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Press Center of 18th National Congress of CPC



十八大外宣工作总结报告

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中共十八大外宣工作总结报告

说 明

库恩基金会长期以来致力于向世界介绍中国的工作。在中国共产党第十八次代表大会期间，基金会主要成员罗伯特·库恩博士和朱亚当先生在中宣部和中央外宣办的支持和帮助下，利用中外主流媒体做了大量向世界介绍十八大的工作。

在中央外宣办的协助下，库恩博士和朱先生参加了十八大新闻中心举行的所有的中外记者招待会和集体采访。在十八大期间，他们接受了国内外三十多家主流媒体的四十多次的采访，其中包括西方最有影响力的美国有线电视新闻网（CNN）、英国广播公司（BBC）、纽约时报、华盛顿邮报、路透社、美联社、华尔街日报、洛杉矶时报、国际先驱论坛报、澳大利亚广播公司、彭博电视网、CNBC 电视网等。库恩博士在采访中用西方人熟悉和习惯的表达方式，深入浅出地介绍十八大的精神和重要意义；客观地讲述中共十六大以来中国所取得的成就和经历的挑战；详细地介绍在共产党的领导下中国全面建成小康社会和全面深化改革开放的宏伟目标和确定的五位一体的总体布局；生动地向世界介绍中国新一代领导人。

该总结报告记录了库恩博士和朱先生向世界介绍中共十八大的主要采访工作。



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国内外主流电视媒体

- 路透电视网(Reuters TV) 2012年09月19日
- BBC 新闻频道 (英国) (BBC News UK) 2012年11月08日
- BBC 世界新闻频道 (BBC World News) 2012年11月08日
- 彭博电视网 (Bloomberg TV) 2012年11月08日
- 中国中央电视台英语新闻频道 (CCTV News) 2012年11月08日
- 中国中央电视台英语新闻频道 (CCTV News) 2012年11月08日
- BBC 世界新闻频道 (BBC World News) 2012年11月15日
- BBC 世界广播频道 (BBC World Service) 2012年11月15日
- CNN 国际频道 (CNN International) 2012年11月15日
- 彭博电视网 (Bloomberg TV) 2012年11月15日
- CNBC 2012年11月15日
- 欧洲新闻网 (EuroNews) 2012年11月15日
- 澳大利亚新闻电视网 (Australia Network News) 2012年11月15日
- 中国中央电视台英语新闻频道 (CCTV News) 2012年11月15日

国际主流媒体

- 《华盛顿邮报》 (The Washington Post) 2012年11月15日
- 《纽约时报》 (The New York Times) 2012年11月14日
- 《国际先驱论坛报》 (International Herald Tribune) 2012年11月08日
- 《华盛顿邮报》 (The Washington Post) 2012年11月11日
- 《华尔街日报》 (Wall Street Journal) 2012年11月08日
- 彭博电视网 (Bloomberg Television) 2012年11月05日
- 美联社电视网 (AP Television) 2012年11月15日
- 《华盛顿邮报》 (The Washington Post) 2012年11月06日
- 《洛杉矶时报》 (The Los Angeles Times) 2012年11月15日
- 路透电视网 (Reuters TV) 2012年09月19日
- 《彭博商业周刊》 (Bloomberg Businessweek) 2012年11月21日

中国及其他国际媒体

- 中央电视台 (CCTV News): 库恩: 十八大特别系列
- 上海文广集团 (SMG): 《中国面临的挑战》
- 《经济时报》(印度) The Economic Times) 2012年11月16日
- Veja 杂志 (巴西) (Veja' s Magazine) 2012年10月24日
- 新华社 2012年11月16日
- 《参考消息》 2012年10月15日
- 《大公报》 2012年11月06日
- 《新华视点》 2012年11月14日
- 新华网 2012年10月26日
- 《中国日报》专栏 2012年6月- 11月

第二部分 国内外主流电视媒体

- 路透社 (Reuters TV) 2012年09月12日
- BBC 新闻频道 (英国) (BBC News UK) 2012年11月08日
- BBC 世界新闻频道 (BBC World News) 2012年11月08日
- 彭博电视网 (Bloomberg TV) 2012年11月08日
- 中国中央电视台英语新闻频道 (CCTV) 2012年11月08日
- 中国中央电视台英语新闻频道 (CCTV News) 2012年11月08日
- BBC 世界新闻频道 (BBC World News) 2012年11月15日
- BBC 世界广播频道 (BBC World Service) 2012年11月15日
- CNN 国际频道 (CNN International) 2012年11月15日
- 彭博电视网 (Bloomberg TV) 2012年11月15日
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- 欧洲新闻网 (EuroNews) 2012年11月15日
- 澳大利亚新闻电视网 (Australia Network News) 2012年11月15日
- 中国中央电视台英语新闻频道 (CCTV News) 2012年11月15日

Reuters TV “Top Tests for China’s New Leaders”

September 19, 2012



Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator and expert on the China business market.



“Workers today in China, with a billion cell phones, with everybody interconnected, no longer will accept very low wages.



So how can Chinese enterprises pay workers higher wages? They cannot be assembly-based, low-margin enterprises, generating 20 to 30 percent gross margin. It's impossible. They have to increase gross margins -- through technology, through branding -- and that's very difficult and very risky.



This means that economic transformation -- which also must involve lower energy utilization and less pollution -- is a huge transformation. That's the biggest problem.”



BBC News (UK)

November 8, 2012



Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator, and expert on the China business market.

HOST: We go live to Beijing now speak to Robert Lawrence Kuhn, a longtime advisor to China's leaders and the Chinese government. He is also author of "How China's Leaders Think." Thanks very much for being with us, Robert.



How significant is this change of leadership going to be for China, do you think?

KUHN: It's really significant. People may not think so. People may think, because there is one ruling party in China, that there is continuity among all the leaders, that they all have similar policies. But the problems of the last year -- the slowing economy, the social conflicts, the corruption cases and scandals -- have been disruptive. So the Chinese people are looking to the new generation of leaders with a different eye. And they have very high expectations, maybe too high. The people expect action and change. Normally, it would take several years for a new generation of leaders to make their mark, first consolidating their power and then making gradual changes. We now expect that the risk of not reforming may be, for the first time, higher than the risk of reforming.



So we will be watching what is going to happen with the new leaders. They are ready. They are a very good, highly experienced group. Most have run major geographical areas -- provinces, large cities -- the equivalent of countries in the world. China's large provinces, if they were independent countries would be in the top 20 in population, the top 30 in GDP. But China's new leaders will have their hands full. There's a whole series of gnawing, intractable problems that have emerged; the Chinese people are aware of them, and they are looking to the new leaders for change.



HOST: And if there is change, if there are reforms, what sort of concrete measures might we expect?

KUHN: We have to look at change in diverse areas. Hu Jintao's opening speech talked about five areas of major concern: economics, politics, culture, social and ecology. And we should be looking for reforms in all of these areas. We in the West sometimes have a simplistic view of reform: that the only reform is political reform, and the only political reform is a one-person-one-vote voting system. But in China, reform is much broader.



In economics, look for reform in terms of markets. How much will the state continue to control various industries, enterprises and prices? Though state-owned enterprises have a heavy vested interest in maintaining the current system, it is inefficient for China and retards growth. Economic reforms are needed.



In political reform, China's leaders seek what's called 'intra-party democracy', which means really building into the Party – which, for sure, is the sole ruling party – a real democracy. While voting for leaders will be limited, some candidates will not make it. For the CPC Central Committee, those who get the very lowest number of votes will be eliminated. Transparency is very important. Transparency is probably even more important than some kind of voting system. 'Sunshine laws' requiring leader and officials to declare their assets can bring checks and balances to the party. To have a one-party system, I believe, is actually optimal for China today because of the huge population and the very severe problems. Leaders can make quick decisions, and there is continuity, but a one-party system has a higher need for transparency and checks and balances.

HOST: It's a communist party, but where is the communism in China? It's a nakedly capitalist country. You have got lots and lots of billionaires...

KUHN: Certainly, the party today is a ruling party. It's not a leftist revolutionary party. It has a historical name; it has a historical vision. The Party is still called "communism" because equality as well as prosperity is their ultimate goal. But they say China in the first stage, the primary stage, of socialism. And it's going to last for 100 years or more. So, no one has to worry about political labels within their careers or lifetimes. They can be very happy with the state capitalist model. Chinese leaders are a very pragmatic group – they've run provinces. They understand the need to move ideological issues aside – but they cannot eliminate the ideology because if they do, they will undermine the foundations of the party. This, they can't do. So they have to keep the ideology, but not apply leftism.

HOST: And when you talk about the one-party state, and whether that's best for China or not, how viable is it, in the very long term, with the growth of the internet and social media? How can China stay as a one-party state?

KUHN: I agree. A one-party system is not viable forever, and the question is, when does the crossover point occur? In terms of its optimization, when do the liabilities of a one-party system outweigh its assets? I think the time has not occurred yet. I think China does need a one-party system – as long as it's a meritocratic system, as long as it has checks and balances. Because with a one-party system, corruption is much harder to control, almost impossible, because you don't have a free press. So building checks and balances and transparency into a one-party system is the major challenge the new leaders will have. They know it. The Bo Xilai scandal, and all the high-profile scandals, hits them in the face. I know, first hand, that China's leaders are focused on corruption.

As far as China's political system in the future, as one senior leader told me, "My grandchildren will decide." And he winked, suspecting that there will be changes. But for the foreseeable time, the system is reasonably good, as long as the Party maintains its meritocratic approach, builds checks and balances into the system, allows transparency, and a greater public participation in the process of governance. For this, the internet and social media are necessary. The Party needs to appreciate this or it will be threatened sooner.

HOST: Really good to talk to you, and thank you for your time. That's Robert Lawrence Kuhn in Beijing for us.

BBC World News

November 8, 2012

Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator and expert, on the China business market.



HOST: Let's return now to China and the Communist Party Congress that opened today. We talk now to Robert Lawrence Kuhn, author of *"How China's Leader's Think,"* who has worked with many of China's leaders, including the man thought to be China's leader in waiting, Xi Jinping. Thanks very much for being with us. It was an extraordinary juxtaposition this week to see the reelection of President Obama and now the Party Congress in Beijing. Surely the key similarity has been the focus on the economy. I wanted to ask you, first, if you think China's economic model is sustainable?



KUHN: No, it isn't it, and China's leaders know it. The old model of low-cost manufacturing cannot sustain the growth that China has had. Moreover, it is dangerous because it pays workers low wages, and that causes social instability. China must transform its economic model, increasing the gross margin of enterprises, through innovation, branding, service, in order to pay workers more; this is a major issue in China. But the macroeconomic picture can be positive: Due to continuing urbanization, China can continue to enjoy relatively high growth for 10-15 years. It's lower growth than in the past 20 years – yet still in the six, seven percent range. China still has several hundred million people to bring into the cities, which can sustain the growth rate. But here's the problem. China always talks about the topline: what's the GDP percentage? You have to look at the components of the GDP because investment is a very high percentage, and that's what is unsustainable. You cannot have investment be 50% of the GDP and continue to be efficient. Consumption must increase. That's critical for the future; we have to watch it.



HOST: Robert, like the Americans as well, it seems, the Chinese not only have the economy at the top of their list of concerns, but other social concerns as well. We went into the streets to ask people what they wanted from this Congress and it was things like education reform, press freedom... People writing on placards, saying they want more fairness and efficiency, an increase in wages, an increase in their living standards. When you hear Hu Jintao talking about tackling corruption, do you believe there is a genuine desire to try and fix corruption and make life better for ordinary Chinese?



KUHN: Certainly the desire is genuine. Let's talk about what the Chinese people are really thinking about. The biggest problem are social imbalances. Three-quarters of the Chinese people say that the increasing disparity between rich and poor is the biggest problem; corruption comes next. But if you ask people about their personal lives – I call it the 'big four social problems': education, housing, healthcare, retirement – then you really get to the people's concerns. That's what they talk about. These are the critical issues that affect people's lives and each of them needs very substantial improvements. Hu Jintao's speech today is important. What we like to do is compare similar speeches in different Congresses, because a great deal of it is the same, and to





Western ears, sometimes it looks exactly the same. So you look for those little changes, because in China the little changes are the significant ones. And, what we found today is an emphasis on what Hu Jintao calls “a scientific outlook on development,” because that’s the way of thinking that allows these other problems to be addressed, along with economic development. The problems of sustainable development, pollution, corruption and most important, social imbalances... In addition, this time we see very heavy emphasis on corruption. We always hear it, but now it’s more because of the great scandals of this year and the fact that the world knows it, China knows it and the Party has to deal with it. Leaders know that corruption is, potentially, a fatal flaw in the system, because they do not have checks and balances. To sustain a one-party system – and there are good arguments why a huge country like China should, such as continuity of policy, quick reaction times but to survive, the Party must have checks and balances. Without it, officials will be uncontrolled and run wild, which is what we’ve seen this year.



HOST: President, Obama spoke once again about the American dream. Are Hu Jintao and other leaders over the next few days going to be trying to sell the China dream? Is it aspirational in any sense?



KUHN: That’s a very good point; I’ve recently explored what the Chinese people really believe. What are their values systems? There are different views. It started with the socialist, altruistic vision of just giving to the state and sacrificing all, the so-called “communist ideal.” But in a market economy, that just doesn’t work. But then, what about the terrible degradation of morals? How do you deal with that? Well, some people want to bring back the traditional Chinese values of Confucianism, and other people are against that. That’s feudalism to them. So there’s great consternation about what are the values? To what should people aspire? Hu Jintao and others are trying to engender a sense of national pride in order to bring back values that are critical, along with those that are needed in a market economy.



HOST: I must ask you; you know Xi Jinping. Is he the right man for the job?



KUHN: Yes, I think he is. I may be prejudiced, but his administrative background is very strong – he has run two major provinces, Fujian and Zhejiang, and China’s commercial center, Shanghai. Xi Jinping has run the equivalent of three middle-sized European countries – 35 to 55 million people, GDPs of \$300 to 500 billion, And, frankly, it’s not just Xi that we have to consider, but it’s all the members of the Politburo Standing Committee. Because in China’s collective leadership, all members are equal.



Xi will be first among equals, but we have to look at all the others. By the end of the week, we’ll know who they are. I expect most will also have run major geographical areas, and that bodes well for China. With a collective leadership group, each of whom has run, effectively, a “country” with 50 million people and a GDP of hundreds of billions of dollars, you have a group that understands the problems China faces.

HOST: Robert Lawrence Kuhn, thank you so much for all those fascinating insights. We’ll talk to you again.

Bloomberg Television

November 8, 2012



Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator, and expert on the China business market.

HOST: Dr. Robert Lawrence Kuhn, thank you very much for joining us today.

KUHN: It's an auspicious day: the opening of the 18th CPC National Congress.



HOST: We heard from General Secretary Hu Jintao today. I didn't hear anything necessarily earth shattering or new. What did you hear with your nuanced sense of Chinese politics?

KUHN: First of all, the continuity, which is always important. Chinese leaders have to show continuity, without dramatic change, because of the genetic ideology that they're all part of – that it's one-party, it's a continuity.



But, indeed, there are major problems in society, so you have to look for the nuances - discontinuities. We saw an increased emphasis on President Hu Jintao's fundamental theory, the scientific outlook on development, and what it means.

HOST: What does it mean?

KUHN: In the past, we've had just economic growth as the goal. Growth meant everything. But with growth, came serious problems: sustainable development, with excessive use of resources; social imbalances, between rich and poor, urban and rural, coastal and inland, China's biggest problem; pollution; and corruption. Those are the big four, but there are plenty of others.



Now, what the scientific outlook on development says is this: "All of these issues, in addition to economic growth, are important, so we have balance them in some optimized way." So the more Hu Jintao emphasizes the scientific outlook on development, the more we know that there are problems in society.



HOST: A lot of the problems, though, is because it is a government ruled by consensus. Directives are often boiled down to what everyone agrees on, and the marching orders are often watered down. How do we know what reform is? It's an over-arching umbrella word and we don't know what it means. How do we know that it's not just going to be lip service, that there will be actual reforms?

KUHN: It's a complex question. First of all, the source of power is the Standing Committee of the Politburo. That is the source. We have a number one leader, and we expect it to be Xi Jinping. Number two is the premier, Li Keqiang. But they're not all powerful. It's the Standing Committee. There are nine members today; they all have equal votes.



One of the things we've heard is that the Standing Committee will be shrunk to seven. That's very significant, because consensus is required. Senior leaders are saying we need a smaller group so we can make changes more effectively.



There won't be radical reform, radical change. But for China, with a 1.3 billion people, the world's second largest GDP, I'm not sure we want radical change. Stability is important. Without stability, China could be devastated and the world would suffer. So we want stability, and yet we want reform at the same time.

I've said that reform is always risky, but today in China, and in Chinese society, the risk of not reforming can be greater than the risk of reforming.



HOST: When that curtain unveils at the end of the Congress and we get that new seven or nine member Politburo, what are you going to be looking for? You have, on the one side, the propaganda director, but also you have reformers possibly in the mix. Are hardliners winning out right now, or is it somewhere in between?

KUHN: I'll tell you on the 15th, when they walk out and we know. Because anything can change before then. But I'll tell you this now: the Western media, in general, has a very one-dimensional, simplistic view of China's leaders.



Frankly, of the ten potential members of the new Politburo Standing Committee, I know seven personally, some over many years. And the stereotypes that the West have are not correct. All the candidates are highly experienced: one of the key characteristics is that most of them will have run two major provinces as either governor or Party secretary. These provinces have 50 to 100 million people, a GDP of 300 billion to a trillion dollars. They're like countries. These individuals have run two or more "countries," so the group is extremely experienced.

HOST: And they didn't get to where they are by playing just one faction. They're probably playing both side of the fence, aren't they?

KUHN: Well, it's not a question about playing both sides of the fence, as much as trying to understand the problems of society and trying to adjudicate them collectively, keeping stability, but yet, going for reform. It's not easy.



HOST: Now China's become very much more assertive. Is that going to be something which we're going to see even more of over the next five years?

KUHN: China's leaders will have to show a degree of strength regarding China's sovereignty. They cannot appear "soft" in the initial period of the transition because, given the nationalism of the country, it'd be impossible to maintain public support. So look for a strong China. But in reality, China's leaders recognize, just as we've said, that stability is absolutely essential for the continuation of economic development, which is the priority. China's new leaders will have to maintain the confidence of the people and that means they will have to take a strong position regarding sovereignty issues.

HOST: So they are playing with fire possibly here as well?

KUHN: We've seen in the past where the leaders will allow students to express nationalistic emotions for a short time, but then they will constrain them because they fear loss of control. It's a fine balance between maintaining the confidence of the Chinese people regarding sovereignty, while at the same time giving other countries confidence that China is a stable, reliable partner for world prosperity.



China today is very different. China today is tightly tied to the world economy, so they must maintain a proper image in the world, or other countries won't buy their products. So foreign policy a critical issue. Leaders have to find a fine balance.





HOST: Well absolutely, and they invested quite a lot of money, and time, in the relationship with Barack Obama. They must be relaxing here in Beijing today.



KUHN: China is very much focusing at its own issues at this point, and the arrival of new leaders here. China's leaders are quite aware of the American political campaign, recognizing that China is a bit of a "punching bag" at this point, with both sides bashing China to gain political advantage. Chinese leaders were a little more concerned about Mitt Romney because of his statements about what he'd do on "day one". As for Barack Obama, although China's leaders don't like his "pivot" to Asia, they recognize that he is a known quantity. So I don't think the US presidential election is a big deal here. People are focused on what's happening at the Party Congress and the arrival of China's new leaders.

HOST: Thank you very much, Dr. Robert Kuhn, author of "How China's Leaders Think".

CCTV News

Economic Transformation in Next Decade

November 8, 2012



Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator and expert on the China business market.

HOST: Many say the Chinese Communist Party's credibility and legitimacy lies in the deliverance of economic growth and benefits to the people. Do you think China can continue to deliver those benefits? Because we cannot sustain 10% growth for another decade or two decades.



KUHN: I'd like to think that the 'well-being' of the Chinese people is the primary concern of Chinese leaders. Certainly an economic component – delivering an increasing standard of living – is a major part. But there are other aspects of 'well-being', such as cultural experiences and enrichment. But the country needs to be able to fund these other aspects, which again comes back to economic development.



But if China can begin to think of the 'well-being' of the people... what does that mean?

For example, last year China emphasized the development of its cultural industries. The Sixth Plenum of the 17th Party Congress focused on culture. Well, culture, media, entertainment, films, sports... these can give all the people, rich or poor, the same kind of experiences – thus helping to reduce social imbalances, which is China's most serious problem, as well as to build the domestic economy.



So cultural development has two aspects to it. First, it can increase the consumption component of GDP – which is critical because investment and exports cannot be sustained at their current levels. But second, and perhaps more significant, cultural development also increases the generic well-being of the people. So to think of just GDP is too simplistic way.

HOST Are we at the right moment to transfer from manufacturing to innovative industries? We're still considered a developing economy.



KUHN: It's a very difficult transition. I think leaders underappreciate the difficulty of the needed transformation. To go from companies that have a 20% or 30% gross margin as assemblers, as low-cost manufacturers, to getting gross margins of 50% and 60%, which is needed to pay workers higher salaries, is very difficult. You have to do branding, customer service, innovation, technologies. These are much more sensitive to uncertain market conditions.

CCTV News

China's Political and Economic Structure

November 8, 2012



Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator, and expert on the China business market.

HOST: This morning Hu Jintao delivered a report of the 17th CPC Party Committee and he mentioned the old way and the hard way. He said, “China rejects the old, rigid, closed-door way of policy making, and also any attempt to abandon socialism. What is the implication here?”



KUHN: China must develop its own economy, its own political system, in a way that makes sense for China. China has a historical approach that has been founded on socialism, but the world has become more complicated. The political ideologies of most countries were invented in the 19th century; they had application and caused lots of trouble in the 20th century. In the 21st century, whereas the relevance of past ideologies is questionable, each country must optimize its own conditions. Hu Jintao called for, actually, five areas on which to focus: economics, politics, culture, society and ecology. These are the areas in which thinking has developed and needs further development. China has its own system, its own way of doing things, and this needs to be advanced.



What we saw in the report is special emphasis on President Hu Jintao's theory of the scientific outlook on development, which is a principle of optimization. When you have different priorities, how do you balance them? Economic growth is most important, but it's still one thing. You have all these other things – major problems such as social imbalances, sustainable development, pollution, corruption – how do you deal with all of them? Emphasizing the scientific outlook on development provides a way of thinking to optimize those diverse things. This requirement to deal with diverse issues is key, differentiating this report from past reports.



HOST: But within this one party system, many people are asking how can you improve your Party's representation and accountability?

KUHN: People in the West think that a one party system is absolutely incompatible with democracy. It's what we call an oxymoron, it seems impossible, an apparent contradiction, like a dark day or a bright night. And yet, there are ways for a one party system work towards democracy in the sense of public participation in the process of governance -- and the West needs to appreciate it. It's difficult to do; one keyword is transparency. I would rather have a one party system with transparency than a multiparty system that had no transparency.



HOST: Do you think the Communist Party had become more transparent?

KUHN: Progressively yes; but it's just a few steps along a lengthy road.



The Party must move faster, more aggressively toward true transparency.

HOST: And where are we right now?

KUHN: If you look at the Party leaders, the up-and-coming leaders, you see is a very highly educated group. Take the Party committees, in all provinces and major cities, roughly 350 - 400 people: 60% have masters degrees or above. That's encouraging because new ways of thinking are needed in the future and educated officials will seek more sunshine laws, more openness. Transparency in governance is key to the future of China.



HOST: As for the daunting task of this coming decade, Hu Jintao's message is clear. How realistic and feasible is it? And among all the areas to work in order to achieve the goal, which do you think are the most important, since China's economy has been slowing down?

KUHN: First of all, the larger you are, the harder it is to grow as measured in percentages. Over the last decade China's GDP grew almost six times, which is absolutely incredible, but that's just impossible to continue. It would defy the laws of numbers. The goal to double the 2010 GDP by 2020, eight years from now, is actually quite realistic – although China is held captive by the global economy. China is not independent of the world, so to some degree, China fate hangs with the world's fate. China is a fast-growing economy, but it's also a fragile economy.



KUHN: Here's a problem: we always talk about the top line, the GDP growth rate, but that's not the most important thing. The most important thing is the composition of the GDP, the GDP quality. In the past, investment has been a very high percentage, 50% or more; consumption is in the 30%, 35%, which is potentially dangerous. So far, in the last decade, it's been fine, because China needed investment – it needed roads and railways and airports. But when you have one airport in a city do you need two or three? At some point investment becomes inefficient. So the continuing high percentage of investment in the GDP is a danger.



HOST: Do you think GDP components will be shifting?

KUHN: They have to be. For China to increase its GDP is fine, but you need to look at the internal components of the GDP and the component of consumption must increase. So China needs two things, top-line GDP growth, but also an improving and sustainable composition. If China's GDP's top-line growth is good, but it comes mostly from investment, then there's trouble ahead.



HOST: Concerning the exercise of power, the General Secretary has pointed out that a sound mechanism should be established for conducting checks and oversight. So what is lacking there in the Chinese institution?



KUHN: We have to face the reality of a one party system. I agree that a one party system is indeed proper and right for China – in its stage of development with its huge, imbalanced population, its history and culture – for the next years or decades. If we put on the table the current necessity of a one party system, we have to accept that corruption in a one-party system is more difficult to fight than in a multiparty system with a completely free media. That’s just the case. You must recognize that controlling corruption in a one party system is especially difficult. I know China’s leaders recognize the severity of corruption. The major scandals this year, which burst onto the world scene, has shaken leaders here. Foreign media actually misinterpreted the Bo Xilai scandal as some political battle. Politics are always involved in almost anything, but the Bo affair was not primarily political. But it focused the attention of leaders on the need for checks and balances in the system. High individuals cannot be left alone. Because they are independent sources of power, there must be external constraints.

HOST: But what is the systematic design that to help solve this problem?

KUHN: “Sunshine laws,” such as declaring and publishing the assets of leaders and officials, such that they also encompass their families and friends, whoever, however broad you have to go. Transparency is where it starts, personal transparency and transparency in government, combined with real checks and balances in the system of governance.

BBC World News

November 15, 2012



Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator, and expert on the China business market.

HOST: China's new leader, Xi Jinping, says his government will fight for a better life for his people. A carefully choreographed Party Congress culminated in his appearance a few hours ago. At the head of a new Politburo Standing Committee, made up of seven men, he said the Communist Party had to tackle corruption and be more in touch with the people. Joining me now from Beijing is Robert Lawrence Kuhn, an advisor to the Chinese government and author of [How China's Leaders Think](#). I'm interested to ask you, first of all, what is this new leadership like, and how do they think?



KUHN: First of all, we need to understand what is the Standing Committee of the Politburo. There are seven members. It may seem like an American or British cabinet, where the president or prime minister has the authority to hire and fire whomever he wants at his whim and caprice. And that's absolutely not the case here. Each of these Standing Committee members is a power in his own right, and only the collective can change or remove any of them. So the highest-level member, the general secretary of the Party/CPC, Xi Jinping, cannot change any of the other members. So who they all are – what's their composition, what are their backgrounds – is vital to understand so that we can know how they think and how China will be led. And, if we look at these men now, we'll see that six out of seven have run at least two major provinces or major cities, which would be the equivalent, if they were independent nations, of one of the top 20 nations of the world in terms of population and one of the top 30-35 nations in terms of GDP. So the members of the new Politburo Standing Committee have a great deal of executive administrative experience. That's the first thing to understand.



In Xi Jinping's opening speech today, there were some intriguing signals that were sent. First of all, for those of us who watch these nuances, there was almost no political sloganeering, the ceremonial mantra of the historical progression of political philosophies at the heart of Communist Party ideology, almost nothing of that nature. On the other hand, Xi spoke significantly about reform, and about promoting 'advanced productive forces' – that's a signal word meaning knowledge creators and wealth creators. And then, of course, the very public focus on corruption. Xi's friendly personal, intimate style – which is no accident – also sends a signal. So we hope that this is a real indication of the new leadership under Xi Jinping, how he thinks. The new collective leadership has a wealth of real-world managerial experience, which they will need to deal with China's very serious, and indeed, in some cases, intractable problems.



HOST: The Politburo Standing Committee has gone down in number, most noticeably, from nine to seven. What difference do you think that makes? Does that make them less representative of the rest of the Party?



KUHN: First of all, we should understand the history. The Politburo Standing Committee was increased to nine members in 2002, 10 years ago. Prior, it had seven members, as it has now, literally as of today. Membership had been increased to nine because, frankly, there was political wrangling, and so in order to accommodate both sides, they increased the number. The sense is that nine members was too unwieldy, because each member is an independent power center. Everything in China, without exception, reports to one of the Standing Members. And so the more members there are, the more difficult it is to effect checks and balances, because each member is an independent power center. Shrinking the Politburo Standing Committee gives Xi Jinping more control. Here's a critical question to track: How will this Standing Committee enable Xi Jinping to exert his leadership?



HOST: Thank you so much, Robert Lawrence Kuhn.

BBC World Service (Radio)

November 15, 2012

Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator, and expert on the China business market.

HOST: Robert Lawrence Kuhn is an author on China. He has also advised many of the top Chinese leaders over the last 20 years. And he's been in Beijing to observe the Party Congress.

Robert Lawrence Kuhn, welcome to News Hour.

Get behind the veil, if you like. You know some on these people. What are they like?

KUHN: Sure. First, it's important to understand what is the Standing Committee of the Politburo, because, superficially, it looks like an American cabinet or a British cabinet, where the president or prime minister has these people serve at his whim and caprice. If he wants to fire or replace somebody, it's not a problem. That is absolutely not the case in China.

All seven individuals, all members of the Standing Committee of the Politburo, are independent sources of power in their own right. That's why it's critical to know not just who the top leader is – everybody focuses on Xi Jinping as the general secretary of the CPC – and well they should – but what's also critical for those of us who know how it works is, who are the other members?

And as the rumors have piled up over the last year, almost on a daily basis, we look for changes that affect the Politburo Standing Committee coalitions, the approach to reform, what they will think and how they will work together. That's why the whole composition of Politburo Standing Committee is so critical. Everything in China reports to one of those individuals. And because no one reports to anybody else, other than to the collective, there is less checks and balances in the system. That's what's led to some of the severe problems we've seen. So that's the status.

HOST: We don't have time to pick apart all seven, but just give us your reading, from what you know of the key ones – just fill in some of the gaps.

KUHN: Let's look at one characteristic that almost all new members of the Politburo Standing Committee have. They have run two or more major geographical administrative regions -- provinces as either the governor or the Party secretary (the Party secretary is always number one) or major municipalities as either the mayor or Party secretary. Each one of these provinces are like independent countries, with populations, if it were an independent country, that would be in the top 20 in the world, and with GDPs that would be in the top 30 or 35.

So for a total of roughly 10 years, most of these individuals will have that experience of executive political responsibility. And what this means is that they have been interacting with almost every social and economic problem that a country would have, including interacting with foreign diplomats and with the CEOs of major multinational corporations. So the new members of the Politburo Standing Committee have become very sophisticated in ways of the world.

You may not get that from the rhetoric that you hear, which is populist, which is party ideologically based. But in reality I know that they have this sophistication and global sensitivity. I know these men; I personally know five of the seven new members of the Politburo Standing Committee. I have seen them in their provinces in past years, and I have witnessed their mental and leadership evolution. This is no panacea for all of China's many complex problems but it is an important factor in ascertaining the capacity and the character of China's new leaders and forecasting their policies.

HOST: I just want to pick up on mental evolution. What have you seen then? How have you seen these people, who are now in charge, evolve?

KUHN: The new members of the Politburo Standing Committee haven't different personalities, but I've witnessed the experiences they've had when they were responsible for running major provinces. Xi Jinping, himself, told me, in 2006 in Zhejiang Province – after he laid out the genetic political ideology of the party – I won't bore you with all the references to past leaders and their political theories – Xi then looked at me and said, “You know I can't run a province by talking about these theories all the time. I have a province to run. I have problems in ecology. I have workers fighting with their bosses; I have to solve class problems. I have economic and political problems. So I have to deal with real problems, with real people. Political theories are fine – I understand them, I appreciate them – but it takes much more to run a province.”

That to me is very significant.

HOST: So from running a province to running a country, though, are these the men who are going to bring change, or status quo?

KUHN: Look, China will always do things gradually. They will reform experimentally. They hope to do things properly, on a cumulative basis. They will not go for radical change. The mantra “Stability Overrides All” is still the case.

However, we are now in the situation in China, due to all the endemic, intractable problems, where the risk of not reforming has become higher than the risk of reforming. Reform is risk, and the status quo has always seemed to be less risky than reform – but this is not the case anymore. Because of the internal and external pressures, China today is different.

HOST: Robert Lawrence Kuhn, thank you very much.

CNN International

“Chinese Leadership Transition Explained”

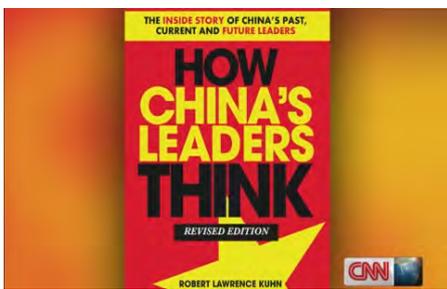
November 14, 2012



Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator and expert on the China business market.

John Defterios, Host:

What can we expect from the man leading the world’s second largest economy? Robert Lawrence Kuhn has been an advisor to China’s leaders for two decades. He literally wrote the book on China’s leadership. It’s called How China’s Leaders Think. I asked him how the role of the Chinese president has changed over the last decade.



Robert Lawrence Kuhn:

First of all, we have to understand the political structure of China. Most people in the West assume China is an authoritarian government and that the number one person is like a dictator, an autocrat. And in China that’s not the case at all.

The members of what’s called the Standing Committee of the Politburo are, collectively, China’s most senior leadership. Xi Jinping, as general secretary of the Party, and president of the country beginning next March, will be first among equals. But equal are all Standing Committee members. So who are these people, and what positions they hold, will be instrumental in determining the coalitions and the kinds of policies that will be adapted.



China today is vastly different than it was 10 years ago. The economy is five times larger, the focus of the world is here, and through social media, the Chinese people are literally watching everything their leaders do. Such public oversight has dramatically changed the nature of the governance of the country. All of the problems – the social imbalances, the sustainable development, pollution, and especially, the corruption – are right in the bull’s eye of the Chinese people.



So how the new leaders react, who they are, exactly, and what positions they hold, will be both a vital and an interesting story as the months and years go by.



Defterios:

In fact, the outgoing leadership provided a warning, saying that the economy has to be more inclusive: “We have to provide jobs for people; we have to make sure we continue to grow.” What China’s leaders are suggesting here is that they have to be much more responsive than they were before.

Kuhn:

There are two ways to view this. First we have to look at the economy itself and second a host of different issues. Hu Jintao, in his speech, listed five areas of concern: economics, politics, third was culture, then social issues, and ecology.

So that's the constellation of issues that they face. But the economy is the real issue. It pays for everything. You can't do anything without growth, and the problem today is that the old economic model – cheap labor, low gross margins, high pollution, energy intense – the low-cost factory for the world – is just not sustainable any more. You can't have a low-cost manufacturing strategy and pay workers higher salaries needed to correct social imbalances. It doesn't add up.



China has to have economic transformation. That means enterprises have to generate higher gross margins. How do you do that? Not easily – technology, branding, services... these are complicated matters – and in addition, there's sustainable development. Energy is not China's strong point. They have to import oil. Pollution is an endemic problem in China. Some of the filthiest rivers and polluted airs in the world are in China. The people today will not put up with it.



What was fascinating, in one of the press conferences at the CPC Congress, ministers said that now they not only have to do an “environmental risk assessment” for new factories, they also have to do a “social risk assessment”. That's a very interesting addition. Officials have to ask, “What would be the social implications of new development?”



So, in addition to economic growth, a whole host of issues need to be considered in terms of the well-being of the people, because that's what the people expect.

Defterios:

We had an absolute hurricane happening in Chongqing with Bo Xilai, his wife, the murder of the British businessman. It really started to shake the foundations of Chinese society. They can't sweep it under the carpet. They have to deal with corruption. How are they going to address this when they come into office?



Kuhn:

Corruption is a fundamental question, and for 20 years or more, the Chinese leadership has been talking about the scourge of corruption. One of the seven new top leaders in the country is in charge of discipline. China's leaders always say they're making progress, and yet corruption seems to be getting continuously worse. Why? It's a combination of the creation of vast wealth and a one-party system. A one-party system has its benefits, particularly long-term continuity of policy, quick reaction time, meritocratic leadership, but the downside of one party rule, without a free media, is corruption. It is a natural process of the marriage of wealth and one ruling party. The Party must build into itself transparency and checks and balances. How you do that in a one-party system is a real challenge. The best hope is the media and the internet. How China's new leaders will use media, new media and social media to attenuate, not eliminate, corruption is a critical issue. Whatever else they do is not going to be sufficient.



Defterios:

Once again, the respected author and advisor to the Chinese government, Robert Lawrence Kuhn, joining me a little earlier from Beijing on this historic transition, this once-a-decade transition, taking place in Beijing.

Bloomberg Television

November 15, 2012



Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator, and expert on the China business market.

Bloomberg's Zeb Eckert speaks with Robert Kuhn, adviser to the Chinese government and chairman of the Kuhn Foundation, about reform in China

Kuhn: I think that it's important to understand what the most senior leader in China really is and what all China's leaders really are. Because when we see today, in a few minutes, the new Standing Committee of the Politburo, it will look to most Westerners as if it's a cabinet of an American president or of a British prime minister. But that's not at all the case.



In the West, in the American and British systems, we have checks and balances. But the cabinet can be totally replaced by the president or the prime minister, even with whim and caprice. That's not the case in China.



Within the Standing Committee, each individual is an independent power in his own right. They all have their own portfolios, and they all have one vote. Xi Jinping will be the first among equals, sure, but he still has only one vote because equal they all are.

That's why today is so important. We have to see who are the other members. What are their portfolios? What are the potential coalitions to effect various kinds of changes? Because this we know for sure: China must make changes.



For the first time, the risk of not reforming is higher than the risk of reforming. I believe Xi knows this. He's highly experienced, having running three major administrative areas -- Fujian and Zhejiang province, and the city of Shanghai. This gives him great experience.

China's new leaders know they have to reform. They're going to try to maintain stability, for sure, but reform is necessary to maintain stability.

<http://www.bloomberg.com/video/kuhn-xi-jinping-knows-china-has-to-reform-hIyfoRtHQdCEtQlomKcydg.html>

CNBC – “China: The Next Decade”

November 15, 2012

Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator and expert on the China business market.



Lisa Oake (HOST): We are counting down to when China reveals the members of the Politburo Standing Committee where, of course, Xi Jinping and Li Keqiang have their spots secured. We take the leadership in China very seriously, as you can tell, with our countdown clock. Let's get over to Beijing now where all the action is unfolding this morning with CNBC's China correspondent, Eunice Yoon, who has more.



Eunice Yoon, CNBC Beijing Correspondent: Lisa, the guesswork is almost over. The 205 members of the Central Committee have chosen the members of the all-powerful Politburo Standing Committee, and those people are going to be revealed in just a couple of hours. Like you said, we're quite certain that the top spot is going to go to Xi Jinping.

Let's get some more insight into this next generation of leaders from Dr. Robert Lawrence Kuhn, who is here and is a senior adviser to the Chinese government.



Kuhn: It's an exciting day. All the speculation disappears. Now we have reality.

Eunice Yoon, CNBC Beijing Correspondent: It is a very exciting day! What are your thoughts on this new leadership? How hopeful are you that they will push through some of the economic reforms that people want?



Kuhn: The first thing to understand is that all members of the Standing Committee of the Politburo are really all equals. We expect seven today – there have been nine (since 2002), but it will be reduced to make it more efficient. And each of the individuals is a power center in his own right.

People think the Standing Committee is like an American cabinet, and the head of China, who is the head of the Party, is like a dictator, with absolute authority. This is not at all true. All of Standing Committee members are equal; they each have equal votes. The head of the Party is certainly first among equals, but they're all equal. That's why it's really important who the others are, what positions they hold. Because this affects coalitions, for example, on how and when to reform. I believe that, right now, not to reform is more risky than to reform.



Eunice Yoon, CNBC Beijing Correspondent: So Xi Jinping is the one getting the top job, and I know it's a collective leadership, but the system is still the same. So no matter what happens, these guys are still in the same system as Hu Jintao and Wen Jiabao. So how difficult is it for them to navigate, especially if its collective leadership, like you said?



Kuhn: First of all, it's brought down to seven, which makes decision-making more efficient. But we need to look at who these people are. The large majority will have run two major provinces or cities. That's like independent countries. China provinces, in terms of population, would be in the top 20 in the world; in terms of GDP, in the top 30 or 35.

So these are all individuals who, for four or five years each, have run two separate provinces. That's almost a decade. And when they come together, they will appreciate all of the complex problems that China has. The economy, political reform, social issues... all the diverse complex issues that China faces. So we're hopeful that they will recognize that reform is critical, but it will not be the kind of grand reform that many people in the West hope. Reform in China is more complex, more nuanced.



Eunice Yoon, CNBC Beijing Correspondent: You authored a book on Jiang Zemin, the former president. There's been talk about how he's been able to retain so much influence in not only this current administration, but also the future generation. How much influence is he going to have?



Kuhn: First of all, it's a Chinese tradition for thousands of years, long before communism, to respect your elders. And this virtue has taken on a special characteristic, where China's current leaders always not only respect, but really listen to, China's previous leaders. And Jiang Zemin, obviously, was number one in the past and has retained great influence because of this respect. And also because, frankly, the members of the previous Standing Committee -- and the members of the new Standing Committee -- are people whose careers have flourished under his leadership. Some are mentees of his; many have been promoted by him.



So through several of these factors -- nothing official -- but through respect, through appreciation of his work, and also because the Standing Members are people whom he has mentored, former President Jiang will maintain influence.

Eunice Yoon, CNBC Beijing Correspondent: Well, that's interesting for our business audience because President Jiang is really known for being quite business friendly. He opened up the Party to more capitalism, as well as to entrepreneurship.



That was Dr. Robert Lawrence Kuhn, giving us his insights into the next leadership, which will be revealed in just a couple of hours from now.

<http://video.cnbc.com/gallery/?video=3000129415>

Euronews – “China: the Straining Giant’s New Leaders”

November 15, 2012



Narrator: A new line-up of top leaders replaces the old guard in China. How will the single-party system hold up under increasing challenges? These include population expansion, redistribution of wealth, social priorities, energy and agriculture needs, and the environment.

The new Politburo Standing Committee has been streamlined to seven, from nine members, with Xi Jinping at its head. Only some are reformists, others more traditional conservatives.



Nial O'Reilly (Host): So change at the top in China, but will it mean a new direction or more of the same? Joining us now is our regular commentator on Chinese affairs, Robert Lawrence Kuhn, author of “*How China’s Leaders Think*.”

Dr. Kuhn, we’ve had an idea for some time of the identities of some of the new generation of leaders. They’re younger, but will they be much different?



Robert Kuhn: What’s important to understand is that it’s not just the senior leader that counts, not just the head of the party – Mr. Xi Jinping, the new general secretary – but all the members of the Politburo Standing Committee, because they have equal votes. It’s really an oligarchic consensus that runs China. These seven individuals, everything in China reports to one of them. And they are all independent.

They have strong administrative experience. Six of them have run major provinces or municipalities. These are territories that have 30, 50, up to a 100 million people. If they were independent countries, they would be in the top 20 countries in the world in terms of population, and in the top 35 in terms of GDP. This means that the new leaders have worked with Western CEOs and business people, and diplomats, for many years - literally, for two four or five-year terms, eight to ten years. Several have run even more than two provinces. So, that experience, I expect, will be very effective in dealing with the tremendous problems that China has.



Nial O'Reilly (Host): One of the things they’re reportedly considering is a crackdown on corruption. But can we really expect the new leadership to police itself effectively? And moreover, do the Chinese people expect it to?

Kuhn: Corruption is really an important topic. The Chinese people are at this carefully now. Why so much corruption? Part of the reason is that China has become much more wealthy. There are much more spoils to be split by the party in charge.





The other part is one-party system – which, frankly, I believe is good for China, at least for the foreseeable future, as long as you have checks and balances, transparency... all of the things that we need – including a free media. And without that, you're never, ever, going to totally control corruption. China has had terrible scandals this year, which exposed the lack of checks and balances among the most senior leaders. People tell me personally – and I mean high leaders – “This time, we really must get it right, because the people won't stand for it.” It's going to be tough.



Nial O'Reilly (Host): In terms of the economy, which is the big issue at the moment? What stands out for you as the significant policy developments at the Party Conference, which has just finished?

Kuhn: When you look at economic growth, the problem is that everyone looks at the top line: China is growing at 7.5%. Can they sustain that? Yes, they probably can sustain that, but that's not the big issue. The big issue is, what are the components of that GDP? In the past, it has been very heavily weighted to investment (infrastructure) and exports, both of which are unsustainable, for different reasons – exports because you can't have a trade balance forever, and investment because the more investment you have, the less efficient it becomes.



China must increase its domestic consumption. You have to do that by raising workers' wages, which requires a radical economic transformation. So the fact that the growth rate is a little bit down, on itself, is actually not bad. You have to track the components. This is a very serious issue for China, because of where its economy is going, and of course the rest of the world is very much affected by it as well.



Nial O'Reilly (Host): Dr. Kuhn, an informative analysis as always. Thank you very much.

Australia Network News

November 15, 2012



Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator, and expert on the China business market.



Jim Middleton (HOST): Robert Kuhn is a businessman and corporate strategist, and a seemingly unlikely advisor to Communist Party leaders. But over the past 20 years, he has formed close links with China's leadership and has been an advisor to Xi Jinping. He's also author of the book, How China's Leaders Think: The Inside Story of China's Reform and What This Means for the Future.

Robert Kuhn, it's a delight to be talking to you.

KUHN: It's a pleasure.



Jim Middleton (HOST): How does a U.S. businessman and corporate strategist come to be an advisor to the next president of China?

KUHN: I met Mr. Xi Jinping in the beginning of 2005 when I gave him one of the first copies of my biography of President Jiang Zemin, *The Man Who Changed China*. This was very soon after the book was published, no more than a few weeks, so I thought I was the first person to give it to him, and that he hadn't seen it prior.



I gave Xi the book, and he thanked me. He was very warm and gracious, but then he immediately flipped through the book and turned to one of the photographic sections, as if he knew the book and was searching for something. He quickly seemed to find what he wanted, and he pointed to one of the pictures of President Jiang, who was singing (as he likes to do) with some women from the military. Xi smiled and pointed to a specific woman in the photo said to me, "Who is this woman?" And I said, "Well, that's one of the women singing with President Jiang." He said, "No, who is she specifically?" And then he said, again smiling, "That's my wife!" Well, I didn't know at the time what today everyone knows: that Xi's wife is the famous singer, Peng Liyuan. Obviously Xi had received the book earlier, from President Jiang. Xi was very gracious.



In that first meeting, I was very impressed with Xi Jinping. He had none of the airs of a high official. I've met many high Chinese officials in many formal settings – it can be rather regal, ceremonial. None of that with Xi.



He was very comfortable his own skin, confident, sincere, serious – and all my subsequent meetings have had that same style. I couldn't tell you from that first meeting that he was going to become president of China, but I could see this was an individual who was dedicated to the country, who had a good sense of his challenges and responsibilities – a committed and dedicated leader who had as his primary interest his responsibilities as opposed to his own persona.



Jim Middleton (HOST): There are many questions surrounding the transition, this once in a decade change in leadership in China. But here's one of them: the Army is almost as important, if not as important, as the Communist Party in this country. There's speculation that unlike Jiang Zimen, Hu Jintao will not continue to be head of the military commission. If that turns out to be the case, what do you think it will mean and is it better or worse for China's future?



KUHN: I've taken a contrary position on this. The predominance of rumors that we have heard recently suggests that Hu Jintao will resign, and it will be a complete transition, but that's not 100% sure. But here's the point I've made: I don't think it makes much difference.



Jim Middleton (HOST): But isn't it the case that unlike Hu Jintao himself, with Jiang Zemin, Xi wouldn't have someone from the past looking over his shoulder, and that makes a difference about the quality, and the nature, of decision making?



KUHN: I'm not sure that here, now, it really matters. Because what matters is the substance, not the form. Chairman of the CPC Central Military Commission can have substance or can have form. The key, in China, is the composition of the Standing Committee of the Politburo. That's the real power in China.



When Westerners look at the Standing Committee they see – right now it's nine, tomorrow it'll be seven, individuals – and it looks like the American cabinet, British cabinet, the Australian cabinet, where the president can arbitrarily hire and fire whomever he wants, even capriciously. This is not the case in China. Each individual is a complete power in his own right. They all have equal votes. The president of the country, the head of the Party, General Secretary Xi Jinping, is the first among equals. But he still only has one vote. Every member has his own portfolio and each reports only to the collective. The Standing Committee is the real power. So its composing and coalitions are critical... that's how it works... that's the real power.

Jim Middleton (HOST): So is it your sense, from your association with Mr. Xi, that he is, by instinct, a reformer, or steady-as-you-go-guy, or rather I should say, will he have around him in the Standing Committee those to enable China to follow the course that he would like?

KUHN: Good! That's the important question. But let's start with Xi. My sense is that he deeply understands China. In all my conversations with him, he projects profound understanding. He actually helped me understand China when I was writing my books, the diverse ways I should approach China. So that's number one. Xi is not a radical reformer, but he



does appreciate, for example, private business. He ran Zhejiang Providence – the center of entrepreneurship in China. Next, we look at the coming Standing Members, the majority of whom, maybe six out of the seven, have run two or more major provinces or major municipalities, all of which are the equivalent of middle or large-size European countries, in terms of population, even now in terms of GDP.

So it's a remarkably experienced collection of individuals who have had long-term executive, CEO responsibility for running what are, in essence, major countries. And when they come together, it's a group that will support what China needs. As to labeling the political positioning – liberal, conservative – I think such is archaic. We will see in the world's media an attempt to characterize the Standing Committee as more conservative than it might have been. I think that is an oversimplification.

I personally know most of the candidates – on all “sides”. Of the coming seven, I personally know five. And I can tell you that those people who are supposedly very liberal are not as liberal as people think. And those who are supposedly very conservative are not as conservative as people think. The new Standing Committee is a sophisticated group and it will enable Xi to work toward implementing his vision.

And I think that bodes well for China and for the world. Do not look for radical reform. But look for reform perhaps sooner than we thought.

Jim Middleton (HOST): One final subject. You worked with Xi Jinping's team for his visit to the United States, where he met President Obama and other significant policymakers. Relations with the United States have got to be of great importance in the coming decade. Do you think by instinct Mr. Xi is a man who wants to compete with, or cooperate with, the United States in a shared leadership of global responsibility?

KUHN: Xi is a sophisticated, worldly wise individual, and he sees himself, much as Jiang Zemin did, as a real Chinese patriot. And to develop China, it is important to have very good relations with U.S.

In his early part of his term, Xi needs to consolidate power, so I look for him to be more nationalistic. He has a good relationship with the military. He cannot afford to appear “soft” on relations with U.S. or do anything that violates Chinese sovereignty, especially if he is going to institute reform, because reform has this liberal connotation. So if Xi needs to effect reform, which he does need to do for economic and political reasons, he cannot afford to look soft or liberal on international relations.

So I look for him to make important decisions, economically and politically, and balanced off with a fairly aggressive nationalistic posture. But over time, I see him being sophisticated and nuanced in his dealings with the United States. His visit to the United States last February was a tremendous success, the biggest and best publicity China has had – actually, since Jiang Zimen's visit in 1997. It was very effective.

Jim Middleton (HOST): Fascinating stuff, Robert Kuhn. Thank you.

CCTV News

China's New Top Leadership

November 15, 2012



Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator, and expert on the China business market.

TIAN WEI, HOST: To provide us more analysis on the new CPC leadership and its policy directions, we are joined in the studio by Dr. Robert Lawrence Kuhn, Chairman of the Kuhn Foundation, and Ambassador Wu Jianmin, former Chinese Ambassador to France.

Gentlemen, welcome to the program.

Briefly, what are your general impressions of the seven people that have been elected as the Standing Committee members of the Politburo of the CPC Central Committee?

KUHN: The experiential base of the seven individuals is extraordinary. Most of them have run two or more major provinces or major municipalities, which, if they were independent countries of the world, would be among the top 20 in terms of population, and among the top 30 or 35 in terms of GDP. They have been governor or mayor, or Party secretary (the number one person) – often for four or five years each. Several have run three, and one has even run four. With that as their experiential base, as the “chief executive” of such “countries” they have been responsible for so many people and so much GDP and have faced many of the issues of really running a country. Now coming together as a group, I believe it is the right group to deal with the problems that China has today, which are serious.

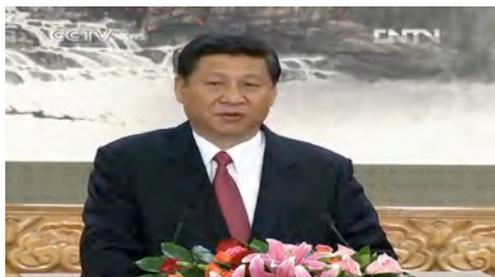
HOST: Dr. Kuhn seems to be quite impressed by the track record of these gentlemen that have been elected. What about you, Ambassador Wu?

AMBASSADOR WU: When I look at the new leadership, I'm impressed with three things. One, they know China. They know the kinds of problems facing China and the kinds of measures that are needed to deal with these problems. Two, they are exposed to the outside world. Look at their CVs. They either studied abroad or they have visited many countries, and they frequently met foreign leaders in the business world, so they have a global vision. Three, if you look at their ages, they have witnessed tremendous changes that China went through. They know, through their careers, through their experiences, what works, what doesn't. So, those three things together, I think, these people are up to their jobs. And of course, we all noticed that the number of the Standing Committee of the Politburo has been reduced from nine to seven.

HOST: What does it mean for the practice of consensus building which has been a practice used by the Chinese Communist Party top leadership for quite some time?

KUHN: I'm often on the international media where I have to explain the Chinese system and the first thing I do is explain how the Standing Committee works, because it looks like an American cabinet or a British cabinet, where the president or prime minister can fire whomever he wants at any time because he's really the boss. There are other checks and balances in the system with the legislative and judiciary. But in China, the seven are equals; the CPC general secretary is the first among equals, but they're all really equal, so they all really have to build a consensus among them. The reduction from nine to seven is designed to enable more efficient operations.





We have to remember that the number of Standing Committee members had been seven, before it was change to nine in 2002, and I think earlier it had been five. How do you get an optimal number to have enough diversity to deal with the extreme complexity of modern society and all the problems of China -- and still have a sufficiently small number that consensus building can be efficient. In addition, there was some sense that if the Standing Committee is too large, independent silos of power can develop; since each member is independent, each member can be run independently. You have to build not only consensus but also a control mechanism to be sure that untoward things, which this year we've seen happen, do not happen.



HOST: But is consensus building going to be easy? As always, we have this debate about the speed and efficiency and eventually the result.

KUHN: Consensus building shouldn't be too easy. If it's too easy, then everybody agrees superficially and it's not real agreement. Senior leaders should be free to argue some and express different opinions.



HOST: In his speech, Xi Jinping said, to fulfill "Our responsibility, the responsibility of the Politburo, is to rally and lead the whole party and all of China's ethnic groups, and continue to emancipate our way of thinking, insist on reform and opening up, further unleash and develop social productive forces, work hard to resolve the difficulties faced by the masses in both production and life, and steadfastly take the road of common prosperity."

Obviously there are several key words that he mentioned.



KUHN: It's also the order of his words, and it's the places of emphasis. I believe right now in China that the risks of not reforming are higher than the risks of reforming. Reform is risk because reform is change. But now, because of the nature of China's problems, the risk of not doing so is higher than doing nothing. And I think General Secretary Xi is signaling, right up front, that liberating our minds, reforming and opening up, advance productive forces... these are the key mechanisms to achieve the well-being of the people, to achieve China's goals.

I particularly like the stress on "advanced productive forcees," which I characterize with two simple phrases: knowledge creators and wealth creators. That's it. You have scientists and entrepreneurs... you create knowledge and you create wealth. Knowledge is shared by everyone. Wealth benefits everyone. And those are the keys for a modern society.



HOST: Ambassador Wu, help us to understand, what kind of a big scale campaign against corruption is the CPC likely to take?

AMBASSADOR WU: If you look at Wang Qishan's record, he's a very competent leader for finances and economics. Why today has he been switched to deal with discipline problems... I think that today the Chinese are very angry about corruption. So they have to deal with that situation very seriously. We need someone very competent. He knows economics. He knows finances. He knows how to deal with those issue effectively.



Another thing we have to note... people say that "Power corrupts. Absolutely, power corrupts." If you read the Chinese leaders' statements, you can hear more and more about checks and balances. So, in the future, in one way or another, we need some sort of checks and balances to deal with corruption.

HOST: Obviously Xi Jinping was very clear minded about the issue of corruption existing within the Chinese Communist Party, and he said, "The Communist Party suffered from the problems of corruption, taking bribes, being out of touch with the people, and bureaucracy abnormalities."



It seems like so many issues are facing this new top leadership of the CPC. This is a very crucial moment. Will they be able to handle it?

KUHN: These problems have emerged because of the great success of the country. Let's focus on corruption. Why is corruption as serious of a problem as it is today? Leaders have been talking about it for two decades. They've always said that they've made progress. So what's happening? What's happening is that China is becoming enormously wealthy. In the last 10 years, the GDP has increased by five-fold, so there's a great amount of more wealth in China.



And with a one-party system, which has tremendous advantages for continuity of power, for ability to make quick decisions. But when you have that absolute power in one party, you have a natural breeding ground for corruption.

And so you have to take more extraordinary means. You have to take systemic approaches, not just individual approaches. This is a new way of thinking. I've had leaders tell me recently, that major corruption -- particularly in the last year, the Bo Xilai situation -- has exposed the fact that leaders can be too independent. They can't be! China must have the checks and balances, and the transparency, that will reduce corruption systematically. No society can totally eliminate it. Human beings are human beings, and corruption can happen anywhere. But in China, it's a particular problem because of the nature of the system and the wealth.



HOST: We are looking forward to the maturity of that system. Let's go to another issue that is equally important. Of course Mr. Xi did not elaborate on diplomacy, or diplomatic policies, but he did say at the end of his short speech, coming up on his first day of top leadership of the CPC, "China needs to understand the rest of the world better. And the rest of the world needs to understand China better." He said this as a final statement of his speech.



Ambassador Wu, you've been involved with China's diplomacy for decades, and you understand the critical stage at which China's diplomacy is in at the moment. How do you see the new directions, or the continuity of the diplomacy of China?

AMBASSADOR WU: One thing is quite clear. With the rise in China, we are facing more and more challenges, and the people around the world are quite apprehensive. Some are quite afraid of China. This is a reality we have to face. When dealing with that type of situation, you have to understand that when a country's power is rising, that gives rise to all kinds of fear, suspicion...etc. That is bound to happen, one way or another.



Secondly, we have to deal with these challenges in a correct way. If you look at the visit by Xi Jinping to the U.S. last February, we can get some clue. In terms of the China-U.S. relationship, he emphasized one thing: common interests. He said this is the most important thing in terms of the China-U.S. relationship.

Perhaps you noticed another thing. In the report of the General Secretary Hu Jintao, he emphasized, "We have to expand, converge interests with the rest of the world."

This is a very important line.



HOST: It certainly is. And this is a Chinese economy that, according to some predictions, is going to surpass that of the United States within in 10 years.

Meanwhile, the U.S. election and China's political power transition, only happens once within 40 years they say, and we're having it right now. So how are these two big countries going to communicate with one other, and meanwhile, understand each other's bottom lines... meanwhile seeking common ground?



It's a very critical time. Is the U.S. ready? Is China ready?

KUHN: There is a natural tendency in today's world, with the intense media, of fostering nationalism. Human beings are nationalistic. We root for our cities, our provinces, our states and our country. And when there are issues that come between nations, our emotions can get in the way.

We have a situation in the modern world where we have to be careful about nationalism. Because of the prevalence of the internet, and instant communications, people seek to be reinforced in their own thinking.



So leaders today are more at the mercy of influence groups among their own people, and those tend to move toward nationalistic and parochial interests. This is a problem that all countries face. When you have elections or changes in leadership, these become more important issues.

So it's an additional challenge to leaders to manage their own people, and to lead them properly, in terms of pride and patriotism, but not to lead them toward what we call xenophobia, against other peoples just because they're "other."



Good relationships between the US and China are in everyone's best interests, but just recognizing that, just saying that, is not going to make it happen. There are powerful nationalistic pressures that move nations in wrong directions, and we need to be aware of it.

HOST: We need to be aware of it, and we need to be aware that it's not just five years or 10 years, but long-term legacies and visions.

We want to thank you for coming on our show on this very important day. Dr. Robert Lawrence Kuhn, and Ambassador Wu Jianmin, thank you for being with us.

Television Interviews and Discussions (examples)

International Networks

CNN - "Chinese Leadership Transition Explained"

<http://edition.cnn.com/video/#/video/bestoftv/2012/11/15/global-exchange-chinese-leadership-transition-explained.cnn?iref=allsearch>

- November 15

CNBC – "China: The Next Decade"

<http://video.cnbc.com/gallery/?video=3000129415>

- November 15

Bloomberg – "Xi Jinping knows China has to reform"

<http://www.bloomberg.com/video/kuhn-xi-jinping-knows-china-has-to-reform-hIyfoRtHQdCEtQIomKcydg.html>

- November 8; November 15

Euronews – "China: the straining giant's new leaders"

<http://www.euronews.com/2012/11/15/straining-giant-s-new-leaders/>

- November 15 (11 languages)

Australia Network News – "Inside China's Leadership"

<http://www.abc.net.au/news/2012-11-14/inside-chinas-leadership/4372532>

- November 14

Reuters Television – "China's Top Tests"

- September 19, 2012

Associated Press (AP) Television (3)

– November 8, November 14, November 15

BBC (4)

BBC World News (TV) - November 8 and November 15

BBC News UK (TV & Radio) - November 8

BBC World Service (Radio) - November 15



China Central Television (CCTV News)

Kuhn Commentaries

For the 18th CPC National Congress and China's New Leaders

November 8, 2012 (China 24 - with Victor Gao Zhikai)

China neither turning back nor abandoning Socialism

<http://english.cntv.cn/program/china24/20121108/107508.shtml>

<http://english.cntv.cn/program/china24/20121108/107705.shtml>

China grows more connected to the world

<http://english.cntv.cn/program/china24/20121108/107585.shtml>

Economic transformation in next decade:

<http://english.cntv.cn/program/china24/20121108/107642.shtml>

<http://english.cntv.cn/program/china24/20121108/107860.shtml>

November 9, 2012 (China 24)

Improving governance capacity

<http://english.cntv.cn/program/china24/20121109/107714.shtml>

China's Party School system

<http://english.cntv.cn/program/china24/20121109/107790.shtml>

Weibo takes the lead in fight against corruption

<http://english.cntv.cn/program/china24/20121109/107808.shtml>

November 14, 2012 (China 24)

November 15, 2012 (Dialogue – with Ambassador Wu Jianmin)

<http://english.cntv.cn/program/dialogue/20121116/100704.shtml>

November 15, 2012 (China 24 – with Professor Zhang Weiwei)

第三部分 国际主流媒体

(内容摘要)

- 《华盛顿邮报》 2012 年 11 月 15 日
- 《纽约时报》 2012 年 11 月 14 日
- 《国际先驱论坛报》 2012 年 11 月 08 日
- 《华盛顿邮报》 2012 年 11 月 11 日
- 《华尔街日报》 2012 年 11 月 08 日
- 彭博电视网 2012 年 11 月 05 日
- 美联社电视网 2012 年 11 月 15 日
- 《华盛顿邮报》 2012 年 11 月 06 日
- 《洛杉矶时报》 2012 年 11 月 15 日
- 路透电视网 2012 年 09 月 19 日
- 《彭博商业周刊》 2012 年 11 月 21 日

The Washington Post

Kuhn Quote – bottom p. 2, top p. 3

China's new leadership team not expected to push drastic reform

By [William Wan](#) and [Keith B. Richburg](#)

November 15, 2012

BEIJING — First came the flood of speculation this year about who would make China's [new leadership](#) team. Now begins the frenzy over what that lineup means for the country's increasingly frustrated citizens, its slowing economy and the Communist Party, which is struggling to keep its tight grip over both.

[Experts](#) are parsing the backgrounds of the [seven new top leaders](#) named Thursday and reaching, at times, widely different conclusions. But there are two take-aways on which almost everyone agrees: First, China's outgoing president, Hu Jintao, was thoroughly beaten by his predecessor, Jiang Zemin, in the race to push key allies onto the ruling Politburo Standing Committee. Second, the near future appears bleak for drastic reform — politically, socially and, to some degree, economically.

"I am extremely disappointed by how conservatively dominated this Standing Committee is," said Du Guang, a retired professor at the Central Party School. This moment of transition had offered hope of a new direction to many, he said, "but instead, it simply looks like a continuation of the past."

The elevation of so many older, conservative allies of Jiang has relegated many potential reformers associated with Hu to the full Politburo, the second-most powerful body. That could lead to a situation reminiscent of the gridlock in Washington, with a Democratic president and Republican-controlled House of Representatives, said David Shambaugh, a Chinese political expert at George Washington University. "This is a system that runs on consensus, and this is only

going to make that more difficult.”

The first and most pressing issue the new leaders will tackle is China’s slowing and hamstrung economy. The party has long said its goal is to wean the country off its dependence on investment growth and exports while increasing domestic consumption. But changing policies could prove difficult, requiring a host of reforms — such as allowing interest rates to rise and letting China’s currency float freely — that party leaders have long resisted.

Equally difficult will be disassembling industries monopolized by state-owned enterprises, given the vested interest of high-level officials.

The leaders tapped Thursday also might not be the best fit for those problems. Although incoming premier Li Keqiang has economic training, many economists were rooting for a more prominent role in that area for Wang Qishan, who has deep experience and understanding of Western economies and leaders. Instead, perhaps in part out of fear that Wang’s expertise might undermine Li’s, Zhang Gaoli, former party chief of Tianjin, appears to have the economic portfolio.

Wang, nicknamed the “fireman” for his reputation of taking efficient, decisive action on thorny problems, was elevated to the Standing Committee, but he was put in charge of inner-party discipline. He could play a vital role, however, by tackling the rampant corruption among China’s officials.

Such corruption, leaders have acknowledged throughout the past week, is a top problem threatening the party’s authority and future, especially in light of recent scandals over massive fortunes amassed by leaders’ families.

There are also other signs of possible modernization of the party, albeit in baby steps.

The seven new leaders represent the beginnings of a generational shift compared with the previous lineup, which comprised mostly engineers who often viewed the country’s problems as levers to be pulled and tweaked in search of a solution.

The new Standing Committee includes a more diverse group with backgrounds that include law, economics and history. Several of the men spent their formative years witnessing the suffering that resulted from the Cultural Revolution’s policy disasters. The new leaders can also draw on much greater administrative experience, with most having run two or more large provinces with populations

and economies equal to those of small European nations.

“This is the result of a deliberate push for greater administrative capacity at the top,” said Robert Kuhn, author of [a biography of Jiang](#), who has maintained ties with several senior leaders.

The new leaders also might prove less beholden, at least superficially, to China’s old ideology. In his first address Thursday as the nation’s top leader, Xi neglected to include the usual boilerplate references to the theories of Karl Marx, Mao Zedong, Deng Xiaoping, Jiang and Hu, which most leaders include in their speeches.

“When I met Xi during his time in Zhejiang,” Kuhn said, “he told me: ‘I follow the ideologies of Marx, Mao Zedong, Deng Xiaoping, Jiang and Hu, but I don’t sit around all day thinking about these theories. I’m trying to run a government.’ ”

Another looming factor from Thursday’s announcement is the newly appointed Politburo team. Now within its ranks are the leaders who will compete in five years to replace retiring members of the new Standing Committee; they will also vie for the top spot in 10 years, when Xi retires.

Although Hu lost the battle over Standing Committee seats, he successfully seeded the Politburo with several possible proteges. By the time of the next transition, Jiang, now 86, may be long gone, clearing the way for Hu to reassert authority.

But some cast doubt on that scenario, given Hu’s poor performance this time around.

“You see how badly Hu got his clock cleaned during this party congress, and it’s a sign that he never truly consolidated that power,” said Shambaugh, of George Washington University.

Others noted that much can change over a decade. By then, other party elders — not to mention Xi — are likely to be pushing forward proteges of their own.

Liu Liu, Wang Juan and Zhang Jie contributed to this report.

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November 14, 2012

Kuhn quote: p. 5 (end of article)

Ending Congress, China Presents New Leadership Headed by Xi Jinping

By **EDWARD WONG**

BEIJING — Completing only its second orderly hand-over of power in more than six decades of rule, the Chinese Communist Party on Thursday unveiled a new leadership slate headed by **Xi Jinping**, the son of a revered revolutionary leader and economic reformer, who will face the task of guiding **China** to a more sustainable model of growth and managing the country's rise as a global power.

For this nation of 1.3 billion, the transition culminates a tumultuous period plagued by scandals and intense political rivalry that presented the party with some of its greatest challenges since the student uprising of 1989. Minutes before noon on Thursday, after a confirmation vote by the party's new Central Committee, Mr. Xi, 59, strode onto a red-carpeted stage at the Great Hall of the People accompanied by six other party officials who will form the new Politburo Standing Committee, the elite group that makes crucial decisions on the economy, foreign policy and other major issues. Before their appearance, the new lineup was announced by Xinhua, the state news agency.

“We have every reason to be proud — proud, but not complacent,” said Mr. Xi, looking relaxed in a dark suit and a wine-red tie. “Inside the party, there are many problems that need be addressed, especially the problems among party members and officials of corruption and taking bribes, being out of touch with the people, undue emphasis on formalities and bureaucracy, and other issues.” He added, “To forge iron, one must be strong.”

The ascension of Mr. Xi and other members of the “red nobility” to the top posts means that the so-called princelings have come into their own as a

prominent political force. Because of their parentage, they believe themselves to be the heirs of the revolution that succeeded in 1949, endowed with the mandate of authority that that status confers.

“I think the emphasis is on continuity over change this time around,” said Bo Zhiyue, a scholar of Chinese politics at the National University of Singapore.

Mr. Xi is facing a growing chorus of calls from Chinese elites to support greater openness in China’s economic and political systems, which critics say have stagnated in the last decade under the departing party chief, **Hu Jintao**, despite the country’s emergence as the world’s second-largest economy and a growing regional power.

Mr. Hu, 69, also turned over the post of civilian chairman of the military on Thursday to Mr. Xi, which made this transition the first time since the promotion of the ill-fated Hua Guofeng in 1976 that a Chinese leader had taken office as head of the party and the military at the same time. That gives Mr. Xi a stronger base from which to consolidate his power, even as he grapples with the continuing influence of party elders.

The unveiling came the day after the weeklong 18th Party Congress ended as Mr. Hu made his final appearance as party chief at a closing ceremony and seven standing committee members stepped down.

Mr. Xi is known for shunning the spotlight and being a skilled consensus builder. He spent his childhood in the leadership compounds of Beijing, but was forced to toil in a village of cave homes in Shaanxi Province for seven years during the Cultural Revolution, when his father was purged.

His first job was as an aide to a top general in Beijing. He then rose through the party ranks in the provinces, including Fujian and Zhejiang, two coastal regions known for private entrepreneurship and exchanges with Taiwan. Mr. Xi’s jobs and family background have allowed him to build personal ties to some military leaders. He is married to a celebrity singer, Peng Liyuan, and they have a daughter attending Harvard under a pseudonym.

Mr. Hu’s abdication of the military chairmanship sets an important institutional precedent for future successions and may put his legacy in a more favorable light. In Chinese politics, retired leaders try to maximize

their influence well into old age, either by clinging to titles or by making their opinions known on important decisions.

Jiang Zemin, Mr. Hu's predecessor as party chief and president, did both: he held on to the military post for two years after giving up his party title in 2002, which led to heightened friction within the party. And in recent months, he has worked to get his protégés installed on the standing committee, which is usually assembled through horse trading by party elders and leaders.

The committee was trimmed to seven members from nine. One reason for that change is that some party leaders, including Mr. Xi, believe that an overrepresentation of interests on the committee has led to gridlock in decision making. The smaller committee has also resulted in a downgrading of the party post that controls the security apparatus, which some officials asserted had grown too powerful.

The new standing committee has allies of Mr. Jiang in five of seven seats, reflecting his considerable power despite being hit by serious illness. Li Keqiang, a protégé of Mr. Hu's, is expected to get the state title of prime minister next spring, when Mr. Xi becomes president. Mr. Li and Mr. Xi were the only members on the departing standing committee who are remaining part of the group.

The other officials on the new committee in order of ranking and their expected portfolios are Zhang Dejiang, head of the National People's Congress; Yu Zhengsheng, who will run a similar advisory body; Liu Yunshan, vice president and overseer of propaganda; Wang Qishan, the head of an anticorruption agency; and Zhang Gaoli, the executive vice premier, who helps manage the economy.

One princeling said earlier to be a contender for the committee, Bo Xilai, was felled last spring by a scandal after his wife was accused of killing a British businessman.

The lineup is stocked with conservatives and older officials. An unspoken age limit for party leaders means that several of them will retire at the next party congress, in 2017, at which point Mr. Xi might have an opening to get other allies appointed.

Xinhua announced that Mr. Wang is the new head of the party's Central Commission for Discipline Inspection, a group charged with investigating corruption and other infractions.

For months, there was talk that Mr. Wang would get an economic portfolio, but he appears to have been pushed aside for that job, which some analysts have said bodes ill for further economic liberalization. But Mr. Wang's network in the finance industry, where he has considerable experience, could be a powerful tool in corruption investigations.

Mr. Wang joins Mr. Xi as one of three or four princelings on the projected committee. The princelings are not a coherent political faction, and their ranks are rife with personal and ideological rivalries. Their family connections may mean a greater confidence with wielding power and pressing for bolder changes. At the same time, that class has grown wealthy off China's political economy, in which officials and state-owned enterprises work together to reap benefits, often at the expense of private entrepreneurship. Even those princelings who support liberalizing the economy or the political system still believe in the primacy of the party, and their push for various reforms is seen as an effort to ensure the party's survival.

"These people around Xi Jinping who advise him and with whom he's close, they do want reform, but on the condition that they maintain the rule of the Communist Party," said Zhang Lifan, a historian and son of a former minister. "They consider the Communist Party and its rule a heritage from their fathers. So they're not willing to risk losing it. They have limitations on how far they want reform to go."

Mr. Xi will have to spend his first years building a power base, limiting the opportunity to make major policy moves. He might, however, support a further opening of the economy in his first five-year term, some political insiders said. If he or other leaders want to experiment with the political system, they would do that in his second term, even though true economic changes need political transformations as well.

Mr. Xi and the incoming leaders will also have to contend with the continuing influence of party elders, including Mr. Hu and Mr. Jiang. With the end of the 18th Party Congress on Wednesday, there are now about 20 retired standing committee members, and many of them want a say in

major decisions.

But Robert Lawrence Kuhn, an American businessman who wrote an authorized biography of Jiang Zemin and remains close to senior officials, predicted Mr. Xi would surprise those expecting him to adhere to the status quo. The pressures on China to create a more sustainable economic system — one that relies less on investment in large projects and exports and more on domestic consumption and private business — will compel him to act soon.

“The risks of not reforming are now higher than the risks of reforming,” Mr. Kuhn said.

<http://www.nytimes.com/2012/11/15/world/asia/communists-conclude-party-congress-in-china.html?pagewanted=all>

World News

Jiang re-emerges as force behind the scenes

BRIEFLY
Asia



ISLAMABAD

Pakistani premier asks Swiss to reopen Zardari graft case
Pakistan's prime minister has asked the Swiss authorities to reopen an old corruption case against President Asif Ali Zardari, succumbing to pressure from the country's increasingly powerful Supreme Court.

The court gave the prime minister, Raja Pervez Ashraf, until Nov. 14 to submit the request, threatening to charge him with contempt of court or face disqualification if he did not comply.

The case has fueled tensions in a long-running standoff between the Pakistani government and the judiciary. Mr. Ashraf's predecessor, Youssaf Raza Gilani, was declared in contempt of court in June over the same issue and disqualified from holding the post of prime minister. (AP/WIDEWORLD)

TEKNAF, BANGLADESH

Nearly 60 missing after boat sinks in the Bay of Bengal

A boat carrying about 110 Bangladeshis and Rohingya Muslims from Myanmar sank in the Bay of Bengal on Wednesday as they were heading to Malaysia, and about half of them were missing, a Bangladeshi border force officer said.

The boat went down in rough seas off Teknaf, the southernmost Bangladeshi town, said the officer, Lt. Col. Mohammad Jahid. "So far, 51 people have been rescued by coast guard, fishing boats and the border force's sea patrols," he said.

Colonel Jahid said that search operations were proceeding for the other passengers but that no bodies had been recovered. (AP/WIDEWORLD)

SITTWE, MYANMAR

U.N. food agency seeks aid for displaced in Myanmar

The World Food Program has issued an urgent appeal for \$11 million to feed more than 110,000 people displaced by violence between Buddhists and Muslims in western Myanmar.

The U.N. agency's Asia spokesman, Marcus Prior, said Tuesday that some people who had fled from their burning homes were living in impromptu shelters under trees and in rice paddies. He said the money would help feed those displaced by the unrest between Rakhine Buddhists and Rohingya Muslims in Rakhine State for the next six months.

The agency made its first emergency food deliveries to some of the latest wave of 35,000 displaced people last week and planned to reach most within a few days by boat and truck. (AP)



A Rohingya Muslim child receiving medical care at a camp for displaced people in Myanmar.

SEOUL

South Korea expands scrutiny of nuclear plant certificates

Regulators in South Korea on Wednesday expanded an investigation into fake safety certificates to cover all of the country's 23 nuclear plants in a move that could dent public support for the nuclear energy industry.

Two reactors remain shut, raising the prospect of winter power shortages as the government looks into how thousands of parts for the reactors have been supplied by means of forged safety documents.

Kim Joong-kyum, the president and chief executive of Korea Electric Power, which owns the operator of the nation's nuclear plants, tendered his resignation for what the utility's officials called personal reasons. An Economy Ministry official said the presidential office would decide this weekend whether to accept it. (AP/WIDEWORLD)

TOKYO

Utility wants more state help to clean up Fukushima plant

Tokyo Electric Power Co. appealed on Wednesday for more government financial support, saying the cost of the cleanup of the Fukushima Daiichi nuclear power plant might be double its original estimate of ¥5 trillion.

The company has received a bailout of ¥1 trillion, or \$12.4 billion and has been put under Japanese government ownership. It has raised electricity rates to help cover the costs it faces at the power plant, which was severely damaged by an earthquake and tsunami in March 2011.

Executives of Tokyo Electric Power outlined plans to cut costs but said it could not manage the huge costs of decommissioning the plant and cleaning up radioactive contamination. (AP)

BEIJING

Ex-president of China yields influence despite reports he has been ailing

BY EDWARD WONG

In a year blighted by scandals and corruption charges reaching high into the Chinese Communist Party, a retired party chief some had written off as a spent force, Jiang Zemin, has thrust himself back into the nation's most important political decisions a decade after stepping down and has become a dominant figure shaping China's future leadership.

The resurgent influence of Mr. Jiang, 86, is all the more striking because he was said last year to be suffering from a serious illness and perhaps even nearing death's door. Behind the scenes over recent months, party insiders say, Mr. Jiang has voiced frustration with the record of his successor, Hu Jintao, maneuvered to have his protégés dominate the party's incoming ruling group and sought to shape China's policy direction by proposing changes to an agenda-setting report that will be presented to the 18th Party Congress, which opens Thursday.

Mr. Jiang is seeking to consolidate his legacy as a self-proclaimed champion of market-led growth, and in some respects has rivaled the more orthodox Mr. Hu in shaping the party's future, those insiders say. Many see Mr. Jiang as having been a bolder leader than Mr. Hu, with more signature achievements, including guiding the most prominent World Trade Organization, and opening up more dialogue with the United States and other Western nations. A repudiation by Mr. Jiang of Mr. Hu's tenure, even behind the scenes, could lend energy to the incoming leaders and give them a mandate to make more forceful decisions.

Mr. Jiang was able to outflank Mr. Hu, the current party general secretary and the country's president, to shape a lineup for the new Politburo Standing Committee that, at the moment, appears to have Jiang allies pegged for five of the projected seven seats, according to political insiders. The most prominent is Xi Jinping, the designated heir to Mr. Hu.

"Just look at the final seven people and you know who the big winner is: Jiang, or Jiang and Xi," said an editor at a party media organization. "The loser is Hu."

Yet while Mr. Jiang's return to the intrigue of high-level politics has kindled hopes among some that China's next leaders will pursue more market-friendly economic policies, it has also exposed the deep rifts and systemic dysfunctions within the Communist Party that could hinder any efforts at change. China's ambitions to rise into a modern global power remain yoked to a deeply secretive political system in which true authority often resides in hidden recesses. That could spell trouble for Mr. Hu's successor as top leader, Mr. Xi, as he also seeks to consolidate his authority under the gaze of a growing circle of retired party leaders.

That Mr. Jiang has been able to insert himself so boldly into the process also shows how diffuse power has become within China, at a time when policymakers and intellectuals from all quarters say the nation needs stronger leadership to guide it through a period of slowing economic growth and rising discontent from some corners of society. Mr. Jiang does not possess the indomitable behind-the-scenes power once held by Deng Xiaoping, the former leader who ushered in market reforms. Deng died in 1997. But a year of division and uncertainty has created openings for Mr. Jiang to shape key decisions.

"This one definitely seems more unsettled closer to than previous successions," said Christopher K. Johnson, a veteran China analyst at the Center for Strategic and International Studies in Washington, who recently visited Beijing. "The atmosphere seems very tense. The problem is that there's no senior figure in charge — there's no revolutionary elder to act as arbiter and manage the different groups here."

"My sense of the games that Jiang is playing is, 'This is my last hurrah, and I want to show that I still matter,'" Mr. Johnson said.

BEIJING

BY IAN JOHNSON

With a robust defense of one-party rule and a veto of a report on a string of political scandals this year, a senior official on Wednesday laid out the agenda for China's much-anticipated Communist Party Congress, which gets under way on Thursday.

The weeklong congress is due to cap a long and at times fractious transition from the current leadership of the party's head, Hu Jintao, to his presumed successor, Xi Jinping. According to plan, Mr. Xi and half a dozen other top leaders will be presented to the public on Nov. 15.

Officially, the new team is to be selected in a week by the 2,280 delegates participating in this congress, the 18th in the 91-year history of the party.



Chinese soldiers dressed as ushers marched down the stairs of the Great Hall of the People on Wednesday, the day before the beginning of the 18th Party Congress in Beijing.

want to show that I still matter,'" Mr. Johnson said.

Mr. Jiang retired as party secretary in November 2002 and stepped down as the country's president the following March. He remained the chief of China's military until September 2004. His relationship with his successor has been a delicate one, shaped by the fact that Mr. Hu was set on the path to the top leadership by the party patriarch, Deng, leaving Mr. Jiang with no independent choice over who would succeed him.

The decade-long rule of Mr. Hu and Wen Jiabao, the prime minister, has been increasingly criticized as a period when China, despite its economic growth, bolstered the dominance of state enterprises, expanded the security apparatus and ignored legal protections in the justice system. Mr. Jiang has been among the most powerful voices privately chiding the Hu administration's policies. The implication is that Mr. Jiang is hoping that the next Standing Committee will take China in a new direction.

"His line of attack has been that Hu Jintao and Wen Jiabao have been too cautious about reform, and the slow-down in growth might have been mitigated by more aggressive reforms earlier on," said one official who meets with senior party officials.

Reform is a broad term that can mean many different things in China. Some intellectuals and policy advisers are calling for significant relaxation of China's authoritarian political system, but there is no indication that Mr. Jiang backs any such transformation in the next few years. Rather, Mr. Jiang is reputed to be a proponent of enhancing support for private entrepreneurship and the growth model adopted by the coastal provinces. During his tenure as party chief, he and Zhu Rongji, the former prime minister, presided over the breakup and downsizing of some lumbering state enterprises.

Mr. Hu's vision for economic development has clashed to a degree with that. In promoting his "scientific development" theory, he has insisted that there should be more equitable distribution of

ONLINE: CHANGING OF THE GUARD
Read articles in this series examining the implications for China and the rest of the world of the coming changes in the leadership of the Chinese Communist Party. global.nytimes.com/asia



Former President Jiang Zemin, right, chatted with his successor, Hu Jintao, last year. Party insiders say that Mr. Jiang has voiced frustration with the current administration.

the benefits of growth across China, and that the state should play a larger role.

Mr. Jiang was able to raise his concerns about the direction of policy when he was invited to comment on a draft of the political report that is expected to be presented to the 18th Party Congress, said two political insiders. That report is intended mostly to sum up the achievements under Mr. Hu and also to sketch out the priorities under Mr. Xi.

Political insiders say Mr. Jiang's heavy involvement in determining the new Standing Committee, expected to be announced around Nov. 15, is his clearest expression of impatience with Mr. Hu's policies and his followers, commonly called the Youth League group because many of Mr. Hu's allies forged political relationships through posts in that party organization. Months ago, analysts had expected the new Standing Committee to be almost evenly balanced between Hu and Jiang allies. But scandals this year, including one that weakened Ling Jihua, a powerful aide of Mr. Hu, and Mr. Jiang's power plays have changed that.

One recent move by Mr. Jiang was to get Yu Zhengsheng, the party chief of Shanghai, approved by senior party officials and party elders for a seat. If that sticks, then it would come at the expense of Li Yuanchao, a powerful party

"My sense of the games that Jiang is playing is, 'This is my last hurrah, and I want to show that I still matter.'"

official close to Mr. Hu who was also a favorite for a seat. Other Jiang allies expected to join the Standing Committee are Zhang Dejiang, a vice prime minister and party chief of Chongqing; Zhang Gaoli, party chief of Tianjin; and Wang Qishan, a vice prime minister. Of the favorites for the Standing Committee, only Li Keqiang, the anointed next prime minister, and Liu Yunshan, director of the party's propaganda department, are considered close allies of Mr. Hu's. Even Mr. Liu received a crucial career lift under Mr. Jiang, when he was promoted to a central post from a relatively obscure regional job.

"On any matter of major significance — and the biggest issue is deciding the next generation of leaders — he does exert power," said Robert Lawrence Kuhn, an American businessman who wrote a biography of Mr. Jiang with Mr. Jiang's cooperation.

In principle, Mr. Jiang and other leaders are supposed to retreat from any public role in setting policy after leaving

office. Mr. Jiang has filled in his years since retirement with a regimen of swimming, listening to private tutorials with scholars and preparing his biography and other publications, said an aide to a prominent official. However, Mr. Jiang has also used a succession of statements and appearances to hint that he remains active and focused on broad policy issues and the party's future. He has underscored his influence with public appearances, including at a musical tribute to Johann Strauss in Beijing's Li premier concert hall in September.

But the continuing influence of Mr. Jiang also reveals a growing dysfunction in the party system — the weakening of authority among those who, like Mr. Hu and Mr. Xi, are officially designated to lead China.

Whoever joins Mr. Xi in the next leadership will also have to contend with the influence of party elders, especially Mr. Jiang and Mr. Hu. Those elders can weigh in on major decisions and make their opinions known to current leaders. When the 18th Party Congress ends next week, there will be 20 retired Standing Committee members, all of whom may expect some say in running the country and appointing allies. This could lead to further gridlock and hinder Mr. Xi, especially if Mr. Xi aims to carry out bold policy moves, say party insiders.

And although several people say Mr. Jiang has mounted his political opposition in the name of reform, the proposed Standing Committee lineup that bears his imprint appears to be short of officials who support market-driven growth and less state meddling.

Wang Qishan is reputed to be a supporter of a more open financial sector, looks unlikely to be given a major role in economic policy. Zhang Dejiang studied economics in North Korea, while Zhang Gaoli has pushed the kind of investment-driven model of growth in Tianjin that many economists now criticize.

Moreover, all but two of the likely Standing Committee members — Mr. Xi and Mr. Li — are expected to retire at the next party congress five years from now. That could open the way for more contention then, when Mr. Hu could wield more influence, even if Mr. Jiang remains alive.

Jonathan Ansfield contributed reporting.

Chinese party congress's decisions largely determined, if not yet public

Delegates are also expected to discuss a report that is to lay out in broad strokes China's course over the next five years, and approve it along with a report on anti-corruption measures.

In fact, much of what will go on during the congress has already been decided. The delegates are voted on by lower-ranking members, but those votes are based on guidance provided by higher-ups, a process known as "democratic centralism." So too the work and corruption reports, which will be discussed by the delegates but are not expected to be substantially altered before approval.

At a news conference on Wednesday, Cai Mingzhaoh, the congress's spokesman and deputy head of the party's propaganda department, defended this system as one that allows members to express their views in a controlled setting.

"We must combine centralism on the basis of democracy, with democracy

centralized guidance so that we will create a political situation in the party in which we have both centralism and democracy, both discipline and freedom, both unity of will and personal ease of mind," Mr. Cai said.

He also said the Communist Party had earned the right to rule China.

"The leading position of the Communist Party in China is a decision made by history and by the people," Mr. Cai said. "Political system reform must suit China's national reality."

Names and combinations were making the rounds in Beijing, indicating that party leaders and their factions were still vying to put forward their candidates.

Mr. Cai also said the party had learned from the scandals surrounding two high-ranking officials: Bo Xilai, a former Politburo member, and Liu Zhijun, a former railway minister. Both had been accused of corruption, although Mr. Bo is also accused of covering up the murder of a British businessman. "The lessons are profound," said Mr. Cai, who added that the party would pursue strong anti-corruption measures.

Mr. Cai also said the congress would pursue reforms and work on a "master reform plan on income distribution" to divide more equitably China's growing economy. The country has one of the world's widest gaps between rich and poor, leading to frequent bouts of unrest and violence.

Kuhn quote at end.

The Washington Post

For China's next first lady, a lowered profile

By [William Wan](#), Sunday, November 11, 12:42 AM

BEIJING — Next week, when her husband is expected to be introduced as [China's new leader](#), PengLiyan will probably be out of sight.

Her image won't be splashed across any front pages; her name is likely to go unmentioned on state-run TV's breathless coverage of [China's once-a-decade leadership transition](#).

Such is the fate of [first ladies in China](#).

No [Michelle Obama-style advocacy](#). Nor Jackie Kennedy-like glamour. Simply the expectation that one will fade into the black cloak of secrecy that surrounds all of China's leaders.

And yet if anyone could break free of that muted tradition, it would be Peng, one of China's most recognizable folk singers.

For most of her marriage to [China's current vice president, Xi Jinping](#), her fame has eclipsed his. A civilian member of the Chinese army's musicale troupe, she was admired by hundreds of millions for her annual performances on state television's New Year's Eve shows. And according to people who have met her, she exudes an easy grace, a confident grasp of conversational English and a seemingly sincere heart for charitable causes.

"If this were the West, one would say she has the perfect requirements for being a leader's wife: beauty, stage presence, public approval," said one party intellectual, who spoke on the condition of anonymity to avoid jeopardizing his work teaching future government officials at [party schools](#). "But things are different in China."

Here, the names of top leaders' wives are blocked on search engines and censored from micro-blogs. Even the most innocuous articles about them are often scrubbed from existence.

It all stems from a [traditional Chinese fear of women in politics](#), said Hung Huang, a fashion editor whose mother served as English tutor to Mao Zedong, the country's first Communist leader.

"In China, unfortunately, women and power mix like oil and water," she said. "You see it in some of our traditional proverbs warning against the dangers of beautiful women and powerful men."

No one embodied those fears more than Mao's wife, Jiang Qing, whose grab for power, purge from the party and death by suicide remains a cautionary tale taught in middle schools across China.

The latest example emerged this year with [GuKailai](#) — wife of [purged Communist leader Bo Xilai](#) — who was depicted at her murder trial as an emotional, paranoid and scheming woman who poisoned a British businessman.

Out of the spotlight

Against that stereotype, vibrant, positive female role models in China's political world are sorely lacking.

Few people even know the name of [Chinese President Hu Jintao's](#) wife, Liu Yongqing, and even fewer could point her out in a crowd.

Hu's predecessor, Jiang Zemin, occasionally took his wife, Wang Yeping, on trips abroad, but little is known about her beyond a smattering of details gathered by media overseas, beyond the reach of censors.

Following suit, Peng, 49, began lowering her own profile as a singer in 2007, after her husband emerged as the likely appointee to the presidency. Once famous for wistfully crooning popular patriotic songs of the 1980s and 1990s, she quit the annual New Year's show altogether the next year and stopped performing except for at a handful of charity and Communist Party-related events.

She now rarely is seen with Xi, 59, and never talks about her husband of more than 20 years in public.

At the same time, she has taken new roles that allow her some public exposure, albeit within fairly controlled environments. She became a volunteer for the government's work on AIDS in 2006 and its ambassador for tobacco control in 2009. Last year, she was appointed ambassador for the fight against tuberculosis and HIV/AIDS for the World Health Organization.

"She doesn't keep her distance from people," said Zhang Ying, president of a non-governmental organization that helps AIDS orphans in Anhui province. Zhang has worked on the issue repeatedly with Peng, most recently in September, and described her as down-to-earth, chatting freely with other volunteers about her own daughter, asking questions about their families. She was also a patient woman, Zhang said, entertaining orphans with songs during the difficult filming of public-service announcements.

A chef in Zhejiang province — whose restaurant Peng often frequented while Xi was that region's party chief — recalled how long Peng waited on her first visit, arriving without a reservation. She had dressed down, making her harder to recognize.

"She didn't know reservations were required, so there were no tables free," he said. "One word to the waiters that she was the wife of a party secretary and she would have had a table, but she never mentioned it," he said, speaking on the condition of anonymity because talking about top leaders' families in China is discouraged. "Later, she also came with her parents and her daughter, but never together with her husband."

Background stories lacking

Few articles have been written about her relationship with Xi, and the ones that have survived censors often detail them in sickly sweet Communist caricature: hardworking husband torn between duty to country and to family; his supportive, caring wife eager to be with him but knowing her country needs him more.

One such interview — the most in-depth so far on the topic — was posted online in 2006 by a small, local state-run media group, without the permission of central authorities, according to a media official within the party, speaking anonymously to detail internal decisions.

In that article, which has since been scrubbed from many Web sites, Peng described their first date in 1986 and how she deliberately wore ugly army trousers to see if Xi would be attracted to her personality rather than her looks.

Instead of asking her about popular songs or her earnings as a music star, she said, he veered toward the philosophical: "How many different techniques are there for singing?"

"I was moved at that time. 'Isn't he the one I want in my heart? He has a simple heart but is thoughtful,'" she said in the interview, noting that Xi also later told her, "I recognized that you were the one to be my wife less than

40 minutes after we met.”

Such media appeal and Peng’s ease at handling the spotlight after decades as a singer could give her husband a boost on trips abroad, experts say.

“It’s a terrific thing for China to have someone with that glamour, culture and prominence representing them abroad,” said Robert Kuhn, author of [“How China’s Leaders Think.”](#) “It humanizes China a little and breaks them out of that stereotype of the stiff, gray soviet suits behind a podium.”

How she will play domestically, however, is less clear.

“To be honest, I don’t know how much she’ll be able to reverse pressure of tradition and take on a more prominent first-wife role,” one former party official said. “Leaders may think the risk is too great and the benefit domestically limited. After all, our leaders aren’t elected, so it’s not like the West where a spouse is needed to boost approval ratings.”

Zhang Jie contributed to this report.

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WALL STREET JOURNAL

China Leader Nods to Concerns Over Corruption

Brian Spegele

November 8, 2012

BEIJING—Concerns over rampant corruption inside the ranks of the Communist Party emerged as a major theme of a critical Party Congress that began Thursday in Beijing, as President Hu Jintao and others cast notes of urgency over public contempt for widespread abuse of officials' powers.

.....

The speech by Mr. Hu in many ways served as a closing argument for a set of populist goals he has sought to implement over the past decade, at times struggling. The economic and political goals of his likely successor, Vice President Xi Jinping—widely expected to follow Mr. Hu as party leader at the end of the weeklong congress, and as China's president next year—are largely unknown.

"If you don't emphasize the solution there is no problem," said Robert Lawrence Kuhn, an adviser to multinational companies in China who has written on China's leaders.

"I think this speech recognizes the unfulfilled promises and where China has to go," he added.

Mr. Hu's tone of urgency was a departure from that of his speech at the previous party congress, in 2007, when he cited progress in the fight against corruption.

<http://online.wsj.com/article/SB10001424127887323894704578105720187065856.html>



Xi Climbs to Power Mixing Father's Capitalism With Mao Communism

By Bloomberg TV News - November 5, 2012

"The new leaders are very aware that their back is to the wall," said Vogel, a professor emeritus at Harvard University in Cambridge, [Massachusetts](#). "There's such a strong feeling in the country that they need bold reforms and big changes and to attack corruption. A lot of high officials will have to suffer."

That won't be easy in a system where Xi's power will be limited by consensus-based decision making among the party elite, designed to prevent the nation "galloping off too rapidly in one direction," said U.S.-based Robert Kuhn, author of "How China's Leaders Think" and an adviser to the Chinese government.



Xi Jinping takes helm of party, army in problem-plagued China

By Charles Hutzler – November 15, 2012

Fresh in office, Xi can ill-afford to bow to foreigners, crossing a nationalistic public and a military that may still be uncertain about his leadership.

"The leaders can't look like they are being soft on the U.S. or foreign policy because they will lose power in terms of people," said Robert Lawrence Kuhn, a business consultant and author of the book "How China's Leaders Think." Kuhn expects more tough rhetoric than action in the months ahead, but expects Xi's leadership to develop a more nuanced foreign policy as it consolidates its authority at home.

http://www.dailybulletin.com/breakingnews/ci_22002625/xi-jinping-takes-helm-party-army-problem-plagued#ixzz2COpWzMyk

The Washington Post

China's Hu seeks to exert influence long after he leaves power

By [William Wan](#), Tuesday, November 6, 2012

As the party congress has neared, Jiang has emerged from relative seclusion, making his presence felt with several [highly public appearances](#). One of the first came in April, with reports of a meeting between Jiang and Starbucks CEO Howard Schultz, just a week after the party began its purge of former Chongqing communist chief Bo Xilai, for whom Jiang was considered a patron. That outing was seen as an early signal that Jiang intended to play a large role in the transition.

But one person with access to senior Chinese leaders warned that it is "not entirely fair to say this is a fight between two men."

"It would also be a mistake to interpret the competition as personal hostility or disagreement," the person said. "This is primarily a battle over personnel."

http://www.washingtonpost.com/world/chinas-hu-seeks-to-exert-influence-long-after-he-leaves-power/2012/11/05/4df5c190-1c24-11e2-ba31-3083ca97c314_story.html

Los Angeles Times

<http://www.latimes.com/news/nationworld/world/la-fg-china-xi-20121116,0,1260161.story>

China's new party leader eschews predecessors' rhetoric

Xi Jinping's speech omits mention of Marxism-Leninism or Mao Tse-tung. Instead, he focuses on the need to improve the people's well-being and tackle corruption.

By Barbara Demick, Los Angeles Times - November 15, 2012

It also helps that Hu decided not to stay on the Central Military Commission, breaking a tradition of former leaders meddling with their successors. People who know Hu say it was a point of principle for the outgoing president, who supported term limits and mandatory retirement ages to prevent another Mao figure from dominating.

"That was an honorable thing for Hu to do," said Robert Lawrence Kuhn, a businessman who has met and profiled many Chinese leaders. Kuhn also suggests that Xi benefits from having older, more reserved figures serving with him on the Standing Committee.

"He is off to a good running start without people who are going to outshine him," Kuhn said. "And if he wants to promote a liberal agenda, he'll get the credit without it looking like somebody else was pulling him."



REUTERS TELEVISION

Top Tests for China's New Leaders

September 19, 2012

"Workers today in China, with a billion cell phones, with everybody interconnected, no longer will accept very low wages.

So how can Chinese enterprises pay workers higher wages? They cannot be assembly-based, low-margin enterprises, generating 20 to 30 percent gross margin. It's impossible. They have to increase gross margins -- through technology, through branding -- and that's very difficult and very risky.

This means that economic transformation -- which also must involve lower energy utilization and less pollution -- is a huge transformation. That's the biggest problem."

Bloomberg Businessweek

The Man With a Plan to Revive Chinese Growth

Kevin Hamlin

November 21, 2012

...Few dispute Li's economic credentials. During the years he spent running Henan and then Liaoning, these regions grew at more than 10 percent annually. He has a law degree and a Ph.D. in economics from Peking University. "He is a new generation of leader," says Robert Lawrence Kuhn, author of *How China's Leaders Think* and an adviser to the Chinese government....

第四部分 中国及其他国际媒体

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- 上海文广集团 (SMG): 《中国面临的挑战》
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中央电视台英语新闻频道十八大特别节目：《库恩：十八大专题》

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- Episode 5: What Do the Chinese People Believe In?
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THE ECONOMIC TIMES

Guest Column

Doing Business in China

ROBERT LAWRENCE KUHN

Foreign companies prosper in China to the extent that their strategies and operations facilitate or enhance Chinese leaders' agenda. Some firms are already entrenched. Others are entering this vast, burgeoning market. While all are committed, none are satisfied.

How to deal with Chinese officials? It's all about power — and appreciating the promotion process. Government officials and state-owned enterprise (SOE) executives are evaluated on how well they conform to the policies of leaders. As such, if your company's success can advance the careers of officials or executives, your company will be favoured.

That's why I call my framework for doing business in China 'politico-strategic'.

Think of the Chinese government as a corporation: 'China Inc'. The 'Office of the Chairman' is the Politburo Standing Committee (PSC), comprising seven leaders. Everything in China reports to one of these seven, who are largely equal, each with his own portfolio.

This means that the philosophies and policies of each of these leaders exert great influence in China. And this is why my watchword for doing business in China is 'alignment'.

First, catalyse new profit-seeking strategies that facilitate leaders' goals, while stressing core competencies that achieve corporate goals. Seek novel ways to reposition current strategies so that they better match current policies.

China's 12th Five-Year Plan (2011-15) favours businesses that enhance standards of living (e.g., healthcare and education), encourage domestic consumption (e.g., consumer products), build science and technology, serve rural markets, facilitate sustainable development and strengthen environmental protection (e.g., clean tech). Developing new strategies or re-describing present strategies that align with these priorities boost probabilities of success.

Central and provincial authorities matter. To distinguish 'government relations' (GR) from 'real business' is to miss how China's system works, where good relationships with government officials facilitate better relationships with SOE



executives (indeed, government officials become SOE executives, and vice versa.)

China country managers should take GR as their personal responsibilities. China-savvy CEOs visit the country 5-10 times a year.

Sequencing relationships is vital: culturally, top-down optimises the system. When CEOs meet provincial officials prior to, or in parallel with, negotiations with executives of enterprises in that province, the character of the meetings changes (subtly): the Chinese executives become more respectful; the discussions become more productive.

Ideally, the foreign firm's GR should be conducted by the foreign firm itself, not only via

the foreign firm's Chinese partner. While the Chinese partner will obviously know the Chinese system far better, the foreign firm must develop independent relationships with officials or it will forever be subservient to its Chinese partner. Indeed, because the Chinese partner is part of the system — and must obey strict hierarchies and protocols — the foreign firm will enjoy greater flexibility in arranging meetings. Moreover, senior Chinese officials enjoy visiting with foreign CEOs in order to gain international understanding, a new criterion by which they are assessed for promotion.

A common question is whether to establish joint ventures with Chinese partners or to develop wholly-owned subsidiaries. There are always trade-offs and reliable generalisations do not work. Each situation needs to be evaluated on its own merits.

There are downsides of doing business in China: theft of intellectual property; scarcity and turnover of quality talent; difficulties in integration (acquisitions) or in collaboration (joint ventures); corruption; industrial espionage; government regulation after the deal

is done; capricious regulations; enforceability of contracts; reliability of information about counterparties; difficulties in performing valuations; government involvement in negotiations; lack of internal consensus within the counterparty's organisation; renegotiation of the deal after it closes; repatriation of cash; and export controls.

Indian companies in China will never compete equally with domestic companies. Yet, by using the Politico-Strategic Framework to align with the interests of China's leaders, substantial businesses can be built. For example, Indian and Chinese companies may cooperate in other countries, such as in Africa or south-east Asia. Such a strategy would align with the policies of China's leaders to accelerate the globalisation of Chinese companies.

It will not do for Indian companies to reject doing business with China because it is too alien or too daunting. To emerge as world-class competitors, Indian companies cannot ignore the China market. A politico-strategic framework can help. *(The author is corporate strategist and senior advisor at Ernst & Young)*

O GRANDE TESTE DA CHINA

O país que mais influencia a prosperidade mundial prepara-se para a maior troca de comando da década. Os novos líderes assumirão em meio a um dilema: para manter a China crescendo será preciso arejar o regime, mas um movimento equivocado pode ser desastroso. O mundo aguarda com a respiração suspensa

THAÍS OYAMA, DE PEQUIM

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NOIVOS DE XANGAI
*Casal posa para sessão de
fotos antes do casamento,
ocasião em que o álbum tem
de estar pronto para ser
exibido aos convidados*

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Pequim tem mais de 3000 anos de história, mas para o visitante a efemeridade da vida é a primeira lembrança que ela evoca. Andar em um táxi na capital da China pode ser uma experiência aterradoradora. Os motoristas guiam em zigue-zague, têm fixação pela buzina e horror ao cinto de segurança, que socam no vão do banco de modo que nem por mil gafanhotos o passageiro consegue arrancá-lo de lá. Pequim tem 5 milhões de carros e o pior trânsito do mundo. Só se vê uma rua livre lá quando a polícia abre caminho para a passagem de um *guanyuan*, termo usado para se referir a um dirigente do Partido Comunista da China (PCC). No próximo dia 8, as avenidas que levam à Praça Tiananmen serão interditadas para que centenas de *guanyuans* se dirijam ao Grande Salão do Povo. Lá, ao lado do enorme retrato de Mao Tsé-tung, eles vão eleger, ou melhor, referendar o nome dos homens que liderarão a China pelos próximos anos. É a mais profunda troca de comando da última década no país que se tornou o GPS geopolítico mundial e o termômetro da economia global. Tudo o que se passa na China interessa diretamente ao mais alienado dos mortais, no mais distante dos países. Quando, no fim dos anos 90, se dizia que o bater de asas de uma borboleta em Tóquio poderia causar um furacão no Texas, o fenômeno da interdependência das economias já era um fato consumado. Mas nem o mais delirante visionário poderia imaginar a que ponto ele chegaria. A China levou ao paroxismo a ideia de globalização da economia. É por isso que o mundo agora prende a respiração ante o anúncio da nova geração de líderes — sobre a qual tudo o que se pode dizer é que não incluirá um único fio de cabelo branco.

A estrutura de comando no regime chinês continua cimentada no mais genuíno molde soviético — é centralizada, monolítica e inescrutável. Embora já esteja definida, a identidade dos homens, e talvez das mulheres, que vão integrar o Comitê Permanente do Politburo, a mais alta instância decisória do PCC, permanece um segredo. O único nome tido como certo é o do futuro presidente, Xi Jinping, sobre o qual pouco se sabe além do fato de que é engenheiro químico por formação, integrante da



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POR QUE A CHINA FALA GROSSO

“**M**orte aos demônios japoneses” — a frase, impressa em adesivos, estava colada nas janelas dos ônibus estacionados em pontos centrais de Xangai no dia 29 do mês passado, quando se comemoraria o quadragésimo aniversário da normalização das relações diplomáticas entre Tóquio e Pequim. Postados diante dos veículos, policiais uniformizados abordavam passantes, convidando-os a “protestar” diante do Consulado do Japão. O transporte era por conta da prefeitura. Como essa, centenas de manifestações anti-Japão estimuladas pelo governo eclodiram no país nos últimos meses, a pretexto da discussão sobre a posse das Ilhas Senkaku/Diaoyu.

O nacionalismo há muito substituiu o comunismo como ideologia na China. Mas a atuação das autoridades nesse episódio tem um significado particular. O presidente Hu Jintao, prestes a ceder o lugar a Xi Jinping, luta para manter sua influência no governo e resguardar uma parcela de poder, para si e seu grupo, depois da aposentadoria. A forma mais eficaz de fazer isso é permanecer mais alguns anos como chefe da Comissão Militar Central, órgão responsável pelas Forças Armadas, tal como fez seu antecessor, Jiang Zemin. Ao falar grosso com o Japão e não descartar a via bélica, Hu busca o apoio dos militares ao seu projeto de poder. Xi segue na mesma toada. Quando declara, em tom de ameaça, que o Japão deve “controlar sua conduta”, pretende o mesmo que Hu: agradar às “águias” do generalato chinês, cujos seguidos aumentos salariais dão ideia de sua enorme influência sobre o regime.

◀ CENSURA E SOFT POWER O BLOGUEIRO MAIS LIDO DO MUNDO

Poucas celebridades mereceram tanto a fama quanto **Han Han**, 30 anos. Aos 17, depois de abandonar o colégio, ele escreveu um romance bem-humorado desancando os professores e o sistema de educação da China. Vendeu 2 milhões de cópias. Já como escritor conhecido, começou a pilotar carros e logo se tornou campeão do Chinese Touring Car Championship (CTCC) — no torneio deste ano, é de novo o favorito. Seu blog registra meio bilhão de visitantes, o que provavelmente faz dele o blogueiro mais lido do planeta. Nele, Han Han raramente escreve sobre carros. Prefere usar o texto irônico e afiado para falar mal do regime (comentando, por exemplo, a repressão a protestos de moradores que tiveram suas casas desapropriadas, ele sugeriu que o governo construísse para eles celas no lugar de casas: “Economizaria dinheiro e resolveria o problema das reclamações”). Censura e corrupção são temas frequentes de seus posts — que os fãs cuidam de compartilhar antes que sejam “harmonizados”, o eufemismo chinês para “censurados”. Rico, influente e vitorioso — mais alguma coisa? Sim, Han Han é sexy e tem uma banda de rock. Tantos predicados explicam por que, durante uma semifinal do torneio de CTCC em Guangzhou no mês passado, dezenas de adolescentes derretiam sob o sol à espera de um olhar seu.

Naquele dia, Han Han estava chateado. Seu carro teve problemas mecânicos e ele não queria saber nem de China

nem de política. Embora gentil, parecia genuinamente desinteressado também no fato de que, pela primeira vez, teria um livro lançado em inglês: *This Generation*, uma coletânea de seus últimos posts. “Falo e entendo mal a língua. Então, para mim, não adianta muito”, foi seu comentário cem por cento desatento. Perguntado se era verdade que o seu romance de estreia seria publicado no Brasil, lançou um olhar confuso em direção à sua mulher e agente, que confirmou estar em negociações com uma editora.

Han Han é um produto de exportação, mas não foi bem nele que Hu Jintao pensou quando falou em “soft power”. No ano passado, o presidente anunciou que, como parte dos esforços para levar a China ao lugar que sempre foi dela, o governo incluiria, entre suas metas, a divulgação de sua literatura e riqueza cultural. Hu Jintao pensava em Confúcio, o filósofo que viveu há 2 500 anos e simboliza a milenar sabedoria chinesa.

Trezentos institutos com o nome dele foram abertos no mundo para disseminar a língua e a cultura chinesas. Prosélito da obediência filial, da dedicação ao estudo e da devoção à pátria, Confúcio é a antítese de Han Han. O sucesso do blogueiro é um sinal de que seduzir multidões não é algo que se faça por decreto.



nobreza vermelha (o pai foi homem de confiança de Mao) e fã de programas de esporte na TV. O regime chinês encara o conceito de transparência da mesma forma que os motoristas de Pequim veem o cinto de segurança — como um acessório apreciado pelos ocidentais, mas sem utilidade por lá.

O Brasil olha apreensivo para essa potência opaca como a Grande Muralha do momento em que acorda à hora em que vai dormir. “O que a China compra ou deixa de comprar é tão crucial que dizemos que ela é o nosso ministro da Economia”, diz José Augusto de Castro, presidente da Associação de Comércio Exterior do Brasil. Se um meteoro caísse na China e ela sumisse do mapa amanhã, a balança comercial brasileira não apenas despencaria, mas mudaria de sinal. “Iria facilmente dos atuais 17 bilhões de dólares de superávit para pelo menos 15 bilhões negativos”, calcula Welber Barral, da consultoria Barral M Jorge. Nessa conjectura apocalíptica, os Estados Unidos, cujo gigantesco déficit a China financia, ficariam insolventes. Pequenos, médios e grandes negócios fechariam as portas. A Europa também viria a nocaute, sem gordura para queimar e com países ancorados na exportação de maquinário. O Japão, que tem 20% de suas exportações direcionadas para a China, entraria em colapso, o mesmo destino dos vizinhos asiáticos Bangladesh e Vietnã, hoje satélites chineses. Portanto, nem é bom pensar nessa catástrofe cósmica. Ela só serve para dar a real dimensão da dependência que os 5,7 bilhões de pessoas fora da China têm do apetite e da possibilidade de consumo do 1,3 bilhão de chineses.

No polo industrial de Shenzhen, as praças estão lotadas de recrutadores pagos pelas fábricas para atrair trabalhadores. Nas tabuletas que exibem, as ofertas de salário chegam a 400 dólares mensais — o dobro da média de 2006. Algumas incluem promessas como dormitórios com ar-condicionado, festas de fim de ano e até “vale-bolo” para os aniversariantes — tudo para tentar fugar a cada vez mais escassa mão de obra operária. Por causa do envelhecimento da população, a previsão é que a oferta de trabalhadores com menos de 24 anos caia um terço nos próximos doze anos. “Agora são os operários que escolhem a empre-



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TEMOS VAGAS

Para atrair a mão de obra cada vez mais escassa, fábricas de Shenzhen pagam recrutadores que acenam com salário de 400 dólares e até “vale-bolo” para o operário aniversariante



◀ MERCADO DOMÉSTICO A GISELE BÜNDCHEN DA INTERNET

Um pulinho, uma pose, um clique. **Tian Yuan Yuan** repete a série três vezes e muda de roupa — para, em seguida, começar tudo de novo: um pulinho, uma pose, um clique. Por cada peça que veste, ela ganha 100 iuanes (16 dólares). Já chegou a fazer 300 trocas numa única sessão de fotos. As imagens vão para o Taobao, o site de compras que, na China, equivale ao Amazon e ao eBay, e onde Yuan Yuan reina absoluta. Ela é a número 1 no ranking que o Taobao faz das modelos com base na venda das peças que elas anunciam. Yuan Yuan é particularmente boa para vender meias e calças — suas pernas têm quase 1 metro —, mas é o formato de seu rosto, que os chineses consideram perfeito e chamam de “semente de girassol”, que ajudou a fazer dela uma estrela da internet. No mês passado, a modelo, de 22 anos, passou a tarde em um estúdio em Guangzhou posando para uma confecção ao som de Michel Teló, que ela não sabia quem era. “Coreano?”, chutou.

O Taobao, empresa do gigante Grupo Alibaba, tem 500 milhões de usuários registrados. É só uma ínfima ponta do colossal iceberg de consumidores domésticos com que a China conta para sustentar seu crescimento. O problema é que os chineses têm hesitado em fazer a sua parte. Gastam pouco, poupam muito. A insegurança diante da precariedade dos sistemas públicos de saúde e aposentadoria é a principal razão desse comportamento. O serviço nos hospitais públicos da China é tão ruim que, em 2010, foram registrados 17 000 episódios de agressão a médicos e funcionários, a maior parte cometida por familiares de pacientes fartos de aguardar nas filas e de ter de subornar para obter atendimento. O sistema público de aposentadoria, que agora começa a ser melhorado, só contemplava 25% dos migrantes que viviam nas cidades em 2010. “O governo terá de acelerar as reformas para responder às atuais grandes preocupações da população: educação, saúde, habitação e aposentadoria”, diz o analista Robert Kuhn. Poses e pulinhos não vão bastar para convencer os chineses a abrir a carteira.



MIRAGEM?

Castelo inspirado no Palácio de Versalhes erguido pelo governo em uma rodovia de Tianjin. Na frente, réplica da pirâmide do Louvre: criatividade para manter o motor do crescimento girando



FOTOS ADAM DEAN

O LIXO E O LUXO
Uma das sociedades mais desiguais do planeta, a China registra 500 manifestações de protesto por dia. Em Xangai, o salário mínimo equivale a 180 dólares por mês

sa em que vão trabalhar, e não o contrário”, diz a recrutadora Zhou Li.

No tempo da fartura de braços, a China inundou o planeta com seus manufaturados. Com o dinheiro das exportações, fez com que portos, aeroportos e cordilheiras de arranha-céus brotassem do chão como bambu depois da chuva. Para manter girando o motor do crescimento, construiu o que era preciso, o que era desnecessário e também o que mais tarde se revelou a mais pura extravagância, como um castelo de 12.000 metros quadrados que imita o Palácio de Versalhes, esplendorosamente instalado em meio a uma rodovia na cidade industrial de Tianjin. O Chateau Dynasty foi erguido para comemorar o aniversário de uma vinícola estatal. Tem salões com paredes forradas de tapeçarias, lustres monumentais e um apenas tênue compromisso com a obra e a época que o inspiraram, como atestam a réplica em tamanho natural da pirâmide do Louvre em frente à sua fachada “barroca” e a





▲ A VIDA DOS RICOS ELE TIRA DOS MILIONÁRIOS PARA DAR AOS AFORTUNADOS

Boris Yu tem a gargalhada fácil e aquele ar satisfeito dos que encontraram a prosperidade. Prosperidade que, no caso dele, não é apenas um fim, mas um meio. Os milionários chineses são a matéria-prima do seu negócio — uma empresa especializada em fazer as vontades dos que têm muito dinheiro e sugerir-lhes a melhor forma de separar-se dele. De reservas em restaurantes mundo afora a vagas em colégios suíços para as crianças, não há o que Boris não consiga para os seus clientes. Em jantares regados a Château Lafite — o vinho preferido dos donos de fortunas recentes na China —, ele também cuida de aproximá-los de gente que oferece as boas coisas da vida, como designers de joias e produtores de uísques raros. Boris junta as duas pontas e ganha em ambas. Engenheiro, ele nasceu em Hong Kong, foi educado em Londres e, depois de trabalhar na filial de Xangai de uma das mais famosas empresas de concierge de luxo, resolveu abrir a própria. Concluiu que os desejos de um chinês rico só podem ser plenamente atendidos por outro. “Ser recepcionado em um hotel com uma taça de champanhe como cortesia é insulto para muitos”, explica. Na China, os homens de negócios têm o hábito de trocar presentes valiosos. Assim, se alguém quer fazer um chinês rico se sentir prestigiado, tem de dar a ele não uma taça de champanhe, mas uma garrafa. “E tem de ser vintage, hohoho!”

Desde o ano passado, o número de milionários na China cresceu 6,3%. Eles gastam, em média, 22 000 dólares por ano em produtos de luxo, incluindo turismo. Mais do que o dobro de um típico milionário europeu (10 500 dólares) ou americano (9 500). Ocorre que muitos chineses ricos sentem compulsão de abandonar a China. Uma pesquisa feita pelo Hurun Report mostrou que mais da metade dos milionários locais, preocupada com a estabilidade do regime, decidida a dar melhor educação aos filhos e fugir da poluição, considera a possibilidade de emigrar. Boris se preocupa com isso? Ele responde com sua risada gutural. “Hohoho... Para cada milionário que for embora, surgirão outros dois.”

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GLORIOSO É GASTAR

Eles continuam brotando como cogumelos: de 2011 para 2012, o número de milionários na China subiu 6,3%. Eles gastam mais do que o dobro da média dos seus equivalentes europeus e americanos



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escadaria de mármore do salão principal que o guia orgulhosamente informa ter sido baseada naquela em que Nicole Kidman aparece no filme *Moulin Rouge*. Alguns dos aposentos do Chateau Dynasty foram feitos para funcionar como restaurante e salão de jogos, mas, por enquanto, só o que se vê neles são funcionários entediados que, à vista de um raro visitante, cuidam de esconder o taco de bilhar atrás das costas.

Castelos delirantes, cidades fantasmas, edifícios vazios — estaria a China alimentando um colapso imobiliário de consequências catastróficas? E o que acontecerá com o mundo se ela frear esses investimentos de vez? Uma pista para a última pergunta está no preço do minério de ferro. Cotado a 12 dólares a tonelada em 2000, ele passou a valer 136 dólares em 2011 — e a diferença se deve unicamente à entrada da China na cena mundial. É de imaginar o tombo que sua safra provocaria. No Brasil, o minério de ferro, a soja e o petróleo representam, juntos, 80% das exportações para lá.

Não importa quantas provas de resiliência a China já tenha dado, nunca faltam analistas com a avaliação de que a potência asiática se encontra em uma sinuca de bico. Eles mostram isso na

“COMUNISTA” *por dentro e capitalista por fora: até quando a potência que será a primeira economia do mundo em 2017 conseguirá manter a dualidade?*

ponta do lápis. Se o investimento em capital fixo na China está batendo em 50% do PIB e o crescimento sustentado da economia é diretamente ligado a esse indicador, então, para continuar nesse ritmo avassalador, o governo chinês vai ter de continuar poupando — o que é quase o mesmo que investir em capital fixo. Ocorre que boa parte desse investimento na China é desnecessário — aeroportos hiperdimensionados, prédios descomunais quase desabitados, estradas asfaltadas ligando o nada a lugar nenhum. Em algum momento, dizem certos analistas, esses investimentos improdutivos vão mandar a conta, pois eles custaram dinheiro e não estão gerando nenhum. Aí então começaria a quebra-deira de bancos e empresas que terão perdido fortunas nessas obras.

Esse cenário pessimista, rebatem os otimistas, ignora o fato de que tudo o que parece hoje desperdício ou mentalidade faraônica na China nada mais é do que planejamento — a preparação para o futuro urbano de um país de passado e

presente rurais. “A urbanização é um elemento-chave para entender a China”, diz o analista e investidor americano Robert Kuhn. Centenas de milhões de chineses já trocaram o campo pela cidade e mais 300 milhões devem fazer o mesmo até 2030. É um aumento quase igual à população dos Estados Unidos. “A ocupação urbana é gradual, mas as condições para que ela se dê têm de ser providenciadas com antecedência”, diz Kuhn. “Construa e eles virão” é o mantra do governo chinês. E, depois de virem, “eles” consumirão, desejarão ter casas e precisarão de transporte. “Isso é o que vai assegurar a continuidade do crescimento da China, do qual o mundo inteiro espera participar”, diz Castro.

Crescer rapidamente é vital para a China. Sem isso, as frequentes mas fracas fagulhas de insatisfação (quase 500 manifestações de protesto por dia), ainda facilmente apagadas pelo regime, podem incendiar o tecido social banhado na gasolina da desigualdade, na censura sistemática, nos escândalos de corrupção, no desacreditado sistema legal e nos alimentos de má qualidade. O resultado seria uma explosão de consequências sociais e políticas inimagináveis. Todo dia os jornais registram um novo escân-



**TÃÃO SÉCULO
PASSADO...**

O governo de Hu Jintao (em primeiro plano) ficou marcado pela aversão ao risco e obsessão pelo consenso, do qual nem as gravatas dos líderes escapam. Para manter a prosperidade da China, o governo de Xi Jinping (à esq.) terá de modernizar o seu figurino

dalo relacionado a comida adulterada. Wu Heng, um jovem morador de Xangai, criou um blog sobre o tema depois de ler que produtores estavam misturando um aditivo à carne de porco para vendê-la como carne de boi. O blog teve 10 000 acessos em janeiro, e entre março e abril já registrava 5 milhões. Uma das notícias que ele reproduziu e que tiveram maior repercussão veio do *Diário de Guangzhou*. Em maio, o ex-empregado de uma fábrica clandestina em Dongguan, na província de Guangdong, procurou um repórter do jornal para revelar que havia trabalhado para um comerciante cujo negócio consistia em colher o óleo que boiava nos canais de esgoto e tanques de assepsia da cidade para em seguida filtrá-lo e revendê-lo como óleo de cozinha. Levada pelo denunciante à fábrica clandestina, a polícia encontrou lá setenta barris do produto prontos para ser distribuídos a restaurantes da vizinha cidade de Shenzhen. Diz o historiador americano Jeffrey Wasserstrom: “Episódios como esse estão aprofundando o

que já caracteriza uma crise de confiança da população em relação ao governo”.

Diz-se da China que ela é comunista por dentro e capitalista por fora. Nada indica que isso vá mudar com os homens de ternos escuros, cabelos retintos e poucas palavras que ascenderão ao poder. Tampouco se espera que a marcha em direção à plena economia de mercado sofra uma aceleração abrupta. As regras no comando do PCC são feitas para evitar o surgimento de líderes impactantes, seja à esquerda, seja à direita. O partido faz de tudo para que não apareçam revolucionários como Mao Tsé-tung, personalidades dominadoras como Deng Xiaoping ou enterradores de regime como o russo Mikhail Gorbachev. O poder é para ser compartilhado. Os líderes têm prazo de validade de dois mandatos. Aos 68 anos, aposentam-se. As disputas entre as facções são de natureza pragmática e resolução discreta. Isso, claro, se a mulher de um dirigente não assassinar um empresário inglês e for denunciada pelo homem de confiança do marido, que é con-

denado à prisão por crime de desobediência ao Partido — a narrativa oficial para o caso do ex-secretário do PCC em Chongqing, o neomaoísta Bo Xilai.

Com sua aversão ao risco e sua preocupação com a estabilidade, o governo Hu manteve o Partido coeso e os ventos da “primavera árabe” distantes de Pequim. Mas a escolha teve seu preço. “Num momento