity to form a “Living Church”, which supported the communist state against the main body of the Orthodox hierarchy. Patriarch Tikhon was eventually released in 1923, after he signed a confession and promised never again to interfere in politics. Having used the Living Church to weaken the main leadership of the Orthodox Church, the government then began to abandon their erstwhile ally. It was better to have a weakened and compliant Orthodox Church that still had the allegiance of most Russian believers than to have the support of a small, insurgent Living Church that did not command much mass support.

After Tikhon died in 1925, the Soviet government arrested his three nominated successors. Finally, in 1927, an acceptable candidate was found, Metropolitan Sergii, who had been for a time in the Living Church, but had since returned to Orthodoxy. Sergii issued a Declaration of Loyalty to the Soviet Union, “whose joys and successes are our successes, and whose setbacks are our setbacks.”² Subsequent patriarchs would echo his position. With the Orthodox Church hierarchy now sufficiently under its control, the Soviet government could then attack all the minority religious bodies whose support they had encouraged earlier.

By now Stalin was in power, and the finished model for controlling religion was his regime’s handiwork. This model would be eventually exported to all other Communist countries that allied themselves with the Soviet Union. The main elements of the model were: First, proclaim freedom of religious belief in one’s constitution. (This served to increase incentives to abandon the mainstream church to seek other faiths.) Second, take away most of the property of the churches, strip them of their educational and welfare activities

¹ Letter by Lenin to V.M. Molotov (19 March, 1922) in Igor Troyanovsky ed, *Religion in the Soviet Republics* (HarperSanFrancisco, 1991), 4.

² Declaration of Loyalty, quoted in Walters, 73.

and restrict them to purely liturgical functions. Third, imprison and even execute the major leaders of the dominant church, not officially on religious grounds, but on grounds that they are attacking the revolution. Fourth, create bodies of pro-regime clergy and laity to help carry out attacks on the church leadership, and encourage leaders of minority religions to join in the attacks as well. Fifth, after having destroyed the leadership of the dominant church, appoint compliant successors. The dominant church will now be a subservient, hollowed out shell. Finally, attack (perhaps now with the aid of the subservient leaders of the dominant church), those minority religions that initially helped join in the attacks on the dominant church.

This model for controlling religious institutions could be used to support a range of policies toward religious belief and practices, from pragmatic efforts to weaken and control religious institutions to ideologically zealous attempts (supported by many communists and inspired not just by classical Marxism but by many other strands of modernist atheism) to wipe out religion entirely. Beginning in 1929, Stalin tried to use this framework of control to eliminate religion entirely – to create a “new Socialist man” who would be an atheist man. This policy to promote atheism was connected with the forced collectivization of the peasantry and the rapid industrialization of the society. Religious practices were deeply interwoven with the way of life of the peasantry, and the destruction of religion would facilitate the destruction of that whole way of life.

The constitution was amended to not only include freedom of religious belief but also the freedom to propagate atheism. Institutes for the propagation of atheism were established. The coercive apparatus was tightened to make any practice of religion extremely difficult. Many thousands of clergy and laity were arrested and church buildings were destroyed or converted to other uses. “By 1939 the Orthodox church had virtually ceased to exist as an institution...it is probable that no more than one or two hundred churches remained open out of a prerevolutionary total of some 46,000; clergy and laymen were in labor camps; and only four bishops remained at liberty.”¹ Stalin’s policy toward religion changed sharply, however, after 1941, when Germany invaded the Soviet Union. The policy of the 1930s was predicated on the idea that traditional national consciousness could be eradicated in order to create a society based on the universal principles of socialism. Now under attack from Germany, Stalin had to call upon the deepest reservoirs of national culture to motivate heroic defense of the Fatherland. For their part, as the Nazis marched through the Ukraine, they actually opened churches to gain the good will of the population. Stalin thereupon began to open his churches as well. In 1943 Metropolitan Sergii was summoned to the Kremlin and made patriarch of the Russian Orthodox Church. The government for its part set up a Council for the Affairs of the Russian Orthodox Church. (Later on, this would be turned into a more comprehensive Council for Religious Affairs.) Besides churches, theological schools and monasteries were re-opened and the number of clergy and bishops increased. After the war, this relatively relaxed policy towards religious practice continued until Stalin’s death in 1953.

The same framework that had been put in place by 1927 remained in effect. But now, instead of being used to crush religious practice, it was being used to sustain sufficient religious practice to support nationalistic solidarity. The Orthodox Church, though, remained a hollowed out shell. Successors to Patriarch Sergii, who died in 1944, were just as compliant. The church was restricted to strictly liturgical services – there was no room for independent educational or social welfare activities. Other useful functions were being assigned to the Church, however. It was enlisted to help gain control of Orthodox populations in the Ukraine and in the Soviet satellites of Eastern Europe. For example, many Ukrainian Orthodox had been “Uniates”, having reunited with the Church of Rome in the 16th century. Given the hostility of the Vatican to Communism, it was in the interest of the Soviet Union to “liquidate” this Uniate church and reunite it with a Moscow controlled Russian Orthodoxy. Also, the Orthodox Church of the Ukraine had been “autocephalous”, a national church independent of the

¹ Walters, 75.

Russian patriarchate. The Russian Orthodox Church was all too willing to eliminate this independence by bringing all Ukrainians under the Russian patriarchate. The Orthodox Church also became useful as an instrument of international diplomacy, sending reliable delegates to international peace conferences, and eventually to the World Council of Churches, all the while presenting a favorable image of the Soviet Union's respect for religious freedom on the world stage.

For reasons that are not fully clear, Khrushchev reversed the elder Stalin's relatively tolerant policies toward religion and launched a strong anti-religious campaign from 1959 until Khrushchev's overthrow in 1964. "In the course of the antireligious campaign...two thirds of the 20,000 Orthodox churches then legally operating were closed, and many were pulled down. Priests and believers were arrested and put on trial."¹ These antireligious policies created such a negative reaction that Brezhnev relaxed them and returned religious policy to something like the later Stalin years.

Exporting the Stalinist Model

The Stalinist model for controlling and stifling religious practice was taken up by all of the new Communist states after World War II, except Tito's Yugoslavia. Adopting, at least outwardly, the Stalinist practical formula, rather than the subtleties of Marxist ideology, seems to have been the real admission price to the Communist club. However, the Stalinist practices developed to deal with the religious question in a Russian society dominated by the Orthodox Church did not fit well with the actual circumstances of most of these new Communist states. Consider China.

Imperial China never had a national, hierarchically organized established church. The term "religion" (with its Protestant-derived connotation of a personal faith practiced within congregations) only entered the Chinese vocabulary in the late 19th century, a rendering of the German term for religion, transmitted through Japan. In contrast to this "modern" religion, most of the ritual practices of ordinary Chinese people were defined as "superstition" (another new term in the Chinese vocabulary, originally introduced by Jesuits in the 17th century). These local practices, deeply embedded in the fabric of rural life, drew upon Confucian, Daoist, and Buddhist traditions. In the early 20th century, Chinese reformers tried to purify and modernize these traditions by organizing them into hierarchically structured congregations subordinate to the state – remaking them in the image of Western churches. But they tried to destroy the "superstitious" syncretistic ancestor and local deity worship that brought a sense of meaning and community to the vast majority of the Chinese people.²

After the Chinese Communists took power in 1949, they carried out land reform. In the process, they confiscated the land that local temples had relied on to finance themselves, and they attacked the landlords and other local elites who would have been the informal leaders of the temple associations. After 1950, with collectivization and then the Great Leap Forward, life in rural communities was so regimented that there was little time for carrying out large community religious festivals. But worship of ancestors and local gods continued to be carried out within families. Most of the peasants did not destroy the idols with their own hands.³

¹ Walters, 81.

² Mayfair Mei-hui Yang, Introduction, in Mayfair Mei-Hui Yang ed., *Chinese Religiosities: Afflictions of Modernity and State Formation* (Berkeley: University of California Press, 2008), 1-40.

³ Vincent Goossaert and David Palmer eds., *The Religious Question in Modern China* (Chicago: University of Chicago Press, 2011), 150-151.

The Communist Party made a distinction between “religion” and “superstition.” The government recognized five religions, Daoism, Buddhism, Islam, Catholicism, and Protestantism, all of which fit the Western model of organized churches with a hierarchical ordained clergy. Its policy towards religion was the Stalin policy. There was the full Stalinist apparatus – the state agency for regulating religious affairs, the various “patriotic associations” of pro-regime clergy, the imprisonment of religious leaders, not explicitly for religious beliefs (the freedom of which was officially protected in the constitution) but for counter-revolutionary activities, the stripping away of educational and welfare functions of the religious organizations. But most of the five religions lacked the well-organized hierarchy the Orthodox Church had in Russia. The centralized organization of Han Chinese Buddhists and Daoists was artificial, having been developed only in the twentieth century. The Protestants were divided into many denominations. Only the Catholic Church fit the model of a centralized, hierarchical organization. Especially since its leader in the 1950s was the uncompromisingly anti-communist Pope Pius XII, the Catholic Church was a perfect target for the Stalinist apparatus for religious control, and the government turned the full force of that apparatus on the Catholics. Priests were imprisoned and executed, churches destroyed, and a small group of “patriotic” bishops recruited to lead the church, in defiance of the Vatican. Most Catholics quietly practiced their faith in the privacy of their homes. The Catholic Church, though, lost any capability of being an opposition force in Chinese politics. Though a success for China’s Stalinist religious policy, its over-all effect of this suppression was modest. The Catholic Church, after all, only constituted about one percent of the Chinese population.¹

The state applied the same methods to the other four religions, but with less effectiveness. The organization of these faiths was always looser and more amorphous than the Catholics and it was harder to create top down structures that could encompass all believers. And whatever centralized organization could be created, it did not really affect the “superstitious” activities that constituted the majority of religious practice. Similar problems in fitting the Stalinist model onto the Asian religious landscape can be found in Vietnam and Laos.

Besides the majority Han Chinese population, the Chinese Stalinist religious policy had to handle the religious circumstances of the former empire’s two major religious minorities – Tibetan Buddhists and Muslims. Tibet was a society dominated by a single religion organized somewhat hierarchically, with the Dalai Lama at its apex. Tibetan Buddhism fit the pattern that the Stalinist model had been designed to handle, and after 1959, the Chinese Communists pursued classic Stalinist policies toward Tibet. But by then the Dalai Lama had fled to India and Tibetans had come to see the Chinese Communist as an alien colonizing force. China’s Muslims, especially those belonging to the Uyghur nationality in Xinjiang also saw Chinese religious policy as part of a colonizing project.²

The Stalinist-style religious policy faced similar problems when Communist governments attempted to implement it in many parts of Eastern Europe. Orthodox Christians in Romania,³ Bulgaria,⁴ and other parts of Eastern Europe were subordinated to the state after the model followed by the Moscow patriarchate. In Romania, the sizable Greek Orthodox Church, an Eastern Rite uniate church in communion with Rome, was

¹ Richard Madsen, *China’s Catholics: Tragedy and Hope in an Emerging Civil Society* (Berkeley: University of California Press, 1998), 25-49.

² Goossaert and Palmer, 155-157.

³ Alan Scarfe, *The Romanian Orthodox Church* in Ramet ed., 208-231.

⁴ Spas T. Raikin, *The Bulgarian Orthodox Church* in Ramet ed., 160-182.

forcibly incorporated into the Romanian Orthodox Church, as had the Ukrainian Uniates with the Russian Orthodox.¹

But countries dominated by a strong Catholic church were more of a problem, especially in places like Poland and Lithuania where the Catholic Church had been seen as the essential guardian of national identity. Under the tutelage of Soviet Communists, the Polish Workers Party established the standard Stalinist apparatus for controlling religion, but it was clear that a heavy handed approach would provoke a strong nationalistic reaction. So the Polish Communists were forced to compromise far more than Stalin had with the Orthodox Church in Russia. For its part, the leadership of the Polish Catholic Church was also willing to compromise with the government for the sake of institutional survival.²

Thus, the government arrested Cardinal Stefan Wyszynski, the primate of the Polish church, in 1953 and kept him in confinement for three years. But faced with unrest (over food policy, not directly over religious policy) in 1956, the government released him and offered concessions to the Church in return for the Church's support for the regime. This pattern continued throughout the Polish communist regime: whenever the government was faced with economic or political crises, it would relax restrictions on the Church in exchange for the bishops' supporting its legitimacy. When the government felt secure, it would tighten restrictions on the Church. Overall, the Catholic Church had more freedom than in any other Communist country. The government eliminated Catholic religious instruction from its public schools, but it allowed the Church to carry out catechetical instruction in its parishes. It also allowed the continuance of the Catholic University of Lublin (where Karol Wojtila, who would become Pope John Paul VI received his doctorate and later held a chair in Catholic ethics), and it permitted Catholic seminaries and some Catholic media publications. Catholic prelates were allowed to travel abroad.³

The government's policy was aptly summed up by a head of the Office of Religious Affairs, who said: "If we cannot destroy the church, we can at least stop it from causing harm."⁴ For his part, Cardinal Wyszynski, as leader of the Polish church, knew enough not to threaten the government with fundamental harm. He had his clergy focus on liturgy and religious instruction and told them to stay away from politics. When the government was faced with crises, he tried to bolster its position. The Communist government in Poland managed to partially tame the Catholic Church, but for fear of provoking nationalistic resistance, they could not turn it into a hollowed out shell.

In Hungary, on the other hand, the Communists had somewhat greater success in applying Stalinist methods to subdue the Catholic Church. Part of the reason was that, although the great majority of Hungarians were Catholic, the Church was more tightly identified with the old Austrian Hapsburg aristocracy and less deeply embedded in popular conceptions of national identity. The attitudes of leaders on both sides also were an important factor. The Hungarian church did not have a compromise-minded primate like Cardinal Wyszynski. After the end of World War II, the leaders of the Hungarian Catholic Church, particularly the prince primate Jozsef Cardinal Mindszenty, expected the communist ascendancy to be brief and they used every means at their disposal to resist the communist government. For its part, the government was uncompromising in its attacks on the Church. Priests and bishops were arrested, including Cardinal Mindszenty, who was subject to a

¹ Scarfe, 213-219.

² Eric O. Hanson, *The Catholic Church in World Politics* (Princeton, NJ: Princeton University Press, 1987), 201-206.

³ Vincent C. Chrypinski, "The Catholic Church in Poland, 1944-1989" in Pedro Ramet ed, *Catholicism and Politics in Communist Societies* (Durham, NC: Duke University Press, 1990), 117-141.

⁴ Chrypinski, 121.

show trial and sentenced to prison in 1949. Meanwhile, all Catholic social organizations, schools, and publishing houses were closed. A group of pro-regime Priests for Peace was formed to bring pressure from below on the hierarchy. For a long while, many of the jailed bishops were not replaced, so that the Church lacked a coherent hierarchy. Those bishops who did get appointed were pressured into issuing pastoral letters supporting government domestic and foreign policies.¹

In the revolution of 1956, Cardinal Mindszenty was released from prison and after the Soviet crackdown fled for protection to the American consulate in Budapest. There he remained until 1971, becoming a potent symbol in the cold war anti-communist crusade, but because of his intransigence in later years something of an embarrassment to both more diplomatically minded Americans and the Vatican.² In East European countries such as Romania, divided between Orthodox and Roman Catholics, the Stalinist policy created other challenges. Besides the standard methods of suppressing and controlling the hierarchy, in Romania the government used the tactic of divide and conquer, not just between Orthodox and Roman Catholics, but between various sub-nationalities represented within the Catholic Church. When the Romanian government in 1948 forcibly incorporated the uniate Eastern Rite Church with the Romanian Orthodox Church, this did not endear Romania's Catholics with the Orthodox. Many Eastern Rite Catholics formed an underground church instead. Latin Rite Catholics were also persecuted even more severely than the Orthodox. Such policies had the unintended effect of creating subnational divisions which would eventually cause severe political problems.

Somewhat similarly, in Czechoslovakia, the religion control policies had an unintended effect of deepening ethnic-nationalist tensions between Czechs and Slovaks. Like the Poles, Slovaks saw the Catholic Church as deeply connected with national identity. The Czechs had been more secularized, with a Catholicism deriving from Germanizing ecclesiastical control of the old Hapsburg Empire. The repression created a more religiously-founded nationalistic piety among the Slovaks than the Czechs. The resulting divisions would contribute to the breakup of Czechoslovakia after the demise of communism.³

National divisions created by religious reactions to Communism reached their most tragic level in Yugoslavia, which its dictator Josep Broz Tito had broken with the Soviet Union in 1948 and abandoned a Stalinist approach to governance. Facing a society divided among Orthodox Serbs, Catholic Croatians, Catholic Slovenes, Orthodox Macedonians, and Muslim Bosnians and Kosovar Albanians, Tito tried to partially curb the influence of the different faiths but not completely suppress them. Concomitantly, he tried to construct a secular national ideology of "brotherhood and unity," complete with national rituals and a national patriotic education system that could tie adherents of different faiths together. But even relatively moderate control of churches could provoke intense religious zeal. The archbishop of Zagreb, Bishop (later Cardinal) Alojzije Stepinac, was put on trial for allegedly having cooperated with the pro-Nazi Independent State of Croatia during World War II, a state whose Ustasa fighters had murdered large numbers of Serbians. Stepinac's Croatian supporters claimed that the war crimes accusations were bogus and he was being persecuted because of his religious position. He later gained international fame as an anti-Communist martyr. His martyrdom intensified Croatian Catholic devotion, and his cause for canonization was eventually taken up by the Vatican. But many Serbs saw him as indeed a war criminal, and the Serbian Orthodox Church began to eventually to canonize its own saints who had been martyred by the Ustasa. Thus religious symbols and

¹ Leslie Laszlo, "The Catholic Church in Hungary" in Ramet ed., *Catholicism and Politics*, 156-180.

² Hanson, 217-218.

³ Milan J. Reban, "The Catholic Church in Czechoslovakia" in Ramet ed., *Catholicism and Politics*, 142-155.

conflicting religiously-inflected historical memories of persecution helped stoke the flames of ethnic-nationalistic enmity between Serbs and Croats. Meanwhile, even when the Yugoslav government offered a moderate degree of religious freedom under its banner of brotherhood and unity, the Catholic Church refused to cooperate because it was communist.¹

After Tito died, such ethno-religious dynamics would lead to a complete abandoning of all brotherhood and unity and to tragic wars between Serbs and Croats, and between both Serbs and Croats and Muslims in Bosnia- Herzegovina. The perpetrators of the terrible violence were not necessarily piously religious. Radovan Karadzic, the nationalist leader of Bosnian Serbs (and convicted war criminal) said in 1990, “The Serbian Orthodox Church is not merely a religious organization, it is a cultural institution and part of national leadership; the Church is highly important for all Serbs, and it is irrelevant whether one believes in God or not.”²

The Failure of Communist Suppression of Religion

Karadzic’s statement offers a clue to why the communist attempt to eliminate religion failed. It was in the end based on the premise that religion was simply a product of material conditions, part of the “superstructure” built upon the “economic base.” Once socialism ended exploitation and brought a materially satisfying life for all, people would naturally abandon religion, they would destroy the idols they themselves had made. But these premises have turned out to be false. Humans indeed do not live by bread alone. The “idols” are symbols, embodying multilayered meanings and memories that have accumulated over a long history. The meanings may be re-interpreted and used to guide different patterns of action, but they cannot easily be erased. Many people apprehend their communities’ symbols with a mixture of belief and unbelief. Under some circumstances, powerfully resonant symbols can be used cynically even by those who do not personally believe in them.

In the Soviet Union, the Stalinist policy was successful in weakening the Orthodox Church and turning it into an instrument for advancing government interests. To some degree with the cooperation of the compliant Orthodox hierarchy, the policy was also successful in destroying the capacity of minority religions, like Baptists, Pentecostals, and Jehovah’s Witnesses, to mount any serious political opposition. For many years, the policy was also successful in quieting any political opposition from Muslim dominated republics in Central Asia.³ The restrictions on religious practice also led to a great decrease in numbers of people taking part in public worship. But although religious institutions were weakened, the meanings and memories embodied in religious symbols remained alive. Communist policies did not destroy them, but changed the ways in which they were expressed and used.

Khrushchev’s crude attempts to destroy religion actually seemed to have provoked a backlash in the form of fervent pockets of underground faith. Accordingly, the Brezhnev regime ended the attempts at political suppression and returned to the containment policy of the later Stalin years. But the pockets of underground fervor remained. Such fervor became especially consequential in the 1970s, as economic stagnation and social demoralization (manifested in alcoholism, petty crime, and lack of work discipline) manifested the failure of the socialist system to deliver on its promises of a better life for all. Under such circumstances, religious symbols and religious traditions could be drawn upon to offer visions of a better life. In 1975, the final version of

¹ Vjekoslav Perica, *Balkan Idols: Religion and Nationalism in Yugoslav States* (Oxford University Press, 2002).

² Perica, 162.

³ Muriel Atkin, “Islam as Faith, Politics, and Bogeyman in Tajikistan” in Michael Bourdeaux ed., *The Politics of Religion in Russia and the New States of Eurasia* (Armonk, NY: M.E. Sharpe, 1995), 246-271; and Abdujabar Abduvakhitov, “Independent Uzbekistan: A Muslim Community in Development”, in Bourdeaux, 293-305.

the Helsinki Accords presented new, although limited opportunities for freedom of expression, and expressions of religiously based dissent became more visible.

An effect of the Stalinist policies had been to discredit the religious leadership of the coopted church hierarchy. It was thus lower clergy and laity who offered new formulations of orthodox religious traditions in defiance of both the hierarchy and the government. The most famous Orthodox lay dissident was Alexander Solzhenitsyn. In his Lenten Letter of 1971, he denounced the Church leadership for its collaboration with the Communist regime.¹ Solzhenitsyn and other Orthodox dissidents were reaching back to the tradition of 19th century Slavophiles, who in opposition to the secular intelligentsia, sought to find answers to the problems of modernity in a renewal of Russia's religious traditions. The late 20th century Slavophiles were a diverse group. Published mostly in samizdat, their writings contained a wide range of visions for the future. For instance, Solzhenitsyn's position could be roughly characterized as liberal-democratic, but others, like Gennadi Shimanov might be considered right wing nationalist (with more than a hint of anti-Semitism). All of them were persecuted both by the Soviet government and the leadership of the Orthodox Church. When Solzhenitsyn was exiled in 1974, the Orthodox Metropolitan of Krutitsy and Kolomna pronounced that "In the eyes of believers of the Russian Orthodox Church he has long forfeited the right to call himself a Christian."²

But the religious dissident movement continued throughout the 70s. Its most well-known clergyman was Fr. Gleb Yakunin, a priest from Moscow who in 1976 founded the "Christian Committee in Defense of the Rights of Believers in the USSR." His committee produced copious documentation on violations of religious freedom, which led to his arrest in 1979 on charges of "anti-Soviet propaganda and agitation." At his trial in 1980, church officials served as witnesses for the prosecution.³ Finally, by 1980 there emerged Islamic dissident movements in the Central Asian republics stirred up by the Soviet Union's invasion of Afghanistan.

In Poland, the election of Karol Wojtila as Pope John Paul II in 1978 and his triumphant return visit to Poland in 1979 generated intense religious-nationalistic enthusiasm that led to the Solidarity Labor Movement of 1980. This was however primarily a lay movement, and the Polish church hierarchy tried to constrain its more radical elements. In September 1980 Cardinal Wyszynski gave a sermon, broadcast on state television encouraging strikers to return to work.⁴ But when the Polish government under General Wojciech Jaruzelski suppressed the independent labor movement and declared martial law in 1981, Wyszynski and his successor Cardinal Jozef Glemp tried to mediate the conflict in the name of social stability.⁵ From Rome, however, Pope John Paul II gave his blessing to Solidarity in January 1981 (and cooperated with the American CIA to support it).⁶

In other parts of Eastern Europe during the 1980s the pattern was similar. Although in Poland a large percentage of the population had maintained a high level of Catholic piety, many of these other societies had low levels of church attendance and low rates of professed belief. Nonetheless, religious revival and religious dissidence could still have powerful social consequences. It was lay activists, coming out of youth groups or

¹ Jane Ellis, *The Russian Orthodox Church* (Bloomington, IND: Indiana University Press, 1986), 304.

² Ellis, 320.

³ Christopher Marsh, *Religion and the State in Russia and China: Suppression, Survival, and Renewal* (New York: Continuum International, 2011), 87-89.

⁴ Hanson, 199.

⁵ Hanson, 223-225.

⁶ Carl Bernstein, "The Holy Alliance", *Time* Feb. 24, 1992.

“base communities” (small groups seeking Christian renewal through prayer and Bible study) that took the lead in resisting communist governments, while the government approved hierarchies acted as a moderating force. In ways that neither side may have intended, this combination could become powerfully effective. In East Germany, the leadership of Evangelical Lutheran Church had been willing to help the regime build a socialist society, and this gave it enough protection from government interference that dissident groups could use it as a free space to carry out acts of resistance.

In Yugoslavia, after the death of Tito in 1981, religious hierarchies (which had not been as tightly controlled as in Stalinist states) played a greater role in arousing dissent, but, intended or not, it was sometimes a tragic role. By the end of the Tito years, all religions in Yugoslavia had low levels of church attendance and professed belief. To revitalize their faiths, the religious leaders now promoted their faiths as carriers of cultural nationalism – Serbian, Croatian, Macedonian, and Albanian nationalism. This allowed each nationality’s sacred shrines and holy myths to be used by scoundrels like Karadzic, Milosevic, Tudjman, and Izetbegovic to mobilize their communities in brutal war against one another.¹

Although top-down religious institutions in China were completely subordinate to the state, by the 1960s the gods and ghosts of “superstitious” folk religion were springing back to life, their reality perhaps confirmed by the craziness of the disastrous Great Leap Forward and their veneration made possible by the relatively relaxed rural policies adopted in the wake of the famine induced by the Great Leap. And far from the central authorities, grassroots Catholics and Protestants were receiving visions and witnessing miracles in a world still alive to the presence of God. By 1964, however, Mao Zedong issued a call to “never forget the class struggle” and ordered work teams to carry out a “Socialist Education Campaign” in the countryside, primarily aimed at rooting out new forms of official corruption, but also entailing condemnation of folk religious practices. The Socialist Education Campaign was a prelude to the Great Proletarian Cultural Revolution, from 1966 to 1976. During the first phase of that movement, inspired by Mao’s charisma, the whole apparatus of the Party State was torn down. One of the “Red Guards” initial targets was the “Four Olds – old ideas, culture, customs, and habits – which included all manifestations of religion. Precious artifacts were destroyed, religious practitioners tortured and imprisoned. The whole Stalinist state apparatus for controlling religion was torn down and even those hierarchs who had cooperated with the government were imprisoned. Notwithstanding, there was something strangely religious about the fanaticism. Mao Zedong was worshiped as a deity. There were ritual “loyalty dances” to honor him, and the Little Red Book of his quotations was a talisman that could cure cancer and confer extraordinary power.²

The Cultural Revolution did not wipe out religion. Its chaos and cruelty may have actually spurred on a quest for ultimate concerns. In the Reform era launched by Deng Xiaoping in 1979, millions of local temples have been rebuilt (Mao Zedong is worshipped in some of them), an astonishing rapid growth of evangelical Christianity has taken place, Tibetan Buddhist monks have risked their lives (and sometimes given their lives – over 40 have immolated themselves in protest in 2012) to maintain the integrity of their faith and demonstrate their loyalty to the exiled Dalai Lama. Meanwhile, a vigorous “underground” Catholic Church complements the officially recognized Catholic hierarchy, and Muslims from a variety of Sunni and Sufi traditions build mosques and schools and connect with the world wide umma by going on the haj.

¹ Perica, 211-243.

² Goossaert and Palmer, 185-193.

But the Cultural Revolution transformed Chinese religion. The growth of Christianity has been especially vigorous in areas where the Cultural Revolution had most thoroughly obliterated the traditional folk religion. And new religions have arisen out of practices that were officially approved as non-religious during the Cultural Revolution. In the name of demonstrating its superiority to the West, the Chinese Communist leadership had promoted the practice of qigong, a manipulation of vital energies to bring health and long life that had its roots in the Daoist tradition. This was seen not as religion but as indigenous Chinese science. But when, in the 1980s and 1990s, charismatic qigong masters began to attract large numbers of followers, including some high level members of the Party and Army, the party leadership suddenly recognized these mystical practices as a form of heterodox religion, or as they call it, “evil cult.” Since 1999 there have been brutal crackdowns on Falungung and similar qigong movements, creating much suffering and many refugees who have spread the teaching worldwide. In China, remnants of these new religious movements exist underground.¹ The Chinese Communist Party has resorted to its 1950s, Stalin-derived policies for controlling religion, but the policies are not working, the growth and dynamic evolution of religious practices seems out of control, and the Party leadership seems bewildered about what to do.²

Similar dilemmas confront Communist Parties in Indochina. In Laos, the Communist Party has allowed Buddhism to flourish because it represents core values of the national culture. In Vietnam, the Party has a moderate degree of effective control over the Catholic Church, which comprises about seven percent of the population, but it has to contend with dynamic growth of local popular religion. One example is a grass roots religious movement with thousands of followers lead by a woman with miraculous healing powers which worships “Uncle Ho Chi Minh” as the “Jade Buddha of the Nation.”³ Only in North Korea has overt expression of religion been almost completely suppressed. But this is accomplished by a personality cult that elevates Kim Il-sung, his son and now his grandson to deity-like status, with accompanying rituals and sacred myths.

Religious Legacies of Communism

Although the history of religion under communism is not completely over, it has certainly entered a new phase. What is the legacy of “classic Communism” for religion today? A lasting effect has been a restructuring of relationship between grass roots religious belief and practice and hierarchical institutions. The policies of the Stalinist states tried to eliminate the public relevance of religion by weakening its major institutions and coopting hierarchical leaders of such institutions to serve the state. The result was a discrediting of such leaders in the eyes of many ordinary believers. This institutional weakening has actually led to dynamic new forms of grass-roots led religious creativity – to a luxuriant growth of heresies.

Many of these take the form of private religious practice, allowing individuals to cultivate personal spiritualities outside of an oppressive public sphere. In the Soviet Union there was a widespread fascination with both old non-Christian practices, such as astrology, and “new age” explorations of the occult. For example, many Russians were fascinated with “UFO-ology”, a belief that visitors from outer space would arrive to save the earth from its travails. In Cuba, regular attendance at the Catholic mass is very low, but there is a widespread practice of Santeria. As we have seen, in China and Vietnam, there is a widespread revival of folk religious practices as well as the development of new religious movements.

¹ David Palmer, *Qigong Fever: Body, Science, and Utopia in China* (New York: Columbia University Press, 2007).

² Richard Madsen, “The Upsurge of Religion in China”, *Journal of Democracy*, 21:4 (Oct. 2010), 58-71.

³ “Introduction” in Tam T.T. Ngo and Justine Buck Quijada, ed., *Atheist Secularism and its Discontents: A Comparative Study of Religion and Communism in Eastern Europe and Asia* (forthcoming).

Other grass roots religious movements have attempted to recover the authentic teachings of institutionalized religions from their corruption by communist coopted hierarchies. Often, these took a publicly prophetic turn, as in the Slavophile dissidents in Russia. In this way, religiously inspired activism entered the public sphere, often to the discomfort of official Church leaders. Sometimes, lay initiatives that the official leaders had instigated turned toward directions that they would not have anticipated and could not fully control. This may have been the case of the “base communities” in Hungary and also with the “charismatic movements” that sprang up in that country. Some lay movements were inspired by the vast festival-like outpourings of fervor that came from Pope John Paul II’s visits to Poland and other Slavic countries. Others sprang from the celebration of the the Great Novena of the Millennium in Poland in 1957-66 and the Orthodox Christian millennium in Russia in 1988. Still other explosions of enthusiasm came from the alleged apparitions of the Virgin Mary in Medjugorje in a Croatian district of Bosnia-Herzegovina in the 1980s. And throughout the Catholic parts of Eastern Europe there was fascination with the prophesies of Our Lady of Fatima (who appeared to three children in Portugal in 1917) which, it was said, predicted both the rise and demise of Communism.

In several crucial instances, such lay movements, evolving in directions that wary Church hierarchs could not completely control, played an important role in the demise of European Communism. The activism of Solidarity in Poland, inspired in the first instance by religious enthusiasm, but of course embodying many economic and political interests, opened the path to the downfall of the Communist government in Poland. Religiously inspired activists also played significant roles in the toppling of Communist regimes in Lithuania, East Germany, Czechoslovakia, and Hungary. In Central Asia, Islamist activists, angered by the Soviet Union’s invasion of Afghanistan, began to play an important political role, independently of the established ulema. In China, a disproportionate number of the “rights lawyers” who are bravely fighting for protection of human rights supposedly guaranteed in the Chinese Constitution are Christians connected with urban “house churches.” Contrary to classic secularization theorists who assumed that modernization everywhere would relegate religion to the private sphere, religions everywhere are demanding to be given a place in public life.

A legacy of Communism in post-communist societies has been a tension between a religiously inspired laity and a partially discredited hierarchy. A major issue in this tension is how religion should engage in public life – through political machinations at the top or inspired action from below. In parts of the former Soviet Union and its sometime satellites, Orthodox and Catholic Church leaders are trying to give their institutions a place in the state establishment similar to what they had before the arrival of communism. In Russia, the Orthodox patriarchate relies on government money to rebuild and refurbish churches and to pay the salaries of its priests. It also seeks government help in barring missionaries from other religions. Some Orthodox leaders have advocated restoring or expanding the Russian empire that was lost with the collapse of the USSR – but this time tying the empire together through allegiance with the Orthodox Church. As we have seen, there were those among the Slavophile dissidents in the 1970s who expressed a similar messianic vision. But there are other lay believers who would have rejected it. By now, it seems that the Putin government is not going to support the most fervent dreams of the empire extenders. However, Putin does give the Orthodox a quasi-established place in Russia and he relies on it to support his authoritarian rule.

In Poland, the Catholic hierarchy (urged on by the Pope) has pushed the government to enact legislation that would subject all citizens to Catholic teaching – for example to ban abortion, restrict birth control and require Catholic instruction in all schools. This continues to cause great controversy in Poland. The Polish poet Czeslaw Milos complained that “the Church was seeking for itself the status and authority that earlier belonged

to the Communist Party and that the people began to fear priests and bishops and look at religion with disgust because of the 'sins of triumphalism' and the tendency toward establishing state religions."¹ The bishops want to use their newly acquired power to directly influence government leaders. Some lay people have been energized by Catholic social movements to cherish the notion of a democratic, pluralistic civil society and want to promote their vision of a Catholic common good in democratic public life from the bottom up and with respect for the conscience of citizens who do not share their faith. Other Catholics, especially in the younger generations, simply ignore the moral teachings of the Church, especially with regard to sexuality.

All major religions promise to infuse public life with love and justice, but all of them also contain seeds of hatred and division. Communism provided an environment for these bad seeds to germinate. Religious leaders must share some of the blame with Communist officials. The most dangerous legacy of religion under communism is the effort of some religious leaders to bolster their weakened position by linking their religion to nationalist sentiments. The most tragic manifestation of this was the Balkan wars within the wreckage of the former Yugoslavia. All too often, Orthodox Serbian, Catholic Croatian, and Bosnian Muslim leaders preached peace and reconciliation, only after advertently or inadvertently having inflamed a sense of militant nationalism. Similar violent conflicts, enhanced at least partially by religious zeal have occurred in the Caucasus, in wars between Orthodox Armenia and Muslim Azerbaijan, between Muslim and Christian groups in Georgia and Ossetia, and between Russians and Muslims in Chechnya.² In all cases, many factors besides religion are at work, and religious leaders on all sides have offered to mediate the conflicts. But religious prejudices and religious grievances have added a share of fuel to the fires. A more harmonious relationship between religious leaders and followers might have brought more order to some of these conflicts. A legacy of Communism has been damage to those relationships.

Atheistic Communism did not destroy religion. Parts of the former Soviet bloc have higher percentages of religious belief and a higher participation of religion in public life than Western Europe. But Communism changed religion. It undermined older forms of religious authority even as it provoked new manifestations of faith. The legacy is not a triumph of the justice and charity that all major religions profess, but new mixtures of faith and doubt, harmony and conflict in an anxious world.

¹ Perica, 222.

² Rafic Osman-Ogly Kurbanov and Erjan Rafic-Ogly Kurbanov, "Religion and Politics in the Caucasus" in Bourdeaux, 229-246.

Latin American – Asian Trade Flows: No Turning Back¹

By Richard E. FEINBERG

East Asia's economic juggernaut has had a dramatic impact on the economies of Latin America, opening up important new markets for Latin America's abundant natural resources while boosting their prices; providing the region with low-cost manufactures that have measurably improved the lives of consumers, including the poor; and offering exciting opportunities for integration into high-technology global supply chains. Asia's historic strut onto the world economic stage has also enabled Latin America to further diversify its import and export markets, increasing opportunities and reducing some risks. Asia has also offered valuable new partners for Latin American policymakers interested in negotiating preferential trading arrangements.

This article will explore the inter-regional trade dynamics during the fast-paced years of 2000-2011.² It will argue that although Latin American exports to Asia have been heavily weighted toward primary commodities, we are not witnessing a repeat of history: the reasons being that commodity prices appear unlikely to collapse as they have so often in the past, the more mature Latin American governments are making better use of the financial windfall, and we can perceive the beginnings of a regional capacity to export a wider range of products, including processed commodities with value-added, a growing variety of agricultural products, as well as some manufactured goods. Especially promising is the demonstrated capacity of Latin American manufacturing firms to penetrate markets of the Southeast Asian nations (ASEAN).

The much bemoaned inter-regional trade imbalance is largely accounted for by Mexico's imports of Asian manufactures; in contrast, some Latin American countries, including Brazil and Chile (when copper prices are especially high), have accumulated trade surpluses against their Asian trading partners, while Argentina and Peru are roughly in balance. Furthermore, in this world of global production chains, the nation state is too often a misleading unit of analysis. In the 21st century, trade patterns must be analyzed in terms that stretch beyond national boundaries to encompass the long, complex supply chains, and international investment locations, organized by sophisticated firms with global reach. In the case of Mexico, many of the imports from Asia are component parts that factories will re-export as final goods for U.S. consumers.

Moreover, there is tremendous heterogeneity among Latin American nations in their trading patterns with Asia. We will examine three types: the multi-commodity exporter (Brazil), the mono-commodity exporter (Chile), and the multi-product supply chain location (Mexico). Policy prescriptions must be tailored to the realities of each case. In the face of the onslaught of low-cost Asian manufactured goods, an interesting puzzle is why Latin America, with its legacy of statist intervention, has generally not turned toward protectionism. We offer several explanations for this restraint, based upon observed trading patterns as well as with reference to the power of ideas and the domestic political economies of international trade. Rather than retreat into a defensive posture, Latin America, with a few partial exceptions (notably Argentina), has chosen an offensive strategy, to

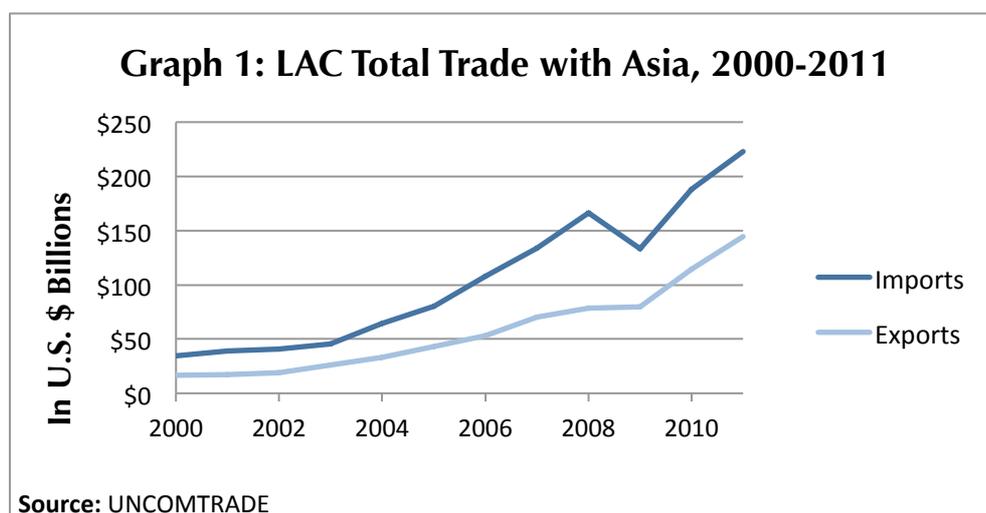
¹ Background Paper Prepared for the Latin American Program, Woodrow Wilson International Center for Scholars conference "Reaching Across the Pacific: Latin America and Asia in the New Century," June 20, 2013.

² Throughout the paper, the most recent year for trade data, which tracks merchandise but not services, is 2011 and the source for statistics is the United Nations COMTRADE database, available on line at UNCOMTRADE.com, unless otherwise noted. Country groupings in this analysis are as follows: LAC – Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru and Venezuela; ASEAN - Brunei, Indonesia, Cambodia, Lao PDR, Myanmar, Malaysia, Philippines, Singapore, Thailand and Vietnam; Asia - China, Hong Kong-China, Macao-China, Korea, Rep., Japan and ASEAN. I am most grateful to Brian Camblin for his able research assistance and to Krislert Samphantharak and Antoni Estevadeordal for valuable comments on earlier drafts.

seek to further open markets in Asia, to improve the domestic business climate and enhance firm competitiveness, and to attract foreign investment as a way to integrate local production into global supply chains. Beyond the scope of this article is an in-depth discussion of the geopolitical implications of international commercial trends, however fascinating.¹ Other papers in this project will tackle them.

Latin American Export Trends

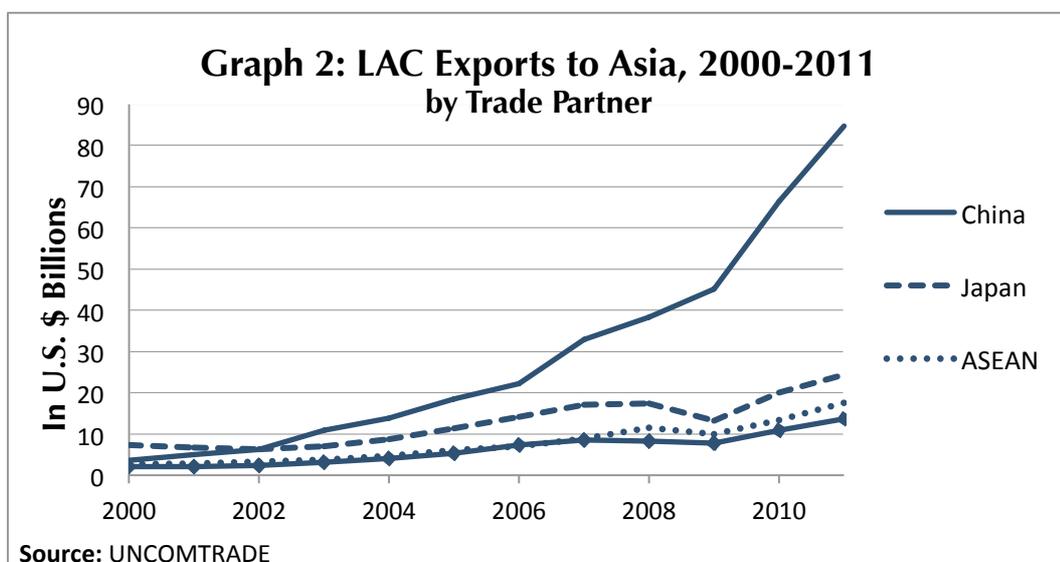
Asia was not unknown to Latin American merchants before 2000. During the colonial era, Spanish galleons navigated the Pacific, connecting the New World with the Philippines and other Asian ports of call. In the modern era, Chile routinely supplied its abundant copper to feed Japanese industry. But the explosion of Asian – Latin American commerce during the past decade has been extraordinary: Latin American purchases of Asian merchandise shot from \$35 billion at the beginning of the millennium to reach \$223 billion by 2011 (Graph 1). Latin American exports also performed spectacularly, chalking up double-digit annual rates of growth and shooting from \$17 billion to \$144 billion, lagging Asia’s export drive but impressive nonetheless.



Latin American exports to Asia have been concentrated in relatively few products (basic grains, mineral ores, and petroleum) and the region’s two biggest markets (China and Japan). But as we shall see, this is not the whole story: thousands of other Latin American producers, including processed raw materials and manufactures, have penetrated Asian markets, and Latin American exporters are increasingly able to access the markets of Southeast Asia: exports to the ASEAN region leapt from under \$3 billion (2000) to nearly \$18 billion in 2011.

In the short period of 10 years, China’s booming economy overtook Japan and rapidly became the dominant market for Latin American exports, rising from under \$4 billion (2000) to \$85 billion (2011) (Graph 2). Regional exports to Japan also prominently rose, from \$7 billion (2000) to \$24 billion (2011), even as Japan’s share of Latin American exports to Asia were increasingly overshadowed by Chinese purchasing power. As a group, the ASEAN nations composed the third largest market in Asia for Latin American exports; South Korea, however, was not far behind, purchasing nearly \$14 billion in Latin American merchandise in 2011. Within ASEAN, exports were spread among a number of countries including Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

¹ For a review of recent publications on trans-Pacific geopolitics, see Richard Feinberg, “China, Latin America, and the United States: Congruent Interests or Tectonic Turbulence,” *Latin American Research Review*, Vol. 46, No. 2, pp.215-224, 2011.



Over the last decade, Latin American export earnings have grown dramatically on a worldwide basis, rising from \$322 billion (2000) to \$974 billion (2011), reflecting sharp price increases for commodities but also strong growth in volumes (Table 1). For its ten major commodity exports, export volumes more than doubled, as farmers planted more grains for export and cleared land for cattle grazing, and mining companies (state-owned and privately held) dug more deeply into the earth. Illustrative of commodity prices, soybean prices soared 100% (2000 – 2011), such that by 2011 soybeans (beans, oil, and cake) accounted for 9.4% of Brazil’s exports with a value of \$24 billion, and a fulsome 45% of Argentina’s exports with a value of \$21 billion.¹ Hungry for the region’s commodity production, the Asian share of total Latin American exports rose quickly, from 5% to 15%. Of this 15%, China accounted for 9%, Japan 3%, South Korea 1%, and the ASEAN region cumulatively another 1%. However, while Asia’s market share expanded, Latin American exports increased in absolute terms to all major regions of the world (Table 1). Exports to the United States rose from \$196 billion to \$347 billion, even as its share declined markedly, from 61% to 36%. And while raw materials dominated export growth in many countries, and in some cases even increased their participation in total exports, non-commodity exports, including manufactures, also grew substantially in absolute terms.

Table 1. LAC Total Exports, by Region, 2000-2011 (In U.S. \$ Billions)

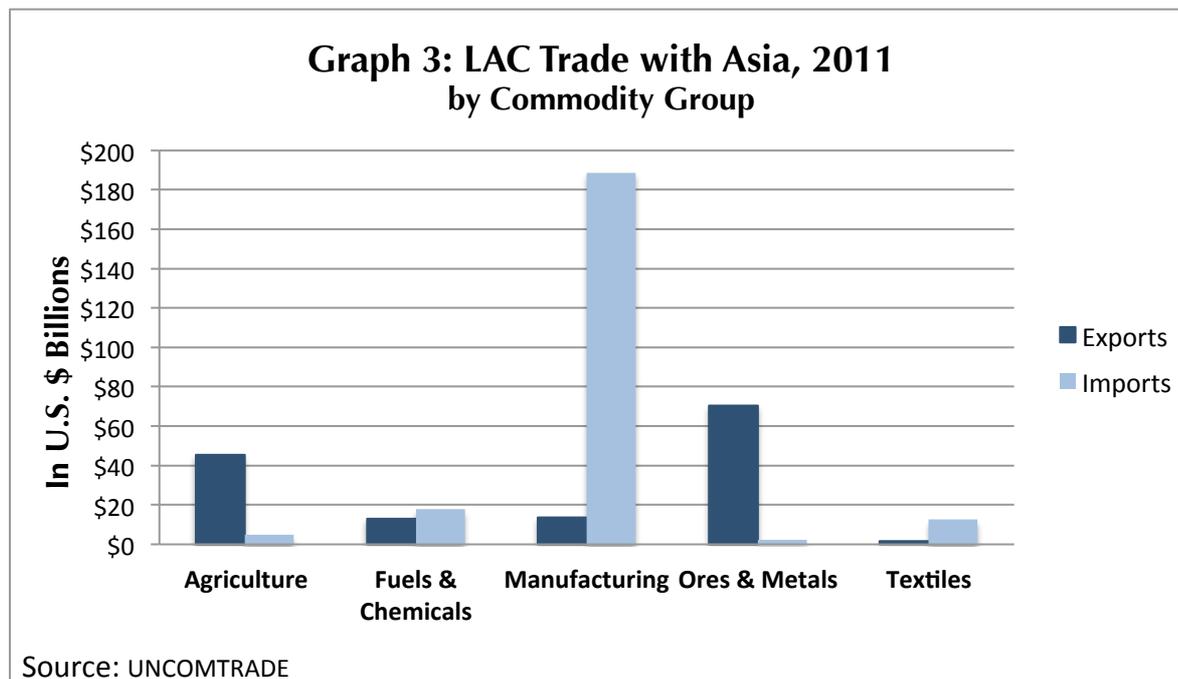
Region	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
World	322.4	311.2	312.8	342.6	427.6	515.7	610.5	623.8	785.8	618.6	785.4	974.4
USA	196.0	180.8	183.4	191.0	233.3	260.2	300.4	281.2	325.6	232.5	296.0	346.7
Latin America	47.9	46.2	39.8	46.8	57.2	76.0	93.3	104.3	146.8	95.4	122.0	151.9
Asia	16.5	17.5	19.1	26.2	32.8	43.3	52.9	70.1	78.7	79.7	114.2	144.4
Europe	39.3	38.8	39.8	47.6	58.7	67.7	87.6	100.4	121.8	88.4	107.4	136.9
Africa	2.8	3.6	4.0	4.5	6.7	9.1	11.3	13.6	16.6	12.8	14.5	20.3
Middle East	2.8	3.6	4.0	4.2	5.1	6.4	8.1	9.2	12.0	11.2	14.7	17.7
ASEAN	2.6	2.9	3.3	3.8	4.7	6.1	7.0	8.9	11.6	10.0	13.4	17.6

Source: UNCOMTRADE

Breaking down these Latin American exports by product composition, raw materials (agriculture, ores and metals) dominate overwhelmingly (Graph 3). In 2000, Latin America sold just \$5 billion in ores and metals to Asia; as the result of higher prices as well as a dramatic expansion in mineral extraction, sales surpassed \$70

¹ United Nations Economic Commission for Latin America and the Caribbean (UNECLAC), *Latin America and the Caribbean in the World Economy 2011-2012*, p.67-68.

billion in 2011. Agricultural sales (especially soybeans) zoomed from \$6 billion to over \$45 billion. Fuels and chemicals (including petroleum) also rose, from \$1 billion to \$13 billion. As noted, manufactured exports to Asia also climbed, from \$3 billion to nearly \$14 billion.



Back to the Future?

So the picture frequently painted - that the Latin American export boom to Asia is “back to the future,” a reversion to concentration in primary commodity production (“re-primarization”) - has a basis in fact. Overall, exports of primary products as a share of total exports rose for Brazil from 19% (2002) to nearly 40% (2011), for Chile from 23% to 30%, for Colombia from 47% to 64%, and for Peru from 23% to 41%. Yet, there are three important reasons why today’s trends are *not* a mere repeat of history:

1) In the past, international commodity price cycles were frequent and violent, bringing in their wakes severe disruptions to Latin American economies and societies (more than one military coup was precipitated by a commodity bust). Today, the demand for basic commodities appears to be on firmer footing, rooted in strong demand from diverse regions including the emerging market economies, and while some price volatility can be expected, conventional wisdom is that high commodity prices are here to stay, and hence will provide for healthy markets and export earnings for Latin America for the foreseeable future. The UN Economic Commission for Latin America and the Caribbean (UNECLAC) has concluded that even though some prices may slacken from their 2011 highs, “Given the current international climate, commodity prices are likely to remain high in the years ahead,” and predicts: “...the region’s export value will continue to climb over the next four years although at rates that are somewhat lower than in previous years...”¹

2) Latin American governments are behaving differently. The governance capacities of many states have grown, gradually but significantly: executive branch bureaucracies and central banks are stronger, staffed by well-educated technocrats, better able to manage fiscal and monetary policies; middle classes are expanding,

¹ UNECLAC, op.cit., p.69.

more educated, more future-oriented; and important lessons have been learned from past policy errors. Some governments (notably Chile) have adopted counter-cyclical fiscal policies and are saving income generated from the commodity windfall in “rainy day” funds, and for use in infrastructure and other basic investment projects. A number of governments are spending the surge in fiscal revenues levied upon commodity exporting activities on expanding public social services and on direct income transfers to the poor. As a result of this attention to the region’s long-standing social deficit, Latin America has raised millions out of poverty and extreme poverty; in many countries the distribution of income has improved measurably.¹ This visible sharing of the wealth contributes to political legitimacy and stability. This “redistributive extractivism” has been criticized by both the political right and left: the right maintains that such social expenditures do not increase productivity and may not be fiscally sustainable; some on the left see the expenditures as a smokescreen to obscure the on-going plunder of non-renewable natural resources.² Nevertheless, the current resource-based populism, while not unprecedented, is more widespread and is having greater social impact than during earlier commodity booms.

3) While raw materials have dominated the surge in exports to Asia, there is another trend too often overlooked: Latin American manufacturing exports have also responded to market opportunities, rising four-fold, albeit from a small base, to nearly \$14 billion (2011), to account for nearly 10% of total exports to Asia. As we shall see, some of this trade in manufactured goods results from Latin America’s integration into global supply chains organized by large multi-national corporations. These positive trends are overlooked by the “de-industrialization” pessimists, who paint the Asian connection in overwhelmingly dire colors.³ Looking forward, the challenge for Latin America is to transform its earnings from commodities into productive investments that will build on these successes, continuing to raise productivity and competitiveness and generating a more varied composition of value-added exports (more on these development challenges below).

Latin American imports from Asia

In sharp contrast to the concentration of Latin American exports to Asia in primary materials, Latin American imports of Asian origin are heavily concentrated in manufactures (Graph 3, Table 2). The region’s manufacturing imports from Asia skyrocketed from \$28 billion (2000) to \$188 billion by 2011, and if we include textile imports, reached \$200 billion. Raw material imports (ores and metals, agriculture, and fuels and chemicals) accounted for only \$24 billion (2011). This composition of inter-regional exchange would seem to confirm a “comparative advantage” explanation, driven by complimentary natural endowments, whereby resource-abundant Latin America exports raw materials to resource-scarce Asia; and Latin America, not lacking for raw materials, prefers to import manufactures, while Asia demonstrates a competitive advantage in many product categories, at least today.

¹ See for example Francisco H.G. Ferreira et al, *Economic Mobility and the Rise of the Latin American Middle Class*. Washington, D.C.: World Bank, 2013.

² On “redistributive extractivism,” see Eduardo Gudynas, “Development Alternatives in Bolivia: The Impulse, the Resistance, and the Restoration,” *NACLA Report on the Americas*, Vol. 46, No. 1, pp.22-26.

³ See, for example, Kevin Gallagher and Roberto Porzecanski, *The Dragon in the Room*. Stanford: Stanford University Press, 2008. For a good review of the literature on the dangers of dependency on mono-commodity exports, e.g., the “Dutch disease,” see Jacob Frankel, *The Natural Resource Curse: A Survey*, National Bureau of Economic Research (NBER) Working Paper 15836, 2010.

LAC Exports to Asia, by Commodity Group & Trade Partner (in US \$ Millions), 2011

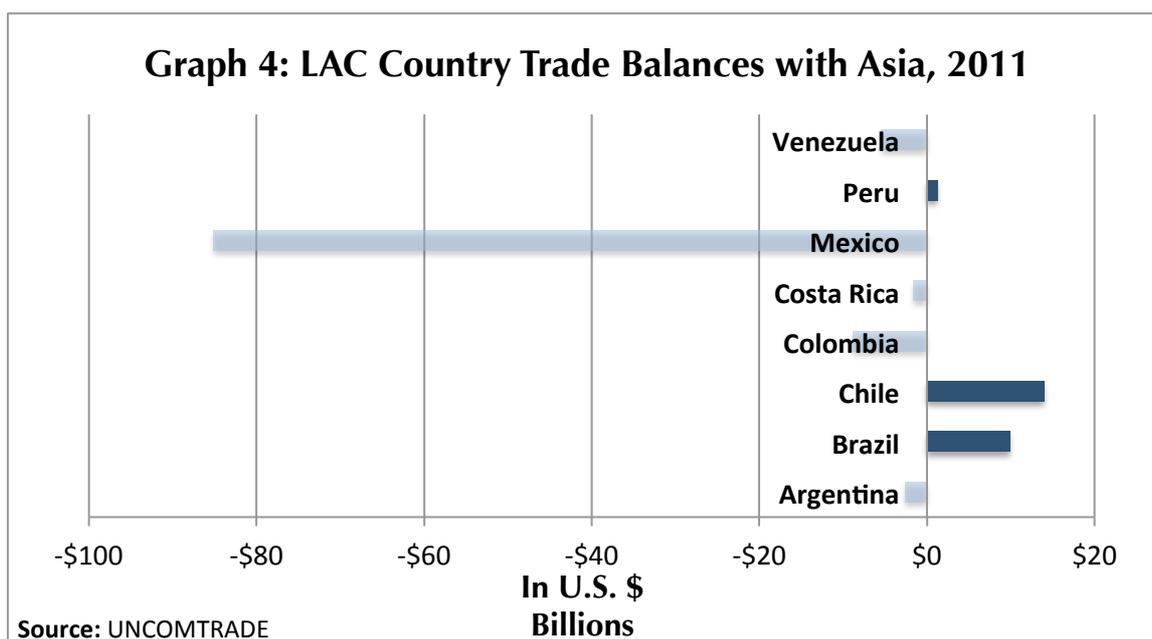
Commodity Group	World	Asia	China	Japan	Korea, Rep.	ASEAN	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Agriculture	189,748	45,381	24,085	7,565	2,658	8,618	2,339	1,922	588	499	1,837	1,404
Fuels & Chemicals	264,293	13,124	9,448	1,081	736	1,764	120	61	56	1,192	277	52
Manufacturing	340,037	13,692	4,812	1,741	1,607	4,172	545	390	138	2,114	778	187
Ores & Metals	136,924	70,380	45,591	13,892	8,394	2,437	517	682	709	35	235	256
Textiles	15,228	1,716	798	110	223	546	264	90	12	10	68	102

Source: UN comtrade

The matrix of Table 2 breaks out the product composition of Latin American exports to individual Asian countries (2011). Interestingly, China's imports of manufactures accounts for only 6% of its total imports from the region, compared to the overall Asian ratio of nearly 10%. Japan's ratio of manufactured to total imports from Latin America, at 7%, also falls under the regional average. In contrast, manufactures weigh more heavily in ASEAN imports, reaching nearly 24%. Within ASEAN, Latin American manufacturing exports were concentrated in Singapore (a hub for transshipments and petroleum refining), but regional manufactures also found significant markets in Indonesia, Malaysia and Thailand.

Inter-regional Trade Balances

However fast the Latin American export surge to Asia, Asian exports to Latin America have risen even faster, the inter-regional trade gap growing wider with time, rising from \$18 billion (2000) to \$79 billion (Graph 1). However, Mexico alone, with its negative \$85 billion net flows (2011), more than accounts for this trade gap. Subtract Mexico, and the trans-Pacific trade flows are roughly in balance. Compensating for the Mexican red ink, Brazil and Chile (when copper prices are especially high) have racked up substantial trade surpluses with Asia. Peru and Argentina are roughly in balance (Graph 4).



Drilling down into the Mexican trade data, we can see that many of the manufacturing imports from Asia are actually components for assembly plants (maquilas) located for the most part in Northern Mexico, whose

output is destined for export markets, principally the proximate United States. We are witnessing a triangular trade, in which globalized supply chains integrate Asian-Mexican-U.S. design and production processes and consumption markets. Many of the exports from China (\$52 billion, 2011), Japan (\$16 billion) and South Korea (\$14 billion), but also from the ASEAN region (\$14 billion) are destined for factories located in Mexican free trade zones (FTZs) where they will be processed and re-exported. The manufacturing facilities are sometimes owned by Asian firms – Sony, Kyocera, Samsung, LG, Huawei, Lenovo - and sometimes by U.S. or European firms. Nor are Asian-fed FTZs unique to Mexico; Asian-sourced electronic parts and import components supply the booming free trade zones in Manaus, Brazil.

In this world of global production, the nation state is often a misleading unit of analysis. Treated in isolation, Mexico is running massive trade imbalances with Asia, just as Mexico's trade balance with the United States is most solidly in the black. But these Asian-Mexico-U.S. flows should be viewed together, the result of transnationally integrated production chains. Mexico's imports from Asia are part-and-parcel of its export performance.

Similarly, Costa Rican trade with Asia cannot be understood without reference to the global supply chain of the nation's largest foreign investor, the Silicon Valley giant Intel Corporation. The intra-industry trades of Intel's "fab" (chip manufacturing facility) in San José are at the center of Costa Rica's recorded exports to Asia, clustered with two other major international electronics firms, Samtec Interconnect Assembly, headquartered in Indiana, and Oregon-based TriQuint Semiconductor: 75% of Costa Rica's exports to Asia (2011) are accounted for by integrated circuits and microprocessors.¹

National Trade Patterns

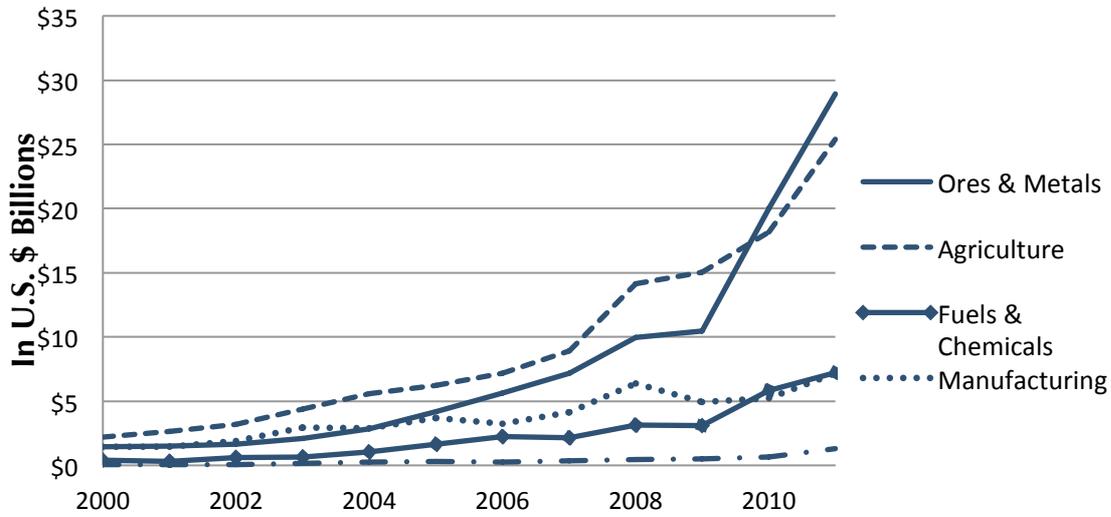
There is tremendous heterogeneity among Latin American nations in their trading patterns with Asia. To illustrate this complexity, let us examine three country cases: Brazil, a multi-commodity exporter; Chile, a mono-commodity exporter; and Mexico, a multi-product supply chain location.

Brazil: multi-commodity exporter

Brazil presents the clearest example of the resource-manufactures exchange, of the export of primary commodities for industrial products. But Brazil is not dependent upon a single, mono-product. Brazilian exports to Asia are concentrated in the commodity sector, as is often noted, but are spread among a number of primary products (iron ore and soybeans but also crude petroleum, leather, and wood pulp)(Graph 5). Within the manufacturing sector, Brazilian imports from Asia are spread among a wide range of products including capital goods and component parts, transportation equipment, and a large number of consumption items such as apparel, shoes, and electronics (Graph 6).

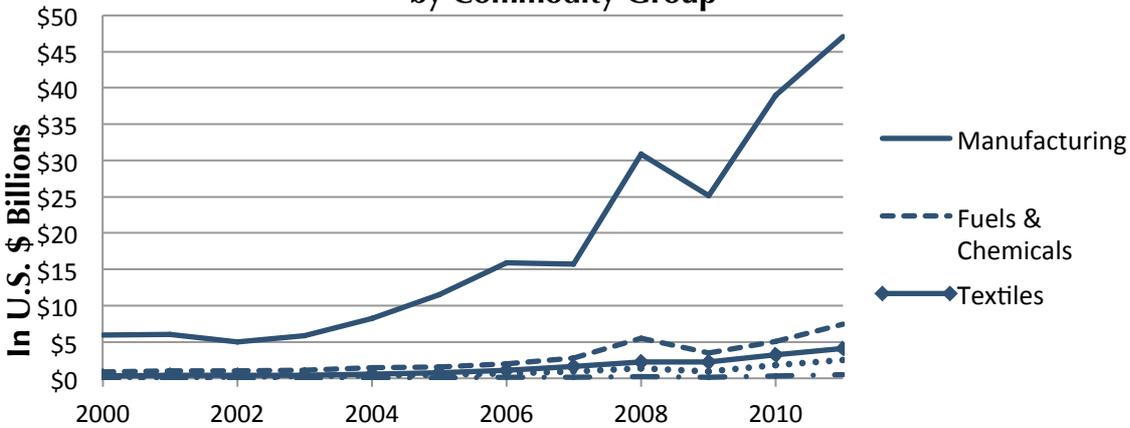
¹ Procomer, *Estadísticas de Comercio Exterior de Costa Rica 2011*. San José: May, 2012.

**Graph 5: Brazil Exports to Asia, 2000-2011
by Commodity Group**



Source: UNCOMTRADE

**Graph 6: Brazil Imports from Asia, 2000-2011
by Commodity Group**



Source: UNCOMTRADE

Notwithstanding the dominance of primary products in Brazilian sales to Asia, Brazilian manufactured exports have risen rapidly, from a mere \$1.5 billion (2000) to \$7.2 billion (2011). These value-added products were spread among China (\$2.4 billion), South Korea (\$1 billion), and ASEAN (\$2.8 billion) including \$1.6 billion to Singapore, the world's most efficient entrepôt, some of which would be distributed onwards to other regional destinations (Annex A).¹ Brazilian exports to China would be growing even more rapidly were it not for a series of tariff and non-tariff trade barriers. To protect domestic industry, China makes use of tariff escalation, with higher rates levied on more processed products. For example, the tariff on bovine leather averages approximately 6 %, whereas leather products such as suitcases, handbags and wallets are subject to tariffs of

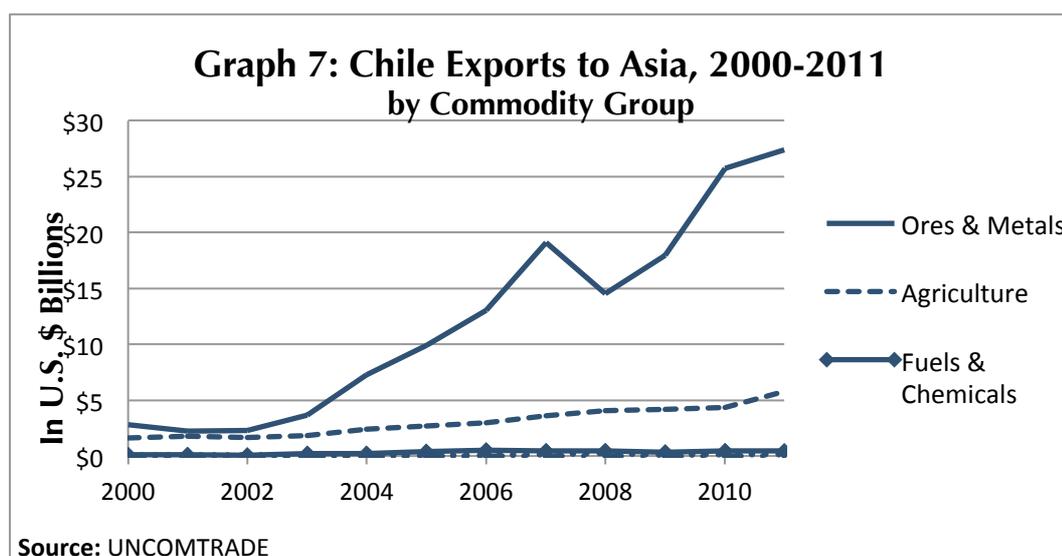
¹ For case studies of successful Brazilian exporters in the soybean, pork, and aircraft industries, see Charles Sabel et al., *Export Pioneers in Latin America*. Washington, D.C.: Inter-American Development Bank, 2012.

between 10-20%. Wood pulp is imported duty-free, whereas paper and paperboard are subject to tariffs of 5-7.5%.¹

Despite these trade barriers and a strong national currency (which diminishes Brazilian competitiveness), Brazil chalked up a trade surplus with Asia of nearly \$10 billion in 2011. Brazil’s nearly \$12 billion trade surplus with China – driven by \$41 billion in primary commodities – was only partially offset by a \$5 billion trade deficit with South Korea, driven by \$8 billion in manufacturing imports from South Korea (Annex A).

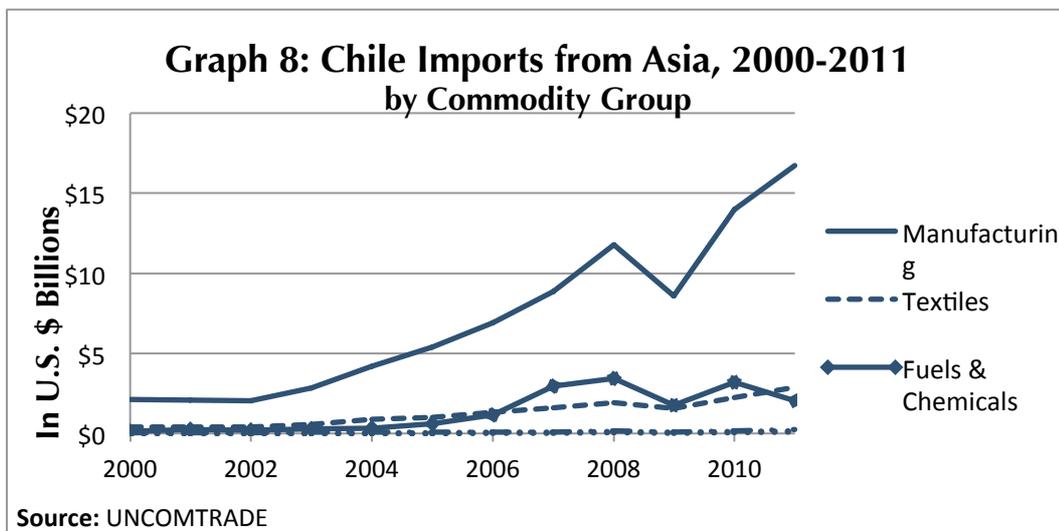
Chile: mono-commodity exporter

Chile is a striking example of a mono-product exporter: of \$81 billion in total exports (2011), copper (ores, unrefined and refined copper and alloys) accounted for \$44 billion. Of Chile’s nearly \$50 billion in worldwide exports of ores and metals (also including \$1.5 billion each of gold and molybdenum), \$27 billion found Asian destinations. Happily for Chile (and Peru), copper is an essential component in the automotive and electronics industries, and is also used in the construction of infrastructure, energy projects, transportation, home building – in many of the basic drivers of economic development. In comparison, Brazilian performance is diversified among several commodities in agriculture, ores and metals, and fuels and chemicals (petroleum), spreading risk (“dependency”) over several markets. However, Chilean agricultural products, including fish and shellfish (\$1.8 billion), fruits and vegetables (\$700 million), and meats (\$400 million) are gaining acceptance in Asian markets (Graph 7). Chilean wines and grapes, as well as farmed salmon, are increasingly finding their way into Asian food and beverage choices.² A rapidly growing market, the Chinese alone purchased nearly \$100 million in Chilean wines in 2011.



¹ Rhys Jenkins, “China and Brazil: Economic Impacts of a Growing Relationship,” *Journal of Current Chinese Affairs*, Vol. 1, 2012, pp.21-47.

² For a good case study, see Claudio Maggi Campos, “The Salmon Farming and Processing Cluster in Southern Chile,” in Carlos Pietrobelli and Roberta Rabelotti (eds.), *Upgrading to Compete: Global Value Chains, Clusters, and SMEs in Latin America*. Inter-American Development Bank and David Rockefeller Center for Latin American Studies, Harvard University, 2007, pp.109-140.



It is also worth noting that Chilean copper has two major national markets (China and Japan), modestly diversifying market risk, whereas Brazilian commodity exports are heavily concentrated in just one big market (China). Chilean imports from Asia are overwhelmingly manufactures and textiles (Graph 8), placing Chile squarely in the category of primary resources – manufactures exchange. Of \$17 billion in Asian manufactured imports, China dominates with \$11 billion, distantly followed by Japan and South Korea with \$2 billion each and ASEAN with \$1 billion (Annex B). Chilean traders have just begun to exploit ASEAN, exports and imports alike barely surpassing \$1 billion (2011); despite sharing membership in the T-4, the original core of the Trans-Pacific Partnership (TPP), total trade (imports and exports) with Singapore was a mere \$150 million (2011).

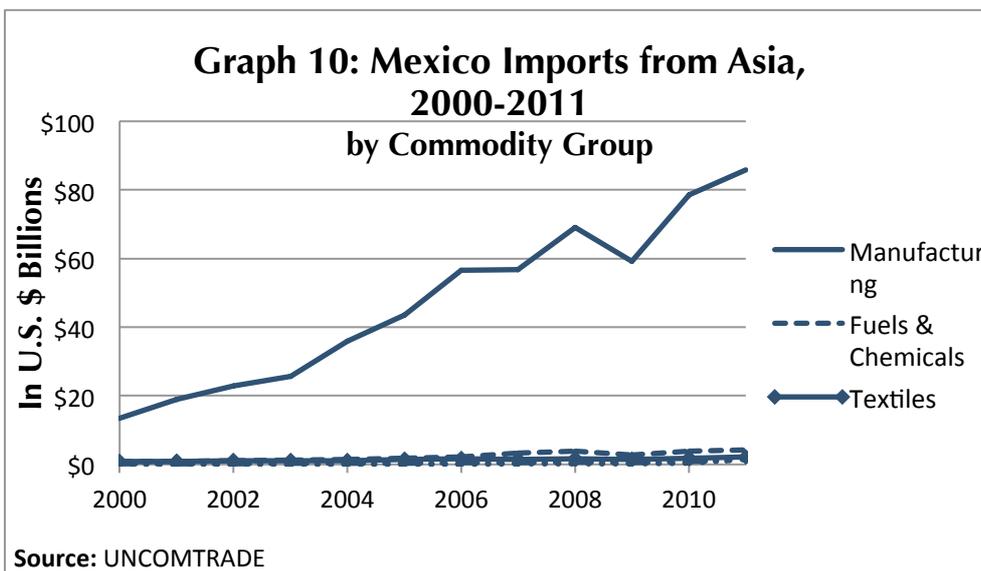
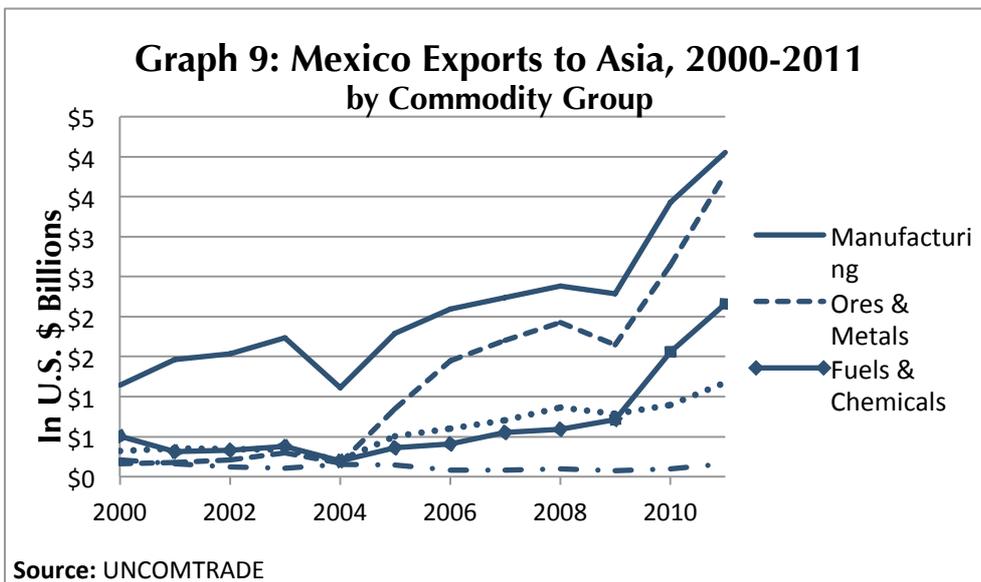
Overall, the spectacular performance of Chile's efficient copper industry, growing strongly in volume and benefiting from high global prices, resulted in bilateral trade surpluses with each of China, Japan, and to a lesser degree South Korea, while exchange with ASEAN was essentially in balance. Looking forward, Chile hopes to open markets through preferential trading arrangements. Chile's active participation in the Asia Pacific Economic Forum (APEC) had provided a venue for mutual recognition of trade and investment opportunities. In 2005, Chile became the very first nation to negotiate a free trade agreement with China. Chile was a major driver behind the TPP, being one of its four founding members, and remains an active negotiator in the trade pact's proposed expansion (more on this below). In its pro-active trade strategies, Chile is strikingly different from Brazil, which in earlier years fostered the Southern Cone regional trading arrangement, MERCOSUR, but in more recent negotiations with the European Union, the United States (in the context of the proposed Free Trade Agreement of the Americas, FTAA), and various Latin American nations, has failed to reach successful conclusions. Brazil has no FTAs with Asian nations, nor is it pursuing any at this time (mid-2013).

Mexico: multi-product supply chain location

The Mexican export sector has performed marvelously over the last decade, worldwide exports soaring from \$166 billion (2000) to nearly \$350 billion (2011). But some 80% are destined for the U.S. market, and only 3% (\$11 billion) are marketed in Asia (Graph 9). China (\$6 billion), Japan (\$2 billion), South Korea (\$1.5 billion) are the principal buyers, while ASEAN nations, notably Singapore and Thailand, absorb \$1.3 billion. Of course,

not all of these export sales labeled as “Mexican” are domestic value added (sometimes referred to as “domestic content”) but rather are re-exports of components that originate elsewhere.¹

Global Mexican manufacturing exports total \$231 billion (2011), but of these only \$4 billion find their way to Asia (Annex C). China, which exports \$46 billion in manufactures to Mexico, purchases only \$1.6 billion. Similarly, bilateral textile trade, at \$100 million versus \$1.2 billion, is unbalanced. As noted above, a large portion of these flows reflect supply chain efficiencies and locations, but many of the Chinese sales are final products, including consumer items such as apparel, shoes, household goods, toys, bicycles, plastic products, and electronic devices, and contribute to Mexico’s large negative overall balance with its Asian trade partners. Nor do these deficits capture the whole picture: Mexico, as other Latin American markets, is flooded with unrecorded, often counterfeit goods of Asian origin, readily visible in discount retail outlets in working-class barrios.



¹ On the difficult task of estimated domestic value-added in various sectors, See Robert Koopman, Zhi Wang, and Shang-jin Wei, *How Much of Chinese Exports is Really Made In China? Assessing Domestic Value-Added When Processing Trade is Pervasive*. NBER Working Paper No. 14109, June 2008.

To provide some relief for domestic producers suffering from the onslaught of low-cost Chinese manufactured goods (Graph 10), in 2001 Mexico imposed a large number of counter-veiling duties on Chinese products and when these were phased out with Chinese entry into the World Trade Organization (WTO), Mexico slapped many Chinese products with tariffs of up to 30% under its General Importation and Exportation Tax Program (TIGIE).¹ In 2012, Mexico filed a complaint in the WTO against Chinese apparel practices. Nevertheless, Mexico remained generally open to Asian imports, as the data make clear.

Have Asian exports in third markets, notably the United States, driven out Mexican products? Among Latin American countries, the overlap of export products (the Export Similarity Index, ESI) with Asia is greatest for Mexico. A hotly debated topic, the answers vary by product and over time.² A recent study by Ralph Watkins, long-time trade analyst with the U.S. International Trade Commission, concluded: “While China’s share of total U.S. imports climbed from 8% to 18% during the 12-year period of 2000-11, Mexico was able to maintain its position relative to all suppliers of imports to the U.S. market, increasing its share from 11% to 12%.”³ And it must keep in mind that Asian and Mexican production are tightly linked in global supply chains, with Mexican exports often containing significant Asian components.

Trade Policy Responses to the Asian Challenge

Confronting the sudden onslaught of Asian imports, it is remarkable that Latin America, with its long history of statist intervention, has largely refrained from protectionist responses (Peronist Argentina being a partial exception⁴). Some countries have invoked national anti-dumping measures against Chinese exports – legitimate actions if in response to unfair trade practices.⁵ There are several explanations for this remarkable regional restraint, some hidden in the numbers just discussed, others derived from nations’ political economies and from the power of ideas.

To begin, the favorable international economic environment during most of these years, especially the improved terms of trade occasioned by high commodity prices, and substantial capital inflows, helped to lift Latin America into a period of unusually solid and sustained growth, with rising real wages and falling unemployment. Protectionist pressures are less likely in a period of general prosperity.

¹ Roberto Hernandez Hernandez, “Economic Liberalization and Trade Relations Between Mexico and China,” *Journal of Current Chinese Studies*, Vol. 1, 2012, pp. 49-96.

² For the recent views of the director of international trade and integration, UNECLAC, see Osvaldo Rosales, “Trade Competition from China,” *Americas Quarterly*, winter 2012, pp.97-103. Also, Kevin P. Gallagher, Juan Carlos Moreno Brid, and Roberto Porzecanski, “The Dynamism of Mexican Exports: Lost in (Chinese) Translation?”, *World Development*, Vol. 36, No. 8, pp.1365–1380, 2008; Yue, Yunxia (2009), “Chile and Mexico: Comparison of Trade Competitiveness,” <http://ilas.cass.cn/manager/jeditor/UploadFile/2009169347673.pdf>; and Carrillo Garcia, Beatriz, Minglu Chen, and David Goodman, “Beyond Asymmetry: Cooperation, Conflict and Globalization in Mexico-China Relations, *The Pacific Review*, Vol. 24, No. 4, 2011, pp.421-438. For earlier studies, see Daniel Lederman, Marcelo Olarreaga and Guillermo Perry, *Latin America and the Caribbean’s Response to the Growth of China and India: Overview of Research Findings and Policy Implications*. Washington, D.C.: World Bank, 2009; and Jorge Blazquez-Lidoy, Javier Rodriguez and Javier Santiso, *Angel or Devil? China’s Trade Impact on Latin American Emerging Markets..* Paris: OECD Development Center, 2006.

³ Ralph Watkins, “Meeting the China Challenge to Manufacturing in Mexico,” in Enrique Dussel Peters et al. (eds.), *China and the New Triangular Relationships in the Americas* (Coral Gables: Center for Latin American Studies, University of Miami, 2013), p.45.

⁴ From 2010 – April 2013, complaints against its trade practices were submitted against Argentina to the World Trade Organization (WTO) by a range of countries, including Panama, Mexico, Japan, the United States, the European Union, and Peru. The August 2012 complaint brought by Japan concerning the imposition of wide-ranging import restrictions was joined as third parties by Australia, Canada, China, Ecuador, European Union, Guatemala, India, Israel, Japan, South Korea, Norway, Saudi Arabia, Switzerland, Chinese Taipei, Thailand, Turkey, and the United States. Source: https://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.

⁵ Robert M. Feinberg, *Antidumping and the global financial crisis: the impact on Latin America and the Caribbean*, UNECLAC Office in Washington, Studies and Perspectives series No. 9, 2010. The study concluded: “Despite concerns expressed over the potential for increasing protectionism in response to the current global downturn, to date this has not been reflected generally in the antidumping enforcement actions by countries of Latin America and the Caribbean (with the notable exception of Argentina.)”, p. 23.

Despite the surge in Asian imports, the trade account of Latin America – excluding Mexico - with Asia was, as we have shown, in balance, so the pain of higher imports was balanced by an equally powerful surge in exports. Of course, these inflows and outflows generated winners and losers, but from a balance of payments perspective, the gains equaled the pain. The winners, including powerful mining and agricultural interests, predictably lobbied on behalf of open markets and friendly relations with highly profitable trading partners. In Brazil, for example, major players in Asian markets included the energy giant Petrobras, Vale do Rio Doce (CVRD), the huge iron ore producer engaged in feeding China's steel industry, and Embraer, proud of its joint venture investment in China to manufacture regional commercial jets. Those contemplating protectionism would have immediately confronted these pillars of Brazilian industry – as well as the powerful agricultural interests avidly shipping their grains and meats (including beef, pork, and chicken parts) to Asian ports - who would warn that the Asians might retaliate, leaving Brazil no better off and operating at a lower efficiency frontier. And in the case of Mexico, trade specialists would have recognized that the Asian deficit was, in large measure, the flip side of the national export success story, of NAFTA's globalized supply chains. Furthermore, many manufacturers in Latin America, including some with domestic ownership, were surviving only by out-sourcing component production to low-cost Asian suppliers; they would not be made better off by closing off Asian markets.

Other big winners from the export surge were the Latin American governments whose treasuries were fattened by the resulting fiscal revenues. In particular, governments such as Brazil and Argentina that might have been more prone toward protectionist measures were among those benefiting most from these revenue windfalls. They preferred to engage in “redistributive extractivism,” using some of these welcome revenues to fund the social programs upon which their political fortunes depended. In the formulation of trade policies, ideas also matter. In the countries arguably hardest hit by Asian imports, where there were fewer off-setting primary commodity exports – Mexico and Central America – public policy was safely in the hands of free-market advocates who were engaged in strategic exercises of opening – not closing - their economies to international trade and investments. During the 2000s, Mexican trade officials were busy negotiating one FTA after another, while Central America was engaged in negotiating free trade agreements with the United States – CAFTA-DR – and later with the European Union. The response to the Asian challenge would be consistent with their overall ideology: the smart answer was not to abandon principles and revert to protectionism but rather to deepen reforms and work even harder to augment off-setting exports by perfecting markets, improving the local business climate, and enhancing national competitiveness.

Throughout the region, those pragmatically and ideologically committed to open markets were joined by those sectors who were gaining from the import surges, namely the importers, retailers, and not least, the consumers and their political representatives. Cheaper Asian imports of apparel, shoes, toys, electronics, household goods, and other popular items inflated the purchasing power of consumers, including among the poor. This favorable impact on real income also held true for smuggled, pirated goods from Asian factories flooding shopping malls around the region, creating constituencies for illegal or gray market imports that governments hesitated to offend.

Any thoughts of confronting China on trade policy would have been further clouded by south-south allegiances, in the case of regional leader Brazil by its BRIC (Brazil, Russia, India, China) diplomacy. Nor did the Latin American region possess the institutions, or the political unity, that might have facilitated a confrontational response to the Asian challenge. On the contrary, Latin America was sharply fractured by contesting ideologies, personalities, and national interests. And then there was the suddenness of the

onslaught: by the time the magnitude of the Asian export surge was apparent, much of the damage to domestic industries had already been sustained, and the injured industries were gone.

The international institutions were further barriers to a protectionist response. Those Latin American countries engaged with the International Monetary Fund and World Bank were constantly reminded of the virtues of an open global economy, and their programs and loans might have been endangered had they turned toward market-closing solutions. Furthermore, during the 2000s many Latin American governments were actively engaged in the Doha Round of trade negotiations which held the promise of further market openings, and Brazil and Argentina were active in pressing, alongside the Chinese negotiators, for the liberalization of agricultural markets. While the Doha Round ultimately stalled, the various negotiating sessions did regularly issue “stand-still” resolutions committing members not to resort to new protectionism. Just as significant, during these years China joined the WTO, agreeing to dismantle many tariff and non-tariff trade barriers, to the potential benefit of Latin American exporters.

Offensive Responses

Instead of turning to defensive protectionist responses, many Latin American governments sought offensive solutions. Most prominently, governments have been negotiating preferential, market-opening trade agreements, among themselves and with Asian nations. Governments have sought to promote foreign investment, as a means of stimulating investment-related trade flows via integration into corporate supply chains, and more generally, to deepen structural reforms intended to increase productivity and international competitiveness.

Table 3. Latin American – Asian Free Trade Agreements (as of end-June 2012)

LAC Country	In Effect	Signed (Not in Effect)	Under Negotiation
Chile	S.Korea - 2004 China - 2006 Japan - 2007 India - 2007 Australia - 2009 Malaysia - 2012 Brunei/Singapore - 2005	Vietnam - 2011	Thailand - 2011
Colombia	--		S. Korea - 2009
Costa Rica	China - 2011	Singapore - 2010	
Dominican Rep.	--		Taipei, China - 2004
El Salvador	Taipei, China - 2008		
Guatemala	Taipei, China - 2006		
Honduras	Taipei, China - 2008		
Nicaragua	Taipei, China - 2008		
Panama	Taipei, China - 2004 Singapore - 2006		
Mexico	Japan - 2005 --		Singapore - 2000 S. Korea - 2006
Paraguay	--		Taipei, China - 2004
Peru	Singapore - 2009 China - 2010 S.Korea - 2011 Thailand - 2011 Japan - 2012		

Latin American initiatives to open markets in Asia have functioned at the bilateral, regional, and global levels. Many Latin American trade negotiators would prefer working within the WTO, with its global reach and most efficient solutions and where the developing countries have increased their clout, but with the collapse of the Doha Round, Latin American trade negotiators have had to concentrate on other forums, bilateral and

regional. (Now that a Brazilian, Roberto Azevedo, is at the helm of the WTO, Latin Americans may revive their interests in the Geneva-based multilateral institution).

Chile and Peru have been the most active in negotiating bilateral FTAs with Asian trading partners (Table 3). Easily the most successful Latin American nation in negotiating FTAs in Asia, Chile has accords with its three major trading partners (China, Japan, and South Korea), has penetrated ASEAN (Malaysia, Singapore, Brunei), and has reached out to Australia and India.¹ But more recently, attention has shifted from bilateral accords to regional options, as negotiations to dramatically expand the Trans-Pacific Partnership (TPP) from its original mini-membership are underway, joined by the United States, Canada, Mexico, Peru, Australia, Malaysia, Vietnam, and lastly Japan. As trade experts at the Peterson Institute for International Economics have written, the expanded TPP “is a big deal in both economic and political terms.”² An ambitious, “high quality” endeavor, the TPP aims to reduce a wide range of trade and investment barriers, including “behind-the-border” barriers found in national regulatory regimes and in subsidies provided to state-owned enterprises. In the Western Hemisphere, the TPP negotiations so far are limited to members of APEC (United States, Canada, Mexico, Peru, Chile), although several other governments have expressed interest. The TPP is also generating excitement among trade specialists because some see it as a stepping stone (or building block) toward the earlier APEC vision as announced in the 1994 Bogor Declaration: a full-fledged free trade and investment area in the Asia Pacific. In recent years, the APEC Bogor vision has been re-stated under the concept of a Free Trade Area of the Asia Pacific (FTAAP) repeatedly enunciated as a “long term” goal for the 21 APEC member economies.³ One major issue overhanging the TPP negotiations: China is a member of APEC but noticeably absent from the TPP talks. Another complex issue is how an expanded TPP will interact with the intra-ASEAN trade accords and other intra-Asian trade liberalization negotiations currently underway. But the overall direction is clear: more open markets and more opportunities for Latin American businesses.

In a parallel regional initiative, four Latin American countries, three of them engaged in the TPP and in APEC – Chile, Peru, Mexico, and Colombia – launched the Pacific Alliance (*Alianza del Pacífico, AP*) in 2011 (formally launched in Paranal, Chile in June, 2012). The Pacific Alliance has an ambitious agenda, encompassing not only freer trade and investment flows and constructing facilitating infrastructures but also freer movement of peoples. Additional goals include regulatory harmonization and the strengthening of the rule of law. Already, its members have taken steps to integrate their capital markets and educational systems. Emblematic of the AP’s free-market, democratic orientation, Costa Rica was admitted in mid-2013. The Pacific Alliance is particularly interesting in light of the dramatic expansion of Asian – Latin American commerce. By integrating markets, the members of the Pacific Alliance will offer opportunities for their firms to become more efficient and competitive, while their own markets become more attractive for Asian investors. But just as China is absent from the TPP, so too is Brazil (and Argentina) absent from the AP. Does this herald a widening divide between those nations of Latin America facing the Pacific Ocean, who are also more market-oriented and aligned with the United States in free trade accords, versus the MERCOSUR/ALBA nations which have largely eschewed extra-regional trade accords?⁴ Such a judgment would seem

¹ For an evaluation of the varying quality and coverage of Latin American –Asian FTAs, see Ganeshan Wignaraja et al., *Asia-Latin America Free Trade Agreements: An Instrument for Inter-Regional Liberalization and Integration?* Asian Development Bank Institute Working Paper No. 382, September 2012.

² Jeffery Schott, Barbara Kotschwar, and Julia Muir, *Understanding the Trans-Pacific Partnership*. Washington, D.C.: PIIE, December 2012, p.1.

³ For a Korean view of the FTAAP as a worthwhile if long-term goal, see Sangkyom Kim et al, “A Free Trade Area of the Asia Pacific (FTAAP): Is It Desirable?” *Journal of East Asian Economic Integration*, Vol. 17, No. 1.

⁴For a stimulating discussion on this point, see R. Evan Ellis, “Beyond ‘Win-Win and the Menacing Dragon: How China is Transforming Latin America,” paper presented to The Impact of Globalization on Latin America Task Force, Center for Hemispheric Policy, University of

overwrought, in light of the intensifying economic relations between the countries in the AP and Brazil, but the pressures are mounting on Brazil to reconsider its international trade strategies.

The liberalization of markets opens opportunities but businesses must be competitive to make the final sales. Recognizing this truism, and well aware of the remaining risks of their concentration on commodity exports, Latin American governments have been strengthening their export promotion capacities, including the marketing agencies of their trade and foreign affairs ministries. To varying degrees, governments are also undertaking structural reforms, as urged by the international development institutions, to enhance their international competitiveness by raising savings and investment rates and strengthening their fiscal positions, improving the functioning of markets and of regulatory agencies, upgrading educational systems and transportation infrastructure, and generally improving the business climate.¹ The appreciation of some Latin American currencies makes progress on productivity particularly urgent, to keep exports competitive and to continue to deflect protectionist pressures.

Encouraging more foreign investment, inward and outward, is another strategy to promote trade flows, as local vendors are incorporated into international supply chains.² In a next phase of trans-Pacific economic integration, capital-rich Asian investors will be placing big bets in Latin America, while Latin American-based multi-nationals will increasingly extend their global reach to Asia. The Latin American – Asian engagement, of world historic importance, is still in its early stages, but there is little doubt that it will both widen and deepen in the years and decades ahead.

Annex. National Trade Patterns

A. Brazilian Trade with Asia, 2011

Exports by Commodity Group and Trade Partner (in US \$ Millions)												
Commodity Group	World	Asia	China	Japan	Korea, Rep.	ASEAN	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Agriculture	84,689	25,381	15,371	3,204	1,061	3,996	814	932	116	337	1,209	561
Fuels & Chemicals	41,846	7,247	5,409	509	291	1,024	33	24	34	842	66	22
Manufacturing	68,214	7,182	2,358	657	977	2,761	426	100	58	1,568	483	122
Ores & Metals	51,006	28,916	20,557	5,043	2,157	1,140	239	488	365	30	11	8
Textiles	3,071	1,297	592	66	208	423	206	74	3	9	50	82
Imports by Commodity Group and Trade Partner (in US \$ Millions)												
Commodity Group	World	Asia	China	Japan	Korea, Rep.	ASEAN	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Agriculture	12,972	2,514	636	45	34	1,799	899	344	14	20	426	96
Fuels & Chemicals	83,800	7,460	3,867	771	1,924	815	132	282	4	229	163	4
Manufacturing	116,113	47,078	26,026	7,004	7,938	5,225	562	1,608	277	564	1,707	486
Ores & Metals	7,704	464	366	34	21	27	3	3	0	12	3	5
Textiles	6,971	4,132	3,026	21	184	810	357	179	7	2	155	91

Source: UNCOMTRADE

Miami, January 31, 2013.

¹ For example, see Daniel Lederman, Marcelo Olarreaga and Guillermo Perry, *Latin America and the Caribbean's Response to the Growth of China and India: Overview of Research Findings and Policy Implications*. Washington, D.C.: World Bank, 2009.

² As spelled out in *Shaping the Future of the Asia and the Pacific-Latin America and the Caribbean Relationship*. Asian Development Bank, Asian Development Bank Institute, and the Inter-American Development Bank, 2012, especially chapter 3. For a survey of Latin American firms already invested in China and what accounts for their successes, see Antoni Estevadeordal and Theodore Kahn, *Pathways to China: the Story of Latin American Firms in the Chinese Market*. Washington, D.C.: Inter-American Development Bank, 2012.

B. Chilean Trade with Asia, 2011

Exports by Commodity and Trade Partner (in US \$ Millions)												
Commodity Group	World	Asia	China	Japan	Korea, Rep.	ASEAN	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Agriculture	19,035	5,793	1,793	2,501	741	444	53	25	23	76	173	93
Fuels & Chemicals	4,355	459	208	119	94	34	19	3	1	2	5	3
Manufacturing	6,849	164	50	60	12	26	6	4	5	1	6	2
Ores & Metals	49,477	27,394	16,538	6,329	3,601	921	238	178	122	2	145	237
Textiles	685	13	12	0	0	0		0		0		0
Imports by Commodity and Trade Partner (in US \$ Millions)												
Commodity Group	World	Asia	China	Japan	Korea, Rep.	ASEAN	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Agriculture	5,882	262	127	2	14	118	26	8	4	3	60	17
Fuels & Chemicals	25,440	2,032	655	677	532	167	93	12	27	13	19	2
Manufacturing	40,454	16,738	11,145	2,273	2,135	1,077	145	145	19	52	564	139
Ores & Metals	1,828	129	120	4	6	0	0	0	0	0	0	
Textiles	3,821	2,898	2,741	2	47	103	20	24	5	3	18	28

Source: UNCOMTRADE

C. Mexican Trade with Asia, 2011

Exports by Commodity Group and Trade Partner (in US \$ Millions)												
Commodity Group	World	Asia	China	Japan	Korea, Rep.	ASEAN	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Agriculture	22,600	1,179	166	694	88	96	17	15	6	19	20	19
Fuels & Chemicals	69,871	2,162	1,753	123	59	162	24	14	8	93	9	11
Manufacturing	230,810	4,053	1,612	886	531	815	43	79	20	474	177	22
Ores & Metals	13,595	3,784	2,346	535	816	56	27	13	5	3	3	6
Textiles	7,121	160	89	14	4	42	16	3	9	0	6	7
Imports by Commodity Group and Trade Partner (in US \$ Millions)												
Commodity Group	World	Asia	China	Japan	Korea, Rep.	ASEAN	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Agriculture	27,963	1,039	433	33	37	535	198	102	34	9	59	133
Fuels & Chemicals	74,558	4,249	2,056	806	941	442	152	78	15	132	51	14
Manufacturing	223,141	85,767	46,330	15,084	11,688	12,327	798	5,221	1,578	1,001	2,885	771
Ores & Metals	10,521	1,602	1,377	64	60	100	8	72	0	5	15	0
Textiles	9,875	2,234	1,209	31	164	680	145	139	35	2	129	163

Source: UNCOMTRADE

China-Mexico Economic Relations: Opportunities and Challenges

SONG Guoyou

Where is China-Mexico Economic Relations now?

1. Bilateral trade

According to Chinese statistics, Mexico was the second-largest trade partner, the second-largest export market and the fourth-largest source of import of China in Latin America in 2012. In that very year, Sino-Mexico volume of trade was 36.676 billion U.S. dollars, with year-on-year growth being 9.95%, among which China exported products worth 27.518 billion U.S. dollars, with year-on-year growth being 14.77%, and imported products worth 9.158 billion U.S. dollars, to fall by 2.38% on year-on-year basis.

According to Mexican statistics, China was Mexico's second-largest trade partner, the fourth-largest export market and the second-largest source of import in the globe in 2012. In that very year, Mexico-China volume of trade was 62.657 billion U.S. dollars, among which Mexico exported to China at 5.721 billion U.S. dollars and imported from China at 56.936 billion U.S. dollars.

According to the statistics of Mexican government, the bilateral trade volume between Mexico and China was 49.79 billion U.S. dollars from January to September of 2013, to increase by 10.0%. Therein, Mexico exported to China at 4.8 billion U.S. dollars, to increase by 14.7%; and it imported from China at 44.99 billion U.S. dollars, to increase by 9.5%. Mexico's trade deficit was 40.19 billion U.S. dollars, to increase by 8.9%.

Mineral, transportation equipment and mechanical and electrical product are the first three categories of commodities that Mexico exports to China. The amount of exports was 2.00 billion U.S. dollars, 1.17 U.S. dollars and 630 million U.S. dollars from January to September. The exports of mechanical and electrical products fell by 26.8%, while the exports of minerals and transportation equipment increased by 37.2% and 56.9%. These three categories of goods totally accounted for 79.2% of the gross export to China.

Mexico mainly imports mechanical and electrical products from China. The amount of imports was 30.08 billion U.S. dollars from January to September, increasing by 8.9%, and accounting for 66.9% of Mexico's total import from china. In addition, Chinese products have a strong competitiveness in Mexico's import market of furniture and toy, occupying 36.6% of Mexico's import market of these produces.

2. Mutual investment

According to Chinese statistics, by the end of 2012, Mexico had invested in 177 projects in China, the actual investment amount being 106 million U.S. dollars. The major fields of investment are food, chemical engineering, tourist hotel, physical distribution, mechanical electronic and building materials and so on, most of which are distributed in Beijing, Jiangsu, Shanghai and Zhejiang, etc. In the year of 2012, China made direct investments of 100 million U.S. dollars in Mexico. As of the end of 2012, the stock of Chinese direct investments in Mexico was 368 million U.S. dollars. At present, China mainly makes investments in mining industry, manufacturing industry and agriculture, etc. According to Mexican statistics, Mexico attracted 73.80 million-U.S. dollar foreign capital from China in 2012.

3. Project contracting

By the end of 2012, China had entered into and contacted for 3.475 billion-U.S. dollar projects, labor service cooperation and designing consulting in Mexico, and the turnover had reached 3.648 billion U.S. dollars, mainly concentrated in energy and communication fields.

Opportunities for Sino-Mexico Economic Relations

The new government of Mexico has attached great importance to **infrastructure construction** since it came into power, thus working out a development plan for the five years from 2013 to 2018. It plans to speed up the construction of urban subway, trunk railway and coastal port. Mexico needs to enhance its production capacity of power generation, electricity transmission and power supply. In the field of infrastructure construction, Chinese enterprises are quite competitive in design capability, construction capacity and experience internationally. Chinese enterprises will surely make contributions for Mexico to develop and construct its infrastructures in the future. The government of Mexico is reforming the **telecommunications industry**, to break business monopolies and enhance enterprise competition. With advanced communication technologies and telecommunication products, Chinese telecommunication enterprise can participate in the investment and development of Mexican telecommunication industry. The products exported from China to Mexico are attractive in price and quality, thus meeting the needs of Mexican middle class, especially the living needs of the low-income people. Besides, most of the products exported from China to Mexico are intermediate products, which are conducive for Mexican middle and small-sized enterprises to strengthen their production capacity and export capability.

Energy sources export to China. Mexico is a major producing country and exporting country of oil in Latin America, yet it mainly exports oil to U.S. market. As USA's demand for imported oil is reduced, Mexico has the ability to export more oil to China. During President Enrique Pena Nieto's visit to China in April, 2013, Pemex agreed to export oil to China through China International United Petroleum & Chemicals Co., Ltd. In addition, Pemex also signed agreements with such Chinese enterprises as Xinxing Cathay International Group and China National Petroleum Corporation, etc. Since then, the experience exchange and cooperation between the two countries in energy field has become increasingly close. From January to September of 2013, the mineral fuel and mineral oil exported from Mexico to China is worth 6.41 million U.S. dollars, increasing by 216% on year-on-year basis, as the products whose growth is largest.

Vehicle parts export to China. Vehicle industry is one of the largest manufacturing sectors and the most active industries in Mexico. Mexico is the eighth-largest producer of automobiles and the fourth-largest exporter of automobiles in the world. However, Mexico has exported a small number of automobiles to China, so there is a lot of potential.

Challenges

Sino-Mexico bilateral trade imbalance. Under Mexican statistics, China's amount of exports to Mexico was increased to 56.936 billion U.S. dollars in 2012 from 6.272 billion U.S. dollars in 2002. During the corresponding period, Mexico's amount of exports to China was increased from 653 million U.S. dollars to 5.721 billion U.S. dollars in 2012. Mexico's trade deficit with China was increased from 5.62 billion U.S. dollars

in 2002 to 51.2 billion U.S. dollars in 2012. Mexico's export to China was only one-tenth of China's export to Mexico.

The competitiveness of export market: USA is the largest commodity importer of both Mexico and China. China has constantly increased its export to USA, which makes Mexican products lose some share of U.S. market.

Trade protectionism: Mexico has made lots of investigations on Chinese textile, manufactory and toy out of trade protection, showing certain protectionist inclinations, thus restricting Chinese products from being exported to Mexico.

FTA factors: NAFTA has prescribed many limits to Mexico's economy and trade, even to make the economic and trade relations between USA and Mexico more indivisible. In the meanwhile, it has also restricted the countries beyond the agreement from expanding their trade with Mexico and participating in bidding and tendering. Under Mexican law, priority should be given to those countries that have signed FTA with it for public construction and public bidding. This makes Chinese enterprises at a great disadvantage when taking part in Mexican project bidding and investing in infrastructure construction.

The issues of investment environment and security factors: Mexico's public security is not completely reassuring. Especially, the organized crime and drug trafficking, etc., in Mexico have played an objectively negative role in Mexico's public security, so that some Chinese enterprises have to face an adverse social security when investing in Mexico. **Mexican labor union is very powerful**, and environmental regulations are complex as well. Mexico **exercises strict control over visa** for Chinese citizens, especially for Chinese entrepreneurs, who want to go to Mexico, which makes many Chinese entrepreneurs turn to other countries.

Talking to Strangers: Chinese Youth and Social Media

Tricia WANG

The Internet Comes to China

When China joined the WTO in 2001, it agreed to a set of policies to expand its telecommunication networks. In one of the largest infrastructural build outs in history (Harwit 2008), China networked its entire nation with mobile towers and broadband cable. Since 2001, it has also implemented the world's most sophisticated content filtering system, commonly called the "The Great Firewall" (Barme and Ye 1997). It uses a combination of "patchwork technological barriers" (Open Internet Tools Project 2013) from internet service provider "ISP" blocking to key word blocking and forced corporate self-censorship (MacKinnon 2012). The first method prevents websites outside of China from being accessed; it also prevents words from being searched within China. The second method requires companies to enforce blocking through a combination of algorithms and human detection. Google famously left China after it refused to participate in self-censorship (Thompson 2006; Wang 2010). Both of these methods are not impenetrable: people still find ways outside of the firewall through the use of circumvention tools such as proxies and virtual private networks "VPN" (Chase and Mulvenon 2002; Giese 2006; Hachigian 2001; MacKinnon 2008). However, it is estimated that less than 2% of China's internet population uses them (MacKinnon 2012).

Even though the internet is heavily censored, censorship has also encouraged users to be creative in other respects. Chinese netizens have come up with innovative ways to overcome censorship through memes, creative word play and playful images (Mina 2012a; Perry and Qiang 2013; Yang 2009). An Xiao Mina has documented one of the most popular memes in recent years, Grass Mud Horse Cao Ni Ma (草泥马). Started by Aiweiwei, an internationally known artist and national hero for Chinese youth, he posted pictures of himself naked with a mythical llama covering his genitals. Below the image was the caption "Grass Mud Horse Covering the Center" (草泥马挡中央) which, phonetically in Chinese, sounds like "Fuck your mother Communist Party" (Mina 2012a). The Grass Mud Horse meme became so popular that millions of people were buying sweaters made from alpaca fur, cute stuffed Grass Mud Horse dolls, and mugs. The censors eventually picked up on the double meaning of Grass Mud Horse and censored the word, but Chinese netizens made a simple change, calling Grass Mud Horse a "Working Mud Horse" Gannima (幹泥马). When that was censored, people changed it to "Rolling Mud Horse" Gunima (滚泥马). In each case, it was the adoption of phonetic variations of the phrase "fuck your mother" that kept this meme alive despite the censors.

But the use of Grass Mud Horse is only one example of the wide repertoire of internet use among Chinese youth. For the most part, my research finds that Chinese people do not use the internet for political purposes, although the topic of the internet as a political tool continues to dominate research on the Chinese internet.¹ These studies are not necessarily incorrect, but the overwhelming focus on the political use of the Chinese internet provides an incomplete picture of how Chinese people are really using the internet. As Davis argues,

By restricting the field of vision to politically well-institutionalized activities, we may overlook alternative locations of and pathways to structural change and underestimate the ability of

¹ To name a few: Bucher (2004), Chase et. la. (2006), Damn (2007), Damm and Thomas (2006), Jiang (2009), Lagerkvist (2010), Mackinnon (2011), Stevenson (2007), Tsui (2001, 2003a, 2003b), Yang (2009), Zhou (2006).

increased sociability in nonofficial activities to incubate loyalties that ultimately generate the actions capable of weakening or toppling an authoritarian state. (Davis 2000, 21)

A more flexible and open approach to study the Chinese internet could even enrich our understanding of the political uses of the internet. When studies lead from a political angle, it takes us away from understanding how Chinese people make sense and internalize censorship and moves us closer to how Westerners expect the internet to be used as a tool for democracy. This results in two issues that reflect a gap in the research to understand the moral underpinnings and effects of censorship.

First, censorship in China is primarily portrayed through functionalist frameworks as a method of political control. There has been no cultural analysis of the moral motivations for censorship; such an analysis would help us understand the cultural underpinnings of why censorship offers the most viable form of social control in China. What functionalist accounts fail to take into account is that information control in China is based on a moral imperative, a set of assumptions about how information should be perceived, managed, and applied. This moral imperative for information management in China, what I call Information Paternalism, is the belief that too much information is harmful to society and that it is the state's job to be a gatekeeper that protects citizens from harmful information.¹ This moral position on information is consistent with China's historical approach to information management: information has mostly been controlled through institutions for institutions to use, not for people to use.

This rhetoric of Information Paternalism is presented as a benevolent and harmless way that the state is looking out for its citizens, to maintain what they call a "harmonious society." But this view ostensibly also maintains the power of the state to decide what is "bad" and "proper" information. In my fieldwork with internet policy makers and discussions with public intellectuals, they often justified censorship of the internet with the moral sentiments of Information Paternalism. They argued that, for the most part, Chinese people are too uneducated to use a free internet and that for the time being, it must be controlled in order to maintain a stable society. They often compare China to the West, saying that the West can have a free internet because people know how to think independently, whereas Chinese people think en masse. Even those who said that they don't believe in censorship touted this point of view. Their responses reflect an institutionalized justification for censorship that positions the state as a benevolently paternalistic figure who is helping its children by preventing "bad" information from entering into their lives.

The way Information Paternalism is being internalized and reinterpreted by youth is more complicated than scholarly and popular media depictions of either direct acceptance or total rebellion. My research shows that when youth encounter censored information, it leads them to question existing beliefs about how they obtain and come to trust information. But ongoing internet use, among college students in particular, increases the chances of contact with open information. In the West, the belief that "information is free"² extends back to the origins of the internet, and positions it as a network of peer-to-peer, not top down, information access. This

¹ I deploy the term Information Paternalism as a discursive strategy to counter Western perceptions that there is a united agreement within the Chinese government on censorship and furthermore, that the motivations are always malicious. Paternalism implies that the Chinese government takes on the role of an all-knowing parent who tells itself and its citizens that censorship is for the good of the people. In essence, the government positions censorship from a paternalistic point of view instead of a dictatorial or evil point of view. The officials I spoke to were ambivalent about the role of censorship. The government oscillates between seeing the internet as beneficial and harmful for society (Bakken 2000). My thoughts on this are informed from my fieldwork with government officials who work at the Chinese Internet Network Information Center (CNNIC), which I elaborate on in Chapter 3. The term "paternalism" also links China's contemporary surveillance practices to a political analysis that characterizes China's leadership styles as paternalistic, as many scholars have noted and debated (Chen et al. 2011; Chen and Kao 2009; Pelligrini 2008; Sheer 2010, 2012).

² This phrase was coined by Steward Brand, a writer who pioneered many of the early tenets of the web (Turner 2005).

belief is supported by constitutional guarantees of equal access to information for all citizens. The moral imperatives of open information conflict with Information Paternalism. Recognition of this conflict leads to discussions and reflections about the moral role of information among Chinese youth.

This moral pivot from Information Paternalism to what open information represents is transformational. For many youth, encountering an uncensored internet opens up a new emotional space, ultimately reshaping their identities and perceptions of what suffices as “legitimate” information. For some, it completely disrupts their sense of self and their sense of trust in the government. However, while the outcome of this disruption is a more reflective and politically aware self, the impetus for this shift is not political, but personal.

1.5 Going Online for Personal Interests, Not Political Reasons

Even though censors continue to monitor the Chinese internet and shut down sites that are deemed as too “sensitive,” the capitalist imperatives of a free-market economy play an important role in distancing the internet from total government oversight.¹ Entrepreneurial efforts and innovative individuals have created compelling online spaces for Chinese citizens. Social media sites, message boards, and instant messaging apps are all commercial services that not only generate revenue for their owners, but also make the Chinese internet a lively place for members of the Internet Generation to inhabit. The “potent combination of commercial media and internet” in China create a much more complex picture of the outcomes of censorship (Shirk 2010, 1).²

Ongoing censorship of political content means that most web services in China focus on entertainment, such as games and content about celebrities (Yang 2012). Western journalists report that “entertainment trumps politics on the Web in China” (Barboza 2012).³ Even Liu (2010a), a scholar who studies internet use among urban youth reports that youth indicate that they use it as a “tool for entertainment” (168).

However, just because sites are designed for entertainment purposes, that doesn’t mean that people are only using it for fun and games. My research reveals that youth are not just using the internet as a form of entertainment, rather they are using the platforms as form of socialization; they are interacting with other youth and creating meaningful relationships within these communities. Youth turn to social media platforms to express ideas about themselves and their society. While social media apps and QQ instant messaging chat services make it easy for friends and family to stay connected in China, it also makes it easy for them to expand their social circles.⁴

The internet is commonly understood to be a tool that connects users to people they already know. However, Chinese youth are not only using social media platforms to converse with their offline connections,

¹ For more on the relationship between commercial internet services and government censors in China, refer to Rebecca Mackinnon (2006, 2009b, 2012) who provides a more critical and in-depth view on corporate self-censorship. Similar arguments come from: Joshua Kurlantzick in *The Dragon Still Has Teeth: How the West Winks at Chinese Repression* (2003), Gary Elijah Dann and Neil Haddow (2007) in *Just Doing Business or Doing Just Business: Google, Microsoft, Yahoo! and the Business of Censoring China’s Internet*, Surya Deva (2007) in *Corporate complicity in Internet censorship in China: Who cares for the global compact or the global online freedom act*.

² This is a major point in Shirk’s (2010) edited volume. In particular, look to Hu Shuli’s *The Rise of the Business Media in China* (2010) and Qian Gang’s and David Bandurski’s *China’s Emerging Public Sphere: The Impact of Media Commercialization, Professionalism, and the Internet in an Era of Transition* (2010). Also John Lagerkvist (2006) provides an excellent analysis of the tensions between commercial bulletin boards (BBS) and the government’s propoganda department.

³ In the same article Barboza (2010) cites Yang Guobin who says that the internet is also used for socializing, but the overall focus of the article is on how the Chinese web is for entertainment.

⁴ For more on QQ practices in China, refer to Hjorth and Arnold (2012) and Koch et al. (2009).

they are also interacting with strangers. The primary activity of American and other Western teens' social media behavior is what Boyd calls "friending," or searching for their preexisting friends (2008a, 213). Chinese youth, on the other hand, are engaging in the opposite activity: looking for strangers.

In the company of strangers, Chinese youth feel freer to explore a self that is the realm of their own imagination, but beyond the realm of what they can exhibit in front of people they know. This is the same kind of freedom that Mr. Lee felt when he picked up strangers on his scooter—freedom to express one's self without shame or judgment. In online social media networks with strangers, Chinese youth develop new social networks of support that give them the confidence to form ideas about themselves outside of the primary institutions that have shaped their life: family, school, and state.

Contrary to reports that youth are going online for political reasons (Herold and Marlot ed. 2011) or primarily entertainment purposes (Liu 2010a), I have found that youth predominantly do not go online to hide from, or mobilize against, the government. Chinese youth are going online to socialize with people they do not know. They seek out online spaces where they can express themselves to strangers within online communities organized around lightweight subjects, not political topics. While some youth do eventually become involved in political action, it is not intentional. As I discuss later, forming friends online is in itself an apolitical interaction that can evolve into political interaction for *some* youth.

1.6 An Identity Revolution

While many in the West argued that the internet and democracy are positively correlated (Mungo and Clough 1992, Rheingold 1993; Wired 1996),¹ and that the internet would eventually destabilize and democratize authoritarian regimes such as China (Perrit Jr. 1998; Qiang 2011), what is happening on the ground is a revolution of the self. The sudden availability of the internet combined with open-market capitalism has made it possible for a new conceptualization of identity to emerge. I refer to this new set of expressive practices as an Elastic Self. The Elastic Self is both the *feeling* that one's identity is malleable and the *action* of trying on different identities. This Elastic Self is experienced through informal interactions that provide a sense of social distance from existing social ties and relative anonymity. In the presence of unknown others (strangers), Chinese youth feel liberated to experiment with different identities without the pressure to commit to a single identity. They feel comfortable taking greater risks in expressing ideas or emotions, and trying on identities that are reversible, easy to abandon, and impermanent.

Drawing on over seven years of ethnographic fieldwork, this dissertation will introduce readers to ordinary Chinese youth who, in their own extraordinary ways, are trying to make sense themselves in the face of a nation undergoing massive changes. At the broadest level, my research asks whether new social spaces give rise to new forms of sociality. I argue that yes, there is a new form of sociality in China. The expressive and hidden lives of youth reveal that they are actively envisioning not just a new self or a more individualist self, but

¹ More authors who support this view: Abramson et al. (1990), Alexander and Pal (1998), Budge (1996); Davis (1999); Ferdinand (2000); Ferdinand ed. (2000); Hague and Loader (1999); Hoff, Horrocks, and Tops (2000); Loader (1997); Noveck (2000); Schroeder (1997), Schwartz (1996), and Tsagarousianou et al. (1998). In particular, Lipset (1959) noted the role of telephones and radio, Huntington (1993) highlights the roles of television in Eastern European revolutions, and Dahl (1989) goes as far as saying that inequalities in wealth and the economy can be a bigger threat to democracy than access to knowledge (via IT). Ferdinand (2007) states that Charles Swett, a Pentagon Official, cited a Rolling Stone article in his report, Strategic Assessment: The Internet (1995) to support his argument that the internet has a democratizing effect: "The Internet is the censor's biggest challenge and the tyrant's worst nightmare . . . Unbeknown to their governments, people in China, Iraq and Iran, among other countries, are freely communicating with people all over the world." Dean Henry Perrit Jr. (1998) states that "New information technologies threaten sovereigns that depend on maximum political, economic, and cultural control over their peoples . . . no longer can totalitarian regimes ensure themselves a safe environment by controlling the newspapers, radio and television stations because the World Wide Web remains beyond their control and manipulation."

a more Elastic Self. This is a new self that is not simply rejecting institutions such as the collectivist state or the family, but reexamining those institutions and creating personal identities that are free from institutional control.

Through a selection of participants from my fieldwork, I show how Chinese youth who are engaging with an Elastic Self are learning how to express their emotions. I preserve their experiences by sharing their stories in narrative form. It is essential to point out that my participants are not learning how to engage in emotional expression in traditionally intimate contexts—with family or friends. Instead, they are learning how to communicate their feelings with strangers in a digital context, and they are doing so because they feel free to explore desires, feelings, or information that people they know would typically deem to be shameful.

Chinese youth invest a lot of time and effort in quasi-anonymous interactions.³⁰ A majority of their time online is spent looking for ways to distance themselves from people they know: *guanxi* relationships and institutions. The anonymous nature of these interactions unfold in the informal mode of interaction, a framework that I propose in section 3.0 to illustrate that engagement with unknown others is an important form of sociality for identity making. In addition to self-expression, they are learning a multitude of skills, assessing trust amongst strangers in a digital context, searching for censored information, and engaging in civic participation.

An Elastic Self unfolds over three phases: Exploratory, Trusting, and Participatory. Youth enter into an Elastic Self through the Exploratory Phase. Here, they are looking to share their emotions with strangers in quasi-anonymous contexts. All my participants are in the Exploratory Phase and they are representative of the experiences of a broader swath of Chinese youth who are beginning to interact with strangers online. A majority of youth in the Exploratory Phase eventually transition into the second phase, Trusting, where they learn how to assess trustworthiness in a digital context and begin to strengthen their connections to communities and individuals. As youth move up through the phases of an Elastic Self, their social networks widen and they engage in more risky interactions.

A small subset of youth who were in the Trusting Phase reached the Participatory Phase where they took part in networks of civic action. These youth are outliers among Chinese youth as most do not leave the Trusting Phase. Within the groups I interviewed, the biggest proportion is in the Exploratory Phase. The numbers of participants in each subsequent phase decreased as the risks increased. Based on the thousands of hours of fieldwork I did across 30 cities in China over the last 10 years, the experiences of the participants in each phase are representative of other people who are in the same phase.

New forms of trust are being created through the Elastic Self. Some scholars suggest that in tight networks such as social circles (people we already know), “general norms of cooperativeness,”¹ not social trust, govern interactions (Hardin 2004, 183). Scholars of trust argue that in dyadic one-on-one relationships that emerge from our social networks (people or entities we do not know), trust—not norms—dictate the expectations for future interactions. An Elastic Self is helping Chinese youth shift their perception of strangers, which will eventually help China’s evolution from a low-trust society to a higher-trust society.

The two different ways that trust is established in circles and networks reflect two competing norms of community in China. The former relies on the existing notion of established *guanxi* ties that are based in preexisting social circles, while the latter relies on the individuals’ notions of community that are based in the social networks they *choose* to affiliate with. Chinese youth are creating loose online affiliations outside of *guanxi* networks that are generating the foundation for a “casual web of public trust” (Jacobs 1961). They are

¹ or what anthropologists and sociologists call generalized reciprocity.

developing skills for assessing trustworthiness in online contexts; this in turn helps individuals strengthen relationships with people outside of their personal social circles; this creates new norms that value interaction with people outside of one's preexisting ties.

The final outcome of an Elastic Self is that youths' discovery of "hidden information"—such as corruption and censored material—undermines youths' trust in institutions. This moral dissonance instigates the shift from Information Paternalism to open information. Forced to make moral judgments in the face of information that conflicts with their beliefs, youth are required to fashion a new moral compass. As Yan points out, "By making moral judgments these individuals also redefine what it means to be a proper person in today's China and how to live up to it." (2011, 40). Part of this process involves making a moral shift from a "moral me" to a "moral we" in the Participatory Phase when youth recognize that their identity is tied to a community that they 32. or strongly support and want to improve. These micro shifts reflect an identity that is not divided, but an identity that is under negotiation. Overall, youth are imbued with a sense of agency when they engage in an Elastic Self. The expression of an Elastic Self signals a massive—yet under-recognized—social shift. Chinese youth are defining themselves and creating new networks *outside* of institutions that have long dominated personal identity: family, school, and the state.

As youth become more comfortable expressing their emotions, reaching out to strangers, and participating in online networks, they are adopting a new mentality that is increasingly independent of societal institutions. This shift reflects a deep transformation of individual consciousness and an emergence of a new kind of Chinese citizen: highly skilled at socializing in online environments with strangers, confident in assessing trustworthiness with large number of people online, and able to join or create massive networks that use the internet to augment existing social dynamics. These citizens, while they may be rare, have the potential to deeply transform their country.

Chinese Popular Religion and its Situation in Modern China

FAN Lizhu and CHEN Na

Traditional beliefs and practices of popular religion have resumed their position in everyday life of the people in mainland China. From our own fieldwork research, as well as from reports by other researchers, we have found that more and more individuals and communities are turning to these religious practices in their search for meaning and in their struggle with moral concerns. That the Chinese are regaining their religious tradition rather than losing it in the course of modernization is a significant phenomenon that calls for special attention.¹ To a great extent, the revival of religion and tradition is a direct reaction to the ten-year Cultural Revolution, when the traditional culture suffered unprecedented criticism and suppression. If we trace the history back further we may also say that the recent revival is a re-bounce of tradition after the century old suppression as the result of modernization. Then, a research on this phenomenon would be significant not only for the study of religious development but also for the understanding of socio-cultural dynamics in the rapidly transforming China as well as the interaction between tradition and modernization in general.

Breaking of the Sacred Canopy

The Cultural Revolution ended in 1976. But the aftermath of that nightmare lingered for quite a few years. "The ideology of Maoism lost its attraction among the intellectuals who had reflective spirit". Many intellectuals thought over the future of Chinese society and culture with critical attitude toward the ideological orthodoxy and Communist system as dominating force in the past a few decades.² As Anne F. Thurston pointed out, "Underlying all these responses is a profound sense of loss as a result of Cultural Revolution --- loss of culture and of spiritual values; loss of status and honor; loss of career and dignity; loss of hope and ideals; loss of time, truth, and of life; loss, in short, of nearly everything that gives meaning to life."³ With the strong sense of loss, people started to reflect over the history and reality, and started to doubt and challenge the political sacred canopy. Just like Nietzsche declared "God is dead", the Chinese people painfully found that the living God Chairman Mao Zedong was only a human being who had made blunders and brought about disasters to the nation and people. The deified figure of Mao suddenly collapsed.⁴

For decades, Chinese people had been deprived of their human dignity and had allowed their personality being suppressed. Now for the first time people were able to think of personal need and feelings. However, the "emancipation of minds"(解放思想) from the political sacred canopy also brought about confusion⁵ and intensified the feeling of being lost. As Fan Lizhu found in her research in Shenzhen, it was common experience for many people to feel shocked in the late 1970s and early 1980s at the drastic conceptual

¹ Of course the "regaining" and "losing" are highly relative. In fact, with the rapid urbanization and societal transformation over the last few decades, there has been great declining of tradition in China. On the other hand, compared with the modernization process in many other countries, the revival of religion and tradition in China is strikingly prominent.

² See Ambrose King, *Chinese Culture and Politics*, Hongkong: Oxford University Press 1997, p. 84-85. (金耀基, 《中国政治与文化》, 香港: 牛津大学出版社 1997, 84-85).

³ Anne F. Thurston, "Victims of China's Cultural Revolution: The Invisible Wounds", *Pacific Affairs* Vol. 57. No. 4 (Winter), 1984.

⁴ Xia Zhongyi, "Belief Crises and Youth", *China Youth*, Issue 11, 1980, (夏中义, "信任危机与青年", 《中国青年》, 1980年11期).

⁵ Luo Xu, *Searching for Life's Meaning: Changes and Tensions in the Worldview of Chinese Youth in the 1980's*, Ann Arbor (Michigan): The University of Michigan Press 2002, P. 50.

changes as the historical turn was being made. One of her interviewees recalled that “in the past I had the deep feeling that Chairman Mao was the closest person in my life, even closer than my parents and my brothers and sisters. But now why a God-like man was negated?” He described his heavy heart was like “experiencing a shock of black turning into white in a second”, which caused painful disillusion¹. Thurston quoted her interviewee to illustrate the cultural crisis: There is an identity crisis in China, now, similar to what Emile Durkheim describes when he writes about anomie. Norms are the final ground for any human behavior, but now the norms have been shattered, and there are no substitutes, so we are facing a period of anomie, especially the younger generation. People are not sure what they are after, what they want. They want change, but as to what kind of change would be adequate, they are never sure of.² The topic of life’s meaning and view of life were concerned by people in Chinese society undergoing the fundamental changes.

The May 1980 issue of *China Youth* (a monthly magazine) published a letter by a reader named Pan Xiao. The letter was entitled “Why Is the Road of Life Getting Narrower and Narrower?”³ The letter described how Pan had experienced from holding revolutionary idealism to disillusionment. “Looking back on the road I have traveled, I see that it was a journey from crimson to gray – from hope to disappointment and despair.” Pan’s letter evoked a ten month nationwide discussion from May 1980 to March 1981. Together *China Youth* and *China Youth Daily* received a total of about 140,000 letters in response to the discussion of life’s meaning.⁴ The very fact that so many people were directly involved in the discussion of life’s meaning signified a deep crisis of faith among the people, young people in particular. The doubts and reflections with personal and emotional pain led to sharp criticism of the political ideology and Maoism. “The leader was deified, and science became religion, which were the crux of the tragedy of our age.” “The old religion [that is, the pan-politicized sacred canopy] collapsed like a snowflake.”⁵

With all the disappointments and disillusionment, people turned more on their inner selves and focused more on the meaning of their individual lives. Religion was an important approach for meaning in life. This happened in association with other aspects of social changes brought about in the post-Mao reform. As the major move of the reform led China to a market economy, people enjoyed more autonomy in their social-economic life with all kinds of opportunities and possibilities. However, opportunities and possibilities also meant risks and uncertainties ---- employment freedom goes hand in hand with unemployment, and making money on the market may also make one lose his shirt. Compared with the pre-reform years of planned economy where everyone lived a relatively stable life in a fixed matrix, people now wading in the market water experienced much pressure and uncertainty. On the other hand, the development and affluence brought by the reform came so sudden and fast that it often seemed overwhelming for people who had got used to a hand-to-mouth life over the decades. As Fan found in Shenzhen, which developed from a small town into a metropolitan with over 10 million population in less than thirty years, it was typical for many to turn to religion for guidance and comforts while dealing with the challenge of making sense and finding peace in their lives. It shed light on the human impulse to search out “meaning beyond the mundane.” Her findings indicate that economic advancement does not necessarily do away with spiritual needs; instead, it may create the

¹ See Lizhu Fan, *Religious Transformation in Contemporary China: Field Study in Shenzhen*, Taipei: Weber Culture 2005, (范丽珠, 《当代中国人宗教信仰的变迁: 深圳民间宗教信仰的田野研究》, 台北: 韦伯文化 2005); Fan Lizhu, James Whitehead, “Spirituality in a Modern Chinese Metropolis”, in *Religion and Public Life in the Chinese World*, eds. David A. Palmer, Glenn Shive, and Philip L. Wickeri. Oxford: Oxford University Press, 2011.

² Anne F. Thurston, “Victims of China’s Cultural Revolution: The Invisible Wounds”, *Pacific Affairs* Vol. 58. No. 1 (Spring), 1985.

³ The letter with penname Pan Xiao (潘晓), means waiting for enlightenment.

⁴ Editorial Board, “Process of Discussion”, *China Youth*, Issue 12, (1980, 《中国青年》编辑部, 1980-12).

⁵ An Wen, “Thinking from Life”, *China Youth*, Issue 7, 1980, (安文, “来自生活的思考”, 《中国青年》1980年第7期).

conditions for people to name deep spiritual hungers of which they were previously unaware of. The case of Shenzhen reveals another, often overlooked, dynamic of Chinese modernization, that is, the ancient cultural heritage, mainly expressed in the values and practices of popular religion, continued to energize contemporary Chinese caught up in the cultural dynamics of urbanization.¹

As the reform unfolded, the authorities gradually loosened up its control over ideology. In 1982, the Central Committee of the Communist Party promulgated Document No. 19, entitled “The Basic Viewpoints and Policies on the Issue of Religion during Our Country's Socialist Period”.² Document No. 19, which reconfirmed citizens’ freedom of religious beliefs, is a comprehensive document on religion and remains the basic principles of the Party policy on religion today. The promulgation of the Document was followed by a series of rehabilitations or release of clergymen and religious specialists, restoration of churches and organizations, and revival of religious rituals and activities. As the institutional religions entered a stage of renaissance, the popular religion tried to follow suit.³ However, there was a big difference between the two ---- while the institutional religions were officially recognized with legal and social status, the popular religion never was. In fact, throughout the Document, the term “popular religion” (民间宗教) was not mentioned at all. But it did list certain aspects of popular religion, such as divination, fortune-telling, *fengshui* (风水), sectarian activities, etc., as superstition and must be banned. On the other hand, it said nothing about the Confucian tradition of ancestry worship and related activities, which have always been an important aspect of popular religion. Through the hierarchical channel, the policy of the authorities was soon passed down to the grassroots level. One would find explicit statements in the rural communities that echoed the Document. For example, in a village in Hebei Province, the village compact (村民公约) had the following articles:

Article 12. Villagers should self-consciously change existing [prevailing] habits and customs; have no high-profile weddings and funerals; conduct cremation and abolish earth burial.

Article 13. Villagers should believe in science, reject heterodoxy and feudalistic superstition.⁴

Therefore, in theory, popular religion did not have legitimacy in post-Mao China. Despite the legitimate dilemma, however, popular religion experienced rapid revival and development since the end of Cultural Revolution.⁵ This has to do with the characteristics of popular religion ---- flexibility, diffuseness, embedded in the community structure and everyday social life. Many values and beliefs of Chinese popular religion has been

¹ Fan Lizhu, *Religious Transformation in Contemporary China: Field Study in Shenzhen*, Taipei: Weber Culture, 2005; Fan & Whitehead, “Spirituality in a Modern Chinese Metropolis”, in *Religion and Public Life in the Chinese World*, eds. David A. Palmer, Glenn Shive, and Philip L. Wickeri. Oxford: Oxford University Press, 2011.

² *Selective Collection of Religious Work in the New Era*, Beijing: Religion and Culture Press 1995, (《新时期宗教工作文献选编》, 宗教文化出版 1995 年).

³ There are a lot of studies about the revival of popular religion in Fujian and Guangdong Provinces. For example, Wang Mingming, “Recreation of Local Politics and Tradition: Investigation of Ancestral Hall Procedure in Cixi, Fujian Province”, *Folklore Studies*, Issue 4, 1999, (王铭铭, “地方政治与地方传统的再造: 福建溪村祠堂议事活动的考察”, 《民俗研究》1999 年第 04 期).

⁴ Note. 河北赞皇西竹村的村民公约, 第十二条, “要自觉移风易俗, 婚丧嫁娶不大操大办, 自觉实行火葬, 不搞土葬”, 第十三条, “要相信科学, 不信社会邪说, 不搞封建迷信.”

⁵ Gao Bingzhong, “One Museum: Ethnography of Temple Construction --- On Double Name as a Political Art”, *Rural Culture and Construction of New Countryside*, ed. by Li Xiaoyun, Zhao Xudong & Ye Jingzhong, Beijing: Social Science Academic Press 2008, (高丙中, “一座博物馆: 庙宇建筑的民族志——论成为政治艺术的双名制”, 李小云、赵旭东、叶敬忠主编《乡村文化与新农村建设》, 北京: 社会科学文献出版社 2008 年).

the provider of meanings and relief for people who suffer from the baffling reality in a drastically changing society.

Overmyer argues that popular religion provides the “basic values and symbolic culture of the great majority of the [Chinese] population.”¹ The expression of this consensus comes with moral orientation and integrated worldview that is diffused throughout this complex culture and everyday life. Over many centuries, a spiritual orientation complete with religious practices – prayers, rituals, expressions of virtue, etc. became significant resource for people in their meaning search. For those people who grew up in modern China and did not adhere to Daoism or Buddhism as religious belief systems, they would still find themselves appealed to a spiritual heritage consisted of respect, compassion, karma, ecological sensitivity, belief in “deities are always hovering there ---- only three feet above our heads”(举头三尺有神明), and the principle of reciprocity including retributions in the afterlife and between generations. For more than a century, this tradition of “the great majority of the population” has suffered from the official discourse in China, which since 1949 is represented by the communist ideology. Yet this tradition, so vital to the Chinese culture and so much diffused in everyday life, remains.

Robert Bellah and his colleagues developed the concept of the “second language” in American society, which refers to the language of values and ideals of the Christian faith that keeps flowing into the public domain.² Similarly a *second language* with rich religious notion serves the Chinese people in their private sphere of everyday life. But there is a big difference between these two. While the second language in the US has an officially accepted status in society, the second language in China has to fight for the official recognition from the authorities. However, it is the very existence of the second language and its supportive cultural soil that makes it possible that, even after the most suffocating decade of the Cultural Revolution, the popular religion could still manage to survive and revive.

Popular Religion: from Common Memories to Silent Revival

The popular religion, with its diffused feature, penetrates in every aspects of social life. Many of the rituals and celebrations can be considered at once religious and secular. Quite often, the major popular religion events would go hand in hand with local fairs for people to trade commodities for everyday life. The performances in the celebrations are both religious expression and public entertainment, and have become an inseparable part of communal life in traditional society.³ As a matter of fact, almost all folk arts are directly or indirectly associated with popular religion. Through centuries of development, this tradition has turned into a solid base of the common cultural heritage.⁴ Though it may differ from place to place, this tradition has created the common memory among the people all over China. This kind of long established common memory, which provides the fundamentals for the worldview and meaning of life, has strong vitality and consistency over time. When it suffers from a hostile environment it may go into a period of hibernation but whenever social ecology allows it would try to re-germinate and revive. With the harsh experience of Cultural Revolution still fresh, the

¹ Daniel Overmyer, “From ‘Feudal Superstition’ to ‘Popular Beliefs: New Directions in Mainland Chinese Studies of Chinese Popular Religion, p. 125.

² Robert N. Bellah, Richard Madsen, William M. Sullivan, Ann Swidler, Steven M. Tipton, *Habits of the Heart: Individualism and Commitment in American Life*, CA: University of California Press 1995, p. 224.

³ Lu Xun’s short story *Earth God Drama* (《社戏》) provides a literary description of such performances and celebrations in traditional Chinese society.

⁴ For a discussion on common cultural heritage, see Fan, Whitehead & Whitehead, first chapter, *Sociology of Religion: Religion and China*, Beijing: Current Press, 2010.

post-Mao reform had of course brought a favorable climate for the popular religion, even though it was still excluded from the officially recognized religions.

The revival of popular religion in the early days of the reform involved both the people and the government. For the people, their eagerness to reach out for tradition was a spontaneous reaction to the suppressive Cultural Revolution by the people who wanted to retrieve their memory and to enrich their social life. During the Cultural Revolution, popular religion was harshly criticized as superstitious and feudalistic remnants; all traditional performances and artistic activities were banned. Meanwhile, the ideological propaganda and the personality cult of Mao dominated all the stages nationwide. When the reform opened up the stage for more varied performances, a direct consequence was the revival of traditional arts, which would come mixed with popular religion in either an overt or covert way. While the government policy would only encourage the art aspect of tradition, local enthusiasts, often including some local elites, would take the advantage, as well as the risk, to reach for both art and religion, or even go directly for religion. When we look back today, we have to say that people's actions of those days were out of an acute thirstiness for art and entertainment, as well as for spirituality and meaning of life.

The involvement of the government in the restoration of tradition may sound ironic. The Cultural Revolution, which aimed to wipe out all things old and traditional, ended with a near vacuum of culture because almost nothing substantial had been established in the realm of culture. As an old Chinese saying goes, "when the Li (the ritual tradition) is lost [in the high society], one should turn to the vulgar [for its revival]."¹ Now it was time for the government to turn to the folk tradition for the enrichment of the "socialist cultural life". Quite often, it was the people who initiated the revival of tradition and the subsequent interaction between the "state and society" would promote its development either positively or negatively. But the general trend is that the anti-tradition attitude has been on the decline. The following cases help to illustrate the process.

A historical decision in Deng's reform is to turn away from the Maoism ideological hardline and start a market-oriented economy. This signified a general trend of loosening up political and social control over the individuals, and made it possible for individuals to choose their own way of life including religious belief and practice. It is under this reform background that the diffused popular religion made its gradual coming back to everyday life. Compared with the revival of the religious institutions and organized activities, which met with all the problems in legal and administrative aspects, the coming back of popular religion in individual's everyday life tended to be implicit and make little noises.

An important change was in the observation of Chinese New Year, which had been greatly toned down as a festival in the pre-reform years. Now many traditional ways of celebration have resurged. Everywhere throughout the country, people put up the Chinese character "Fu" (福). Though the character "Fu" can be interpreted from different perspectives, the essential meaning is happiness or blessings in this world life. It stands for a basic value of Confucianism and also a religious code for the meaning of life. Associated with the idea of Fu, there are many different expressions. In many rural areas, all kinds of traditional deities resumed their place in people's life. As YueYongyi found in his field village in north China, there is not one corner where one cannot find temples, gods and ritual activities. In the main house, there is the family pantheon (家神) worshiped by the whole family. Normally, the family pantheon is a combination of many deities --- Gods in Three Regions of the Universe (天地三界十方的神灵) are drawn on a piece of cloth. Quite often, there may also be an alter for Guanyin (观世音, goddess of mercy), Guan Gong (关公, god of war and righteousness), San

¹ This saying ("礼失求诸野") is legendarily by Confucius though not recorded in *The Analects*. The existent literature shows its first use by Ban Gu (班固, 32-92 CE) in his *History of Han Dynasty*. It has been frequently quoted over the last two thousand years.

Huanggu (三皇姑)、Jiulianshengmu (九莲圣母) and eternal venerable mother (无生老母), and so on. On the 1st and 15th day of each month in the lunar calendar and other major holidays, as well as the birth days of the deities, family members would go straight to the altar with burning incense, kneel down and kowtow to the deities. Kitchen god (灶神) is inevitable in every household --- a figure of the kitchen god is fixed near to the stove and a small bowl with oil placed next to it as offering.¹ In such communities, religious rituals and gatherings are often held in villagers' houses without taking any public space. This is true both in the north and the south though the specific practices may differ from place to place.

In the rural area in Zhejiang Province, east China, we find local people, mostly elderly ladies, focusing on reading sutra for the blessings of Fu. In Xishantou Village in the suburb of Shaoxing, reading sutra is a daily routine for some old ladies. When asked, they could not tell if their sutra was Buddhism or Daoism.² For them, ism was not important; the important thing was the efficaciousness of the sutra and chanting. Group chanting of sutra is conducted for the occasions to celebrate festivals, redeem one's vows and observe birthdays or other important events. In recent years, some well-to-do villagers moved to cities like Shanghai or Hangzhou. These old ladies, around ten in a group, were invited to travel hundreds of kilometers to these cities. There they would chant sutra for a few days, up to a week, as part of the ceremony to warm up the new house. That is their way to reach for the supernatural power and to pray for peace of life and success of business.

The market-oriented economy and the subsequent social changes brought about more uncertainty in people's economic and social life. This contributed to the trend that more and more people, whether successful or unsuccessful in their life, turned to believe in Ming and Yun (命运, fate or destiny) or other supernatural guidance. Many temples or religious sites started to provide service of divination and spiritual writing (扶乩).³ Fortune telling of various forms, which totally disappeared during the Cultural Revolution, now made a total return, with services available on the market, in the parks, or simply by the roadside. Fengshui (风水) service became popular again in house building, tomb burial, interior design, landscape in the community, etc. The Mt. Taishan Stones (石敢当 or 泰山石) and other means (such as a mirror, a special painting color or a changed arrangement of furniture) were used to keep off the evil spirits or to balance the Fengshui.⁴ Increasingly more scholars became involved in the study of Yi Jing (《易经》) and Bagua (八卦), making it a large gray area between academics and popular religion.

Although modern health service has greatly improved in China since the reform, yet recent years see a surge of people resorting to traditional supernatural healing. Chinese tradition believes that the human body connected with natural cosmos; to maintain the holistic balance one must consider the influence of macrocosmic forces on the microcosm of the family and the individual, and to keep balanced eating and other activities between Yin and Yang. One of the basic functions of popular religion is to provide healing and divine

¹ Yue, Yongyi, *Creation of the Temple Festival: Ethnography of Contemporary Temple Festivals in Lihu, Zhaoxian County, Hebei Province*, PhD dissertation, Beijing Normal University, 2004.

² Our further investigation found that they sometimes read Buddhist sutra, sometimes Daoist sutra, and sometimes the sutra with certain sectarian origin.

³ For example, the Black Dragon Temple provides divination; and the Lin Xiangru Temple provides both divination and spiritual writing. Cf. Luo Hongguang, "Nonlinear Practice of Centered on Historical Resource --- Observing the Dialogue between History and Reality of Ritual Activities among People in Heilongtan, *Ritual and Social Change*, ed. Guo Yuhua, Beijing: Social Science Academic Press 2000, (罗红光, "围绕历史资源的非线性实践——从黑龙潭人的仪礼活动看历史与现实的'对话'",《仪式与社会变迁》,郭于华主编,社会科学文献出版社 2000年).

⁴ Recent reports show that some Mt. Taishan stones have been used at universities and government buildings to balance Fengshui or to bring blessings. Public spending pushed the stone price up to hundreds of thousands of Yuan RMB apiece or even over a million. Cf. Xi Yuming, "Declining Market of Mt. Taishan Stone at Public Expense", *Beijing Youth Daily*, September 23, 2013. <http://www.qjwb.com.cn/2013/0923/42010.shtml> accessed on September 23, 2013.

blessings through rituals, fortune analysis, and spiritual medium with gods and supernatural beings. Based on his study on the relationship between patients and healers in Taiwan, Arthur Kleinmain suggests that health care system is both the result of and the condition for the way people react to sickness in local social and cultural settings, for how they perceive, label, explain, and treat sickness. The health care system, then, includes people's beliefs and patterns of behavior. Those beliefs and behaviors are governed by culture rule.¹ There are many relevant cases.

Fan Lizhu reported the case of Mrs. Wu, a spirit medium in Zhiwuying Village near Baoding. At the age of sixty, Mrs. Wu claimed to be empowered by an ancient goddess called the Silkworm Mother and started to heal the sick. For over twenty years people come to Mrs. Wu's home to be healed, believing her to be the goddess in the living form.² A similar case is in Mrs. Wang on the Dragon-Phoenix Mountain in the suburb of Handan. Mrs. Wang started healing as earlier as early 1950s, when she married to a peasant at the foot of the hill. After Cultural Revolution, her healing reputation spread widely in the local and beyond. People from various parts of China or even overseas came to seek relief from psychological and physical distress. Beneficiaries of this old lady's spiritual healing contributed a lot of money and she used the money to build pavilions to various deities. Now the whole hillside is covered with well-constructed temple pavilions in which are enshrined large and beautifully carved images of deities. There is even a guesthouse built adjacent to accommodate pilgrims from afar. It is estimated that over 40,000 people have visited this old lady and her temples in this remote mountain area.³

Another noteworthy phenomenon is the coming back of ancestry worship, which had been a core value of Confucianism and an enduring element of popular religion. The drastic decline of ancestry worship in the course of China's modernization has been studied by many scholars. C. K. Yang summarized the historical changes: While ancestor worship was a vital factor in the solidarity of the traditional consanguinary family, it performed little function for the operation of the small conjugal family, which was becoming increasingly common in the urban centers. It is in the rural areas, where the traditional family has remained the basic unit of social life, that the ancestor cult has retained its vitality.⁴

By the time of the 1990s, the "traditional consanguinary family" had long gone and the "small conjugal family" had prevailed in rural China. However, the return of the ancestry started soon after the reform and went widespread in the last two decades or so. Building ancestry hall, a prominent and expensive expression of ancestry worship, became very popular especially in the rural area in southeast China. In Cangnan County, south Zhejiang Province, the number of ancestry halls of the Chen family alone reached over 130 by the year of 2006.⁵ During a field trip, when we panned our camera 360 degrees in front of the Yang clan ancestry hall, four different ancestry halls were taken. The recompilation of family genealogy is popular in many areas all over China and it involves people both rural and urban. Many clan organizations publish their own newsletters or

¹ Patients and Healers P. 26

² Fan Lizhu, "The Cult of the Silkworm Mother as a Core of a Local Community Religion in a North China Village: Field Study in Zhiwuying, Baoding, Hebei," *The China Quarterly* No. 174 (Jun. 2003), 360.

³ Lin Chaoguo, "The Continuation and Sublimation of Traditional Folk Culture in Modern Society", Forthcoming, *The Power of Rural Society---The Inner Dynamic of Rural Development and Modernization in China*, ed., Lizhu Fan, Shanghai: Shanghai People's Press 2014, (蔺朝国, "中国传统乡村民间文化根脉在现代社会的踵续与升华", 范丽珠主编,《乡土的力量---中国农村社会发展的内在动力与现代化问题》, 上海: 上海人民出版社 2014.

⁴ C. K. Yang, *Religion in Chinese Society*, CA: University of California Press 1961, p.376.

⁵ Cf. Chen Houqiang, ed., *Handbook of Chen Lineage in Cangnan County*, Hangzhou: Hangzhou Press 2006, (陈后强主编,《苍南县陈姓通览》, 杭州: 杭州出版社 2006 年).

other periodicals, both in the electronic format and in hard copies. So far the revival of ancestry veneration has drawn attention of many scholars.¹ But to understand its socio-cultural significance and long-term impact, further study is needed.²

The revival of popular religion is by no means limited in the rural area. In her study of Shenzhen, a newly established metropolis next to Hong Kong, Fan has found a general trend of revival of popular religion as well. Some of the Shenzhen residents gave very personal expression to their spiritual search in the age-old idiom of China's common spiritual heritage. For example, beside the regular repetition of prayer formulas, some people read texts or commentaries on religious classics, or morally uplifting books; their religious belief and practices are located in the midst of everyday life and focused on practical problems; a lot of people believe in the moral themes---fateful coincidence, personal destiny and cosmic recompense---are closely related.³

When we examine the revival of popular religion as a social trend diffused in everyday life, however, we find the government has also played positive roles that *de facto* promoted the trend. Starting from 1983, the CCTV, a major government mouthpiece and the most influential television station in China, has staged an annual Spring Festival Gala to celebration the Chinese New Year. It has since been the most popular and most expected television program in China with an audience of literally hundreds of millions at its live show on the New Year's Eve. Over the last thirty years, we see gradual changes in this program's discourse with increasingly more traditional values and ideas --- from the "Fu" (福) as the theme for the New Year in earlier years, to the ideas of "good luck and good fortune" and "prosperous nation and peaceful people", and to the more recent "harmonious society", which in the final analysis are all Confucian rather than Marxian. In the days when the whole country was fighting the great Wenchuan earthquake of May 12th 2008, an eye-catching slogan appeared in the official government media --- Heaven Bless China ! (天佑中华!) Facing a natural catastrophe at national level, the ultimate cry was not reaching for the Party, nor the Government, but the Heaven. Very cultural! Very religious!

While the return of traditional discourses, rituals and celebrations provides good evidence of the revival of popular religion, equally good or even better evidence can be found in the deification of contemporary people. In Chongwu Town, Fujian Province, there is a PLA Temple (解放军庙, the Temple of the People's Liberation Army), in which are enshrined 27 PLA soldiers, who died for the local people in 1949.⁴ More recent reports show that quite a few temples of the late Chairman Mao Zedong have been built in different places in China.⁵ These buildings are different from ordinary memorials since the enshrined figures are *de facto* deified though

¹ To list but a few: Anita Chan, Richard Madsen, Jonathon Unger, *Chen village under Mao and Deng*, CA: University of California Press, 1992; Jing Jun, *The Temple of Memories: History, Power, and Morality in a Chinese Village* 1996; eds, Wang Mingming & Stephan Feuchtwang, Beijing: China University of Politics and Law Press 1997, (王铭铭、王斯福主编:《乡村社会的秩序、公正与权威》,北京:中国政法大学出版社 1997年); Yang Shanhua & Liu Xiaojing, "Some Theoretical Issues of Recent Research on China Rural Lineages", *Chinese Social Sciences Studies*, Vol. 5, 2000, (杨善华、刘小京, "近期中国农村家族研究的若干理论问题",《中国社会科学》,2000年第5期); etc.

²Hu Jintao, the recently retired top leader of the Communist China, visited the ancestry hall of the Hu clan on September 12, 2013. See <http://news.cjn.cn/gnxw/201309/t2348472.htm>, accessed September 13, 2013. This is by no means a hometown visit as usual and will exert significant impact on the issue of ancestry veneration.

³ Fan Lizhu, James Whitehead, "Spirituality in a Modern Chinese Metropolis", in *Religion and Public Life in the Chinese World*, eds. David A. Palmer, Glenn Shive, and Philip L. Wickeri. Oxford: Oxford University Press, 2011.

⁴For a description about the PLA Temple, see http://www.xiancn.com/gb/news/2009-08/07/content_1500209.htm, accessed February 28th 2013.

⁵ One report shows photos of different Mao Temples in various provinces, including Hunan, Guangdong, Shaanxi, Zhejiang and Sichuan. See http://news.ifeng.com/history/vp/detail_2013_08/13/28548037_0.shtml, accessed August 12th 2013. Together with Mao, some of his comrades are also enshrined in some temples.

without official ceremonies of deification. They are believed to have supernatural powers. People come to pay tribute, to pray and to ask for blessings. In some areas, Mao Zedong is honored just like another deity among the traditional deities in the local pantheon. In many families, Mao is enshrined next to other gods in the house.¹ During the annual temple festival in Liqu area in Hebei Province, deity tents (神棚) are set up around the local temple for the five-day celebration. In a welcome ritual, deities are invited in turn into the tents while ritualistic music playing on. When Mao's figure is being moved into the tent, the music being played is *The East Is Red* (《东方红》) and some other red songs of the Mao era.²

An important connection between religion and everyday life is festival. Traditionally China is a culture rich with rituals and festivals. But over the last a few decades, only one traditional festival was officially observed in China, that is, the Chinese New Year, also known as the Spring Festival. A change happened in December 2007, when the government added three traditional festivals --- Qingming Festival (清明节), Duanwu Festival (端午节) and the Mid-Autumn Festival --- to the list of paid national holidays.³ All these festivals are closely associated with popular religion. The Qingming Festival in particular is the traditional time in the spring to sweep family tombs and pay tribute to the ancestors. Even without the government regulation of Qingming as a holiday, many people had been observing this tradition in their own ways. Now the official re-recognition of the festival has given a big push to the revival of the tradition. As people throughout China have a day off to observe this festival, much more people make trips to their family tombs. This also helps promote the revival of many other traditions of filial piety, which, in Shanghai area, include the custom to sweep family tombs during the winter solstice. This brings us back to the scene at the beginning of the paper.

With all the de-ideologicalization and further opening up on the part of the government, it is unlikely that the Chinese authorities will totally remove its control and let go of the development of popular religion any time soon. On the whole, the on-going development of cultural industry, intangible cultural heritage and other cultural activities failed to clarify the relationship between popular religion, culture and superstition. As a result, much of the revival of popular religion, either as organized community activities or as personal preferences in individual life, has been in a grey area. It is a complicated situation that has baffled many scholars and policy makers alike. Unless some substantial changes take place in the policy and law based on systematic and thorough studies of the phenomenon, the current situation is likely to continue and the officials in charge of relevant social affairs have to maintain a strategy of "one eye open and one eye shut".
Looking into the Future⁴

Popular religion forms an important part of traditional Chinese culture and is defused in various aspects of traditional life. As China struggled on the way to modernization, popular religion suffered as a scapegoat from

¹ This is true in Liqu, Hebei Province as reported by YueYongyi. It is also widely reported that many Chinese taxi drivers keep Mao in their cars to keep off bad luck and bring in blessings.

² Yue, Yongyi, *Creation of the Temple Festival: Ethnography of Contemporary Temple Festivals in Liqu, Zhaoxian County, Hebei Province*, PhD dissertation, Beijing Normal University, 2004. Chapter 6 is about the temple festival, including the welcome rituals at the deity tents. Table 11 lists all the deities enshrined in different deity tents during the local temple festival in 2002; out of the 15 deity tents listed in the table, 6 enshrined Mao Zedong among their deities.

³ See http://english.gov.cn/official/2008-01/22/content_865062.htm for the title of the State Council decree in English, and http://www.gov.cn/zwggk/2007-12/16/content_835226.htm for the complete document in Chinese.

⁴ Before we come to the conclusion of the paper, we would like to make two points. First, ours is by no means an exhaustive study of this subject. Our attempt is just to give a general review and point out the dominant trend and major features. And second, the tradition of popular religion in China is extremely rich; in the recent revival, some very dark aspects of the tradition have also showed up, e.g. *minhun* (冥婚, posthumous marriage). But such cases are extremely rare and limited to certain remote areas. It is never the major trend and feature of the revival. With the rapid socio-cultural development in China today, we believe, this kind of extremely rare phenomenon will disappear very soon. Therefore we generally ignore such cases in this paper.

the progressive theory of social evolution. The modern suppression and declining of popular religion, which started as early as the late 19th century and early 20th century, culminated during the Cultural Revolution. Since the post-Mao reform, there has been a general trend of revival of all religions, especially over the last twenty years. Today, even with the opposition of some “leftist” hardliners,¹ this general trend does not seem to turn around or tide down soon.

Within this general trend, popular religion is in a special position. On the one hand, popular religion is labeled as superstition and thus not officially protected by the law, which makes it impossible to have an open and over all revival. On the other hand, increasingly more elements of popular religion have been recognized as traditional cultural heritage and used as building blocks in the re-construction of Chinese identity. This is true for ordinary people in their everyday life, and even so in some official discourse. For the general population, the revival of popular religion, either as belief or ritualistic expression, is mostly a private issue that involves no legal concerns in a relatively relaxed political atmosphere. On the whole, the coming back of popular religion is a matter of fact throughout China. Comparatively there is more revival in the countryside than in the urban area, and more revival among those with less education than those with more education. As shown in the cases discussed in this paper, many of the revival activities are highly local and differ from place to place depending on the historical tradition and recent development in that specific area. Therefore, it is necessary to take caution in making any generalization based on the specific issues discussed here.

From a macro perspective, there are two major structural issues in China today that will impact the future development of popular religion. One is the issue of urbanization. When the reform first started around 1980, more than 85% of Chinese population was rural. By the end of 2011, however, the rural population had dropped to less than 49% nationwide. This trend of rapid urbanization is expected to continue in the next few decades.² The other issue is education development. In 1986, the national legislature passed a compulsory education law.³ With the population as a whole rapidly becoming better educated and moving to live in a more urban environment, we may expect certain new problems and pattern changes in the trend of popular religion development in China.

As a matter of fact, like Richard Madsen pointed Chinese religion then is like Chinese society itself, tremendously variegated and complex and developing in many directions at once. Nowadays, there is more evidences illustrated that popular religious practice may be due to the persistence of ancient traditions in communities that resist modernity, in many other places such temple building is a thoroughly modern response to modern situations. Good example is rebuilding of the ancestral temple of “Chen Village” in Guangdong Province, even the village has been absorbed into the Shenzhen metropolis and it has become prosperous by leasing its lands to factories. Rebuilding of ancestral temple of Chen lineage is not just the revival of a tradition. It is an initiative made possible by modern prosperity and in response to a modern situation – to the need to maintain the Chen lineage’s identity in a fluid, pluralistic urban environment.⁴

¹ The most recent and influential hardliner is Bo Xilai. In September 2013, Bo was sentenced life imprisonment for corruption, which, though unannounced, was also a sentence for his “leftist” political line.

² By the end of 2012, the urban-rural population percentage ratio is 52.6% : 47.4%. See report of National Bureau of Statistics of China, at http://www.stats.gov.cn/tjfx/jdfx/t20130118_402867146.htm.

³ The increase has slowed down since 2008. The latest data is a college freshmen cohort of 6.85 million for the year of 2012. For detailed statistics of China’s higher education, check the website of Ministry of Education (MOE) at <http://www.moe.edu.cn/publicfiles/business/htmlfiles/moe/s7382/index.html>.

⁴ Richard Madsen, “Tests of Faith”, *Caijing* Annual Edition (2009).

A recent Reuters report seems not without ground when it says, “President Xi Jinping believes China is losing its moral compass and he wants the ruling Communist Party to be more tolerant of traditional faiths in the hope these will help fill a vacuum created by the country’s breakneck growth and rush to get rich.”¹ As the 21st century dawns it becomes clear that popular religion is a continuing phenomenon worldwide, according to Daniel Overmyer’s summary, “Chinese local rituals and beliefs are similar to those of ordinary people in many other cultures, whatever their larger political and intellectual contexts; wherever one looks, one sees people praying and sacrificing to their gods or saints for help in dealing with the difficulties of life, appeals that can also involve festivals and processions. Looked at in this way, the Chinese traditions are part of a *worldwide practical religion*.”²

¹ Benjamin Lim and Ben Blanchard, “Xi Jinping hopes traditional faiths can fill moral void in China”, September 29, 2013, <http://www.reuters.com/article/2013/09/29/us-china-politics-vacuum-idUSBRE98S0GS20130929>, accessed September 30, 2013.

² Daniel Overmyer, “Chinese Religious Traditions from 1900-2005: An Overview” in *Cambridge Companion to Modern Chinese Culture*, p. 178.

China, Mexico, US: Deepening Partnerships

Anthony KING

UC San Diego's School of International Relations and Pacific Studies (IR/PS) co-hosted a two-day symposium Thursday, Jan. 16 and Friday, Jan. 17, bringing together policy leaders and scholars from three nations poised to make the most changes in the Pacific region. Called "Growth, Trade, Investment and the Future of Manufacturing in China, Mexico and the U.S.," the symposium was jointly sponsored by IR/PS, Fudan University in China and Tec de Monterrey in Mexico. "This event represents two of the major commitments of our school," said IR/PS Dean Peter Cowhey in his opening remarks. "On one hand, it brings the expertise and the great tradition of our Center for U.S.-Mexican studies. On the other hand, it brings the enormous scholarship of our 21st Century China Program and the Fudan-U.C. Center on Contemporary China, working with partners that we vitally value."

Both Shi Lei of Fudan University and Mauricio Cervantes Zepeda of Tec de Monterrey graciously thanked participants, event organizers and attendees, then highlighted the partnership and continual collaborative process, even over great distances. "Today's modern world requires us to be more in contact with each other at all times and to build relations with those who seem to be too far for us to reach," Zepeda said. "This is what has brought us here today." Shi agreed, saying investments in trade are increasingly significant and "more and more important in our great relationship," a sentiment Cowhey reiterated as well. He said steadily combining resources will make meetings like this – a first for the three institutions and one of many planned for the future – a place for pioneering investigation into relationships across the Pacific. "What this symposium is telling us is that the intersection of China, Mexico and the United States is at the eye of the hurricane of the changes in the structure of global production and innovation," Cowhey said. "We welcome the partnerships; we hope they become deeper."

On Thursday, participants met at UC San Diego for a panel discussion and keynote address by former Mexico ambassador to China, Jorge Guajardo. The following day, participants met across the U.S.-Mexico border at Tec de Monterrey's Tijuana campus. At Thursday's address, Guajardo used his experience as ambassador to China and knowledge of Mexico's political history to compare the two nations today. IR/PS Professor Susan Shirk moderated the discussion after Guajardo spoke. "When I was invited to address this audience, the suggest topic was 'Is Mexico the Next China?' But the more I thought about it, the more I became convinced that we might have it backwards, and that we should maybe be asking, 'Is China the next Mexico?'" Guajardo said in his talk.

"Though it's of course crucial – and the purpose of this conference – to study China's economy and its impact on the world, let's not lose sight of what might be the bigger story in terms of the future of the Chinese Communist Party," he said.

In fact, Guajardo said there were more similarities between Mexico's Partido Revolucionario Institucional (PRI) and the Chinese Communist Party (CCP) than there were between the CCP and the Soviet Communist Party, which dissolved in 1991. "Just as there was nothing really revolutionary about the PRI in its latter day, there is not much that is 'communist' anymore about the Chinese Communist Party. Both parties became, in essence, simply a vehicle for power and preoccupied mainly with their own survival," he said.

Additional similarities were found in the day-to-day living he and his wife experienced in China, like regulations against foreign words in advertising, driving restrictions to help combat pollution in major city-centers and a foreign policy based on “complicity with rogue states,” he said: China with North Korea and Mexico with Cuba. “Of course the comparison between Mexico’s PRI and China’s Communist Party is not perfect and can only take us so far,” Guajardo said. “Perhaps the most significant difference is that the Chinese can learn from the Mexican example, whereas the PRI had none to follow.”

View the [complete agenda of the inaugural symposium](#), including speaker biographies from both days. Additionally, [you can read Guajardo’s complete talk](#).

International Conference on China-Japan Relations and Role of the U.S.

China's relationship with Japan has reached a nadir in recent years with the continuing dispute over Diaoyu/Senkaku islands and with Prime Minister Abe's visit to Yasukuni Shrine in December 2013. Is conflict likely between the two countries? What is the implication of worsening China-Japan relations for the U.S. strategy in the region? How will the tri-lateral economic relationship be affected? How should we assess the influence of domestic political changes in China and Japan? On this critical moment, 21st Century China Program at IR/PS, UCSD, and Fudan-UC Center on Contemporary China organized an international conference entitled on "China-Japan Relations and Role of the US". In this a full-day workshop made up of 4 panels, we had over 14 experts on the Asia-Pacific region from China, Japan and the U.S. assembly with more than 50 audiences to discuss the history and current state of China-Japan relations and the role of the United States in light of the maritime dispute; economic demission of China-Japan relations; domestic drivers of Chinese and Japanese Foreign Policy, Assessing the Policies of Shinzo Abe and Xi Jinping.

In the first panel, Rumi AOYAMA presented her research on "China's Asia Policy in the post-Cold War Era", Go ITO discussed on "The U.S.-Japan Partnership for Maritime Security in Asia", GUO Dingping talked about "Retrospect and Prospect of Diaoyu/Senkaku Dispute Between China and Japan", Tom HOLLIHAN introduced the recent study finding of his team on "Press Coverage in the U.S. of the Diaoyu/Senkaku".

AOYAMA pointed out that the idea of China's Asian Policy – even China does not announce it publicly – by "surrounding countries" (周边国家) with three geopolitical definitions: the narrowest definition/ the broadest definition and between the narrowest and the broadest. The strategy of Chinese Asian regional policy very much emphasis the economic cooperation by developing New "Silk Roads"/BCIM corridor/China-Pakistan economic corridor, and also insist in NO compromise on sovereignty issue.

GUO discussed the historical origins of Diaoyu/Senkaku disputes through official documents both from China and Japan and affirmed that Diaoyu/Senkaku islands are part of Taiwan/China, Japan annexed the Diaoyu islands as the war booty during the first Sino-Japanese War. The recent disputes over Diaoyu islands were caused by the "purchase" decision by Japanese government in 2012. He suggested three scenarios of Diaoyu/Senkaku disputes between China and Japan taken into account during the short, mid and long term for gaining peace, stability and growth in the region: establish a crisis management mechanism between the military forces and maritime administrations jointly by China and Japan; wisdom and courage are needed from Chinese and Japanese leaders to put bilateral relations back on normal track and develop the mutually beneficial strategic partnership; the real and ultimate resolution of the territorial dispute over Diaoyu/Senkaku islands will take a long time only after China, Japan and the US establish more balanced great triangular relations and substantial progress is made in regional cooperation and community-building in East Asia.

Go **ITO** presented his understanding on maritime security in the context of the US-Japan security alliance. He pointed that Article 5 of the U.S.-Japan Security Treaty could touch on the possibility of the U.S. government's intervention. The article says that "Each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional provisions and processes." ITO assumes that the U.S. government recognizes that Senkaku (Diaoyu) belongs to the

Japanese territory, so Japan would seek American support to maintain Japan's territorial rights over the islands.

From his point that China seeks to broaden its maritime interests by claiming its territories, it is necessary for Japan (and the United States) to continue to argue the importance of "freedom of navigation" in the disputed area. That is, "freedom of navigation" has been one of significant rules of international law, and by making use of the international logic, we should avoid being entangled into China's claim on "territorial sovereignty." Regarding the South China Sea which the U.S.-Japan security treaty does not directly address, but China prefers not to have the U.S. intervened, the possible geographical enlargement beyond the U.S.-Japan security treaty will become important. It does not imply the alliance's military outreach, but rather seeks to disseminate universal aspects of the U.S.-Japan alliance toward the countries concerned about maritime security in the region. Such functional outreach could seek to include China as a significant member, but if China dislikes to join the joint settings (or institutions, if the functions of the U.S.-Japan alliance could be outreached more widely), the U.S.-Japan cooperation, together with neighboring countries, could present itself as a kind of stick against China's claim over the South China Sea.

Tom **HOLLIHAN**'s research focused on coverage of Diaoyu/Senkaku Dispute in US media (print and online) during 2011-2013. Ample coverage in New York Times, Los Angeles Times, Washington Post, Wall Street Journal, Christian Science Monitor, Time, Forbes, Bloomberg News and The Economist (UK publication but largest circulation is in US). The general findings are following: US media says China gins up anti-Japanese sentiments: China's new wealth has created "arrogant," "aggressive," "expansionist" claims Tremendous expansion of investments in military capabilities create threats to region. Public opinion polls show hostile attitudes toward Japanese increase from 66% to 87% of Chinese citizens. US media characterizes Japan as mostly pacifist, not seeking confrontation/deeply anxious about the "rise" of China/worried about its own shrinking role in the region and the world/largely favorable coverage that "Japan is a rational actor" /the government bought the land to keep it out of control of ultra-nationalists. Some criticisms against Japan are: failure to fully acknowledge war time guilt/Decision by leaders to continue visits honoring Japanese war dead/Shinzo Abe is characterized as a "hawk"/His party is seen as "nationalist" and fiercely patriotic/There is no questioning, however, of Japanese motives in military expansion.

Warnings about US being dragged into war: The US sought to preserve the status quo, "keep everyone in check" and send a message that "this is the line you don't want to cross." The research notices that US coverage was skewed: US coverage was far more sympathetic to Japan/Issue shows that China was not very effective in creating a sympathetic understanding of its positions in US media/China is characterized as an aggressor and as overreaching, here and in other controversies with its neighbors/China is not cast as a partner of US.

In the 2nd Panel, scholars discussed about the China-Japan Relations through Economic Dimension. TJ **PEMPEL** talked about "The Economic-Security Disjuncture in Japan-China Relations". It is very important to consider Structural Shifts happened in the Northeast Asia. The most important long term shift in the regional order involves the rapid alteration in power and perceptions of power among Japan, China, the U.S. and South Korea. In both relative and absolute terms China's stunning thirty years of phenomenal economic growth have enhanced its ability to influence events both regionally and globally. Such structural changes in national power are long term and not likely to be reversed by any short-term measures taken by these countries' policymakers. As a consequence of this developing power shift, *the central challenge for Northeast Asian leaders today is managing this transition, ideally in a way that will reduce dangerous confrontations and provide a smooth*

transition to a new regional order. He pointed the once positive sum relationship between Northeast Asia's economic and security order has been under challenge in recent years. Japan has long worried about the possibility of "abandonment" by its American ally. Recent events have reinforced fears that, in its efforts to accommodate China's rise, the U.S. will resort to "Japan passing," downplaying Japan and its interests in the rush to curry favor with the new regional power. He realized that the advice to China about how to manage the power transition is more difficult to issue with conviction since China is becoming the major beneficiary of the new power balance. And also recent Chinese actions on the military and geo-strategic front have triggered worries among leaders in many countries across the region. Certainly, there are numerous instances of short term tensions across NE Asia, but the intraregional economic linkages continue to deepen and that Japan, China and South Korea all have collective incentives to continue them. Far better would be a reemphasis on domestic and regional economic enhancement; cooperation on common non-traditional security threats; and a recommitment to regional multilateral institutionalism as a means by which to process and manage the transition to the new regional order that is evolving.

Kiyoyuki **SEGUCHI** used figures to identify the increase numbers of Chinese customers for Japanese companies. Compared with other countries, FDI to China by Japan has been highest in recent years. The features of the current boom of Japan's FDI to China are: aiming at domestic Market; increase of service sector; increase of reinvestment of return in China. SEGUCHI expected perspective on the win-win development between Japan and China: China is lacking in advanced technology and sophisticated service. Japanese companies are expanding their sales and returns in the Chinese market.

Hideichi **OKADA** pointed while tensions between Japan and China have increased politically, the two countries have remained close trade partners. The trade data (2013) displays that trade of Japan to China is 20.1%, trade of China to Japan is 7.5%. His research found that the integrated supply chains developed in certain industry sectors between Japan and China and the recent developments of the negotiations of FTAs, such as CEPIA, Japan-China-Korea trilateral FTA, and TPP.

Ulrike **SCHAEDE** analyzed Japan-China Relations through the Business Lens, concluded that nothing between China and Japan ever seems to be "easy". The nature of dependencies is very different for China and Japan China needs Japan for construction materials, supplies, parts; and imports from South Korea and Taiwan of upstream, processed electronic parts that originate in Japan. Both of these are resource-critical Japan needs China for sales and local production in a few main industries (cars, machinery, electronics). These are big industries, and a loss of market would hurt. In terms of resource-dependence, verdict less clear

In the 3rd Panel, scholars discussed about domestic drivers of Chinese and Japanese foreign policy. Susan **SHIRK** shared her observation on "Nationalist Protests and PRC Policies Toward Japan". She reviewed the anti-Japanese protests in 2005, 2010, and 2012 in China, and found the strategic interaction between leaders and students: protests are costly signals; could turn against the CCP; leaders can suppress protests (e.g. EP-3 crisis in 2001; never have allowed a Taiwan protest); leaders permit protests to generate international leverage; manufactured protests have no leverage.

Mong **CHEUNG** examined Japan's response toward Chinese pressure over the Yasukuni issue during the Koizumi (2001-2006) and the first term Abe administrations (2006-07). He demonstrated that Japan's policy to China has been driven by a by domestic political calculations rather than foreign strategic calculation; whether there is a consistent China strategy exist within Japan's foreign policy making is questionable.

HE Ping pointed that Sino-Japanese relations are currently going through their most difficult period since the normalization of diplomatic relations. While mutual perceptions between these two Asian powers have bottomed out as reflected by historical and territorial issues, it is noteworthy that assessments of the importance of bilateral relations and of one another in both countries are also undergoing profound and subtle changes. If the former is relatively subjective due to emotional sensitivities, the latter is relatively objective by virtue of rationalism and pragmatism, although the two are interactive and never value-free. Japan's status in the Chinese worldview is constantly declining. In political circles, the heartfelt appreciation and admiration for Japan held by Chinese leaders—as demonstrated by Deng Xiaoping's visit to Japan and his experience on the bullet train (Shinkansen)—are increasingly hard to find. Therefore, Japan's role to China's economic growth and social development as a “mirror” and/or a “ladder” since the reform and opening-up is gradually becoming a historical memory itself. From the perspective of ordinary people, the appreciation and will to learn from Japan is also shrinking. In addition to the role of mass media, China's own rapid development is probably one of the most important causal factors behind this increasing self-confidence. Judging from academic circles, Japan studies within China's social science domain have been marginalized in the past few years. If we look at IR/IP studies in China specifically, it is a fact that the field is shifting from traditional country- or region-specific research to issue-oriented studies. However, Japan studies as a whole are “losing ground” compared with other country-specific research and largely occupied by practical and “high politics” issues, whether in terms of research projects or publications.

If we put the debate of “politically cold but economically hot relations” in the Koizumi era into the above-mentioned perspective and current context, it is not difficult to tell that while the bilateral political relationship is getting even colder the relations in other issue areas are losing their momentum as well, which in turn renders less social backing for political warming, even if the political leadership has incentives to do so. Consequently, the role of Sino-Japanese cooperation and coordination in many functional areas for political reconciliation has witnessed an undeniable decline. First, functional cooperation itself, either in quantity or in quality, moves in a sluggish pace as perceived benefits of this cooperation decreases. Second, the spillover effect of functional cooperation is greatly reduced as cooperation is only able to stay in a niche field or sector, unqualified to rise or spread to a higher level and therefore limited to ministerial level at best. Third, cooperation in “low politics” is less and less regarded as “political glue”; meanwhile, forecasts of “things cannot get worse” and a “there's no turning back” mentality are gaining prominence.

For China, Japan is always an entity with plural and intertwined identities and images: a former invader and aggressor, a counterpart of long-time exchanges, an indispensable neighbor, an existing power in the same region, a model of success in many aspects, and a source of learning and assistance. Therefore, it is practically critical but mentally painstaking for Chinese to perceive Japan in a comprehensive and proper way.

During the public session, scholars made assessment toward the Policies of Shinzo Abe and Xi Jinping. Kevin **POLLPETER** discussed Chinese new leader's national security policy and its implication for Japan. He pointed that before Xi, the nature of Chinese national security state was fragmented and lacking in centralized leadership, which allowed competing interests (military, state security) to jockey for influence. Since coming to power in 2012, Xi Jinping has been actively engaged in securing his grip on power over national security affairs in China, especially dealing with military and defense industrial issues. He also is taking charge of a new national security coordination body that has a comprehensive mandate in national security matters. This presentation demonstrated that Xi's political efforts and strategic vision in how he is shaping the national security state under his tenure in power and what are the implications of these developments for Japan.

YANG Bojiang traced back the main strategies of former leaders in China before discussion Xi Jinping Administration's Foreign Strategy. He pointed the trend of Xi's foreign policy as

Taking the initiatives, making something different

Emphasizing top down design of policy

Strong but not tough diplomatic line

Regarding with the relationship with Japan, China still looks for a long-term, stable and healthy development of the China-Japan relations, because China-Japan is one of most important bilateral relations, with important mutual interests in the economic development.

YANG analyzed why China and Japan have failed to co-exist harmoniously by reviewing the history of bilateral relations and the confrontation of interests. In the short term, the dialogue between leaders from China and Japan is locked in a spiraling diplomatic standoff. Abe's China-related policy aims to pursue "overall normalization" of Japan by taking China factors as a tool; China's Japan related policy pursues equal status in international society and insists no tolerance to deny the history of WWII. For replying the question, how China will be satisfied with Japan's apology. Yang's answer was that Japan did apologize, unfortunately, Japanese leaders repeatedly turn-down the apology, and paid visit to the Yasukuni war shrine --- a memorial site honoring convicted war criminals. **Yang strongly suggests that Japanese should have sincerity to make apology, not strategically apologize for time being, and then overthrow it.; Japan should learn from Germany to have law passed, anything try to deny the war crimes even try to praise war actions would be illegal, should be punished.**

Satoshi **AMAKO** presented his opinions on Xi Jinping Administration's foreign strategy and the situation of Sino-Japanese relations in critical time. He is very sensitive with Xi's foreign policy for the Great Reconstruction, which including international cooperation together with great power diplomacy ⇒ Great reconstruction of the Chinese race, as a result, growing perception of the China threat. From his understanding, China tried to develop the Great Chinese Sphere (大中華圈), which is not equal with East Asian Community. He brought the discussion about the attitude against Japan in present China: 1, Japan opposes CAN foreign strategy → CNA adopts a confrontational line ⇒ Because Japan does not belong to a two new type major nation and the Great Chinese Sphere. Furthermore, it is becoming an obstacle for those formations. 2, China aims to provoke through controversial issues such as the territorial problem, recognition of history, visits to Yasukuni Shrine, and comfort women, pulling out high-handed attitude of Japan, then counterattack and isolate it ⇒ Rebuttal against the anti-Japanese enmity theory as unjust and harmful also for China. 3, Chinese government uses Japan for economic development and social problem solution. Regarding with Japan's current strategy to reconstruct Sino-Japan relations, his opinion is that Japan should stay calm and reasonable for sticking on equality and reciprocity, while suggesting new solutions based on the assumption that Senkaku is a Japanese territory

- Strengthen US-Japan alliance, cooperate w/ other countries ⇒ Not to confront China, but to construct equal relationship;
- Revive economic cooperation + strengthen economic ties with Chinese local players and private sectors;
- Build a broad network based on mutual understanding and respect;
- Further appeal to China about Japan's importance;
- Create Asia-Pacific Community with different approaches ⇒ refrain from propositions that would isolate Japan, but instead, strengthen collaborations.

Ellis **KRAUSS**'s presentation explored Abe's deviance and their implications for the US. Krauss's question is what is going on in Japan. How to understand Japan changed from pacifist, guilt-ridden apologizer aiming to integrate peacefully with Asia again to nationalist, more militarist, rearming, unapologetic, dangerous state under Abe's administration. Krauss tried to understand Abe's foreign policies—from perspective of Japan's own interests. He pointed that the Yoshida Doctrine provided Japan with a solution to the “alliance dilemma” of avoiding entrapment or abandonment by the US for many years since 1950s. With the rise of China economically and militarily, the Yoshida Doctrine no longer seems as viable as it once was. The question is without Yoshida Doctrine, how can Japan keep the U.S. protecting it, but still have some autonomy from U.S.? Regarding with Japan's position in the regional East Asian system and therefore the national interest strategy it should be pursuing are clear, he adopted Eric Hegintbotham and Richard Samuels' pithy phrase, “Japan's Dual Hedge,” namely integrate more closely with China and Asia economically and more closely with the U.S. militarily, giving Japan a degree of autonomy from both China and the U.S. and hedging against the disadvantages of over-dependence on either. Up until Abe, Japan more or less seemed to be following this strategy. He described Abe's rational side:

- Restore economic confidence with “Abenomics.” But will it work long-term?
- Bring Japan into TPP to force structural reforms
- Continue military hedge with U.S. and gradually increase Japan's defense posture and alliance role w/o sacrificing defense only Article IX
- Firm stand on island dispute but don't provoke further “historical memories” push him
- Yasukuni visits
- Comfort women, Nanjing Massacre statements by him and his appointees and supporters

Irrational:

- Unnecessary side show
- Equivalent of holocaust denial in Germany
- Makes better economic and political relationships with China and ROK impossible

He questioned whether Abe's administration makes Japan loses the “dual hedge,” becomes more militarily and economically (TPP] dependent on U.S.? The consequence including increasingly will lose ability to say “no” to U.S. based on Article IX –Japan becomes entrapped in the alliance; Entraps U.S. into Japan's territorial and historical disputes with Asian neighbors; Will become a closer but more difficult ally of U.S. Krauss predicted that next decade will be very dangerous in NE Asia.

Speakers:

From United States:

Kevin Pollpeter, Deputy Director, Study on Innovation and Technology in China and Institute on Global Conflict and Cooperation, School of IR/PS, UC San Diego

Thomas HOLLIHAN, Professor of Communication, Annenberg School for Communication & Journalism, University of Southern California

Ellis KRAUSS, Professor of Japanese Politics and Policy-making, School of IR/PS, UC San Diego

T. J. PEMPEL, Jack M. Forcey Professor of Political Science, UC Berkeley

Ulrike Schaeede, Professor of Japanese Business and Executive Director, Center on Emerging and Pacific Economies, School of IR/PS, UC San Diego

Susan SHIRK, Ho Miu Lam Endowed Chair in China and Pacific Relations and Chair of the 21st Century China Program, School of IR/PS, UC San Diego

From China:

GUO Dingping (郭定平), professor of political science, School of International Relations and Public Affairs, Fudan University

HE Ping (贺平), Associate Professor of International Politics, Institute of International Studies, Fudan University

YANG Bojiang (杨伯江), Professor and Director, Institute of Japan Studies, Chinese Academy of Social Sciences

From Japan:

Satoshi AMAKO (天児慧), Professor, Graduate School of Asia-Pacific Studies, Waseda University

Rumi AOYAMA (青山瑠妙), Professor, Research Institute of Current Chinese Affairs, Waseda University

Mong CHEUNG (張望), Lecturer, Waseda Institute of Contemporary Chinese Studies, Waseda University

Go ITO (伊藤剛), Professor of International Relations, Meiji University

Kiyoyuki SEGUCHI (瀬口清之), Research Director of the Canon Institute for the Global Studies

Hideichi OKADA (长冈田秀), NTT Data Institute of Management and Consulting

Fudan-ZEW Indicator of Economic Sentiment

Fudan-ZEW Indicator of Economic Sentiment (FZIES) is based on the survey jointly produced by Financial Research Center of Fudan University (FDFRC) and the Center for European Economic Research (ZEW). The survey focuses on the forecast of the Chinese economy and financial market. The data on the survey results was generated by the China Economic Panel (CEP). FZIES strives to accurately forecast Chinese economy and financial situation in short-and-medium terms. It will provide reliable reference and indication for China's monetary policy, the industrial policy, the forecast of financial market and macro economy, and the response of the real economy to economic policies. For now, FDFRC has published CEP indicator four times, on July 9th, October 9th, November 8th and December 4th respectively.

Shanghai Forum (2014)

“Economic Globalization and the Choice of Asia — Asia Transforms: Identifying New Dynamics”

Economics & Finance

The Chinese Economy at Crossroads: End of Hyper Growth?

China's Economic Slowdown: Business Cycle or Structural Problem?

Can China Find the New Sources of Growth?

What Lessons can China Learn from Changing Trajectory of Growth in Japan and Other NIEs of East Asia?

Policy Club: Urbanization and China's Economic Development

Structural Transformation of the World's Economic Growth and New Challenges to Asia

Restructuring of the World's Economic Growth Pattern

New Challenges to Asia's Economic Growth

What Kind of Transformation does Asia Need?

Policy Club: What Kind of Transformation does Asia Need?

Financial Innovation and Stability

The Impact of Macro-economic Policy Adjustment on Financial Stability

The Impact of Financial Services Transformations on Economic Growth

The Impact of Unified Efficient Supervision on International Capital Flows

Policy Club: The Impact of Financial Innovation on Economic Transformation

Politics & Policy

New Perspectives on Asia-Pacific Cooperation

Political Cooperation in the Asia-Pacific: Opportunities and Challenges

Geo-economics in the Asia-Pacific: New Trends in Cooperation

Asia-Pacific Security Cooperation: More Mechanisms or More Functions?

Roundtable: Sino-U.S. Interactions in the Asia-Pacific: Where to Go?

Policy Club: The Impact of Financial Innovation on Economic Transformation

Policy Guidance for International Metropolis Development: Innovation and Wisdom

Opportunities and Challenges for International Metropolis Development

Models of Governance and Policymaking Support for International Metropolis

Development

Internationalizing Shanghai: Strategic Choices

Policy Club: Internationalizing Shanghai: Strategic Choices

Society & Health

The Changing Labor Market in Asia

Labor Force in Asian Countries and Regional Labor Migration

Adjustment of Industrial Structure of Asian Countries and Its Impact on Employment and Employment Policies

Taking More Advantage of Labor Force: Youth Employment, Elder Employment and Female Employment

Roundtable: Women's Contribution to Asia's Development

Policy Club: Make Efficient Use of Asia's Labor Force for Sustainable Socio-economic Development

Upgrading Urbanization and the Future of Cities

Roadmap and Implementation of the New Urbanization

Social Transformation in the Process of Urbanization

Future Prospects of Asian Cities and Brand Building

Policy Club: Roadmap and Implementation of the New Urbanization

Innovation Path to Sustainable Development for Environment and Health System

Environment Risk and Health Impact

Health System Development and Innovation

Post 2015: Asian Solutions for Health Development

Policy Club: The Impact of Environmental Policies on Public Health

Energy & Environment

Approaching Inclusive Development: Green Energy Transformation and Environmental Climate Governance

New Energy Economic Mode: Value Creation and Development Pathways

Global Climate Governance and Regional Environment Improvement Green Development and Beautiful China: from Concept to Action

Reduction of Carbon Dioxide Emission: New Impetus for Asia's Restructuring and Development

Entrepreneur Roundtable: How to Construct the Value Chain of the New Energy Economy Mode

Roundtable: Carbon Market Development— —Global Experience and China's Practice

Policy Club 1: Green Growth: Strategies for Energy Restructuring

Policy Club 2: Environmental Governance for a New Round of Green Industrial Revolution

Audio and Video on China

"Examining U.S. interests in calming tensions between China and Japan" with Susan Shirk
http://www.pbs.org/newshour/bb/world-july-dec13-china2_12-03/

"China Airborne: Aviation and the Future of China" with James Fallows and Peter Cowhey
<http://uctv.ucsd.edu/search-details.aspx?showID=23590&subject=hum>

"What Changes Very Fast and What Doesn't Change: Explosive Modernity and Abiding Truth" by Robert Bellah
<http://www.beijingforum.org/html/report/636-0.htm>

Scholarly Publications

Books:

“Wealth and Power: China’s Long March to the Twenty-First Century,” by Orville Schell and John Delury Illustrated. 478 pp. Random House.

Schell and Delury in this book explore the debates and often fierce political battles that surround this quest through a series of fascinating portraits of Chinese thinkers and leaders. The cast of characters is wide-ranging. Some of those profiled, such as Mao Zedong, are familiar; others, such as the Qing dynasty scholar Wei Yuan, will be new to most readers. One of the book’s greatest strengths is its authors’ lack of ideological bias in selecting their subjects: few would think to place the much-reviled nineteenth-century empress dowager Cixi alongside the 2010 Nobel Peace Prize winner Liu Xiaobo. The portraits are beautifully written and bring to life not only their subjects but also the mood and intellectual debates of the times in which they lived.

Special Issue on Chinese Dream

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Sujian Guo, Editor in Chief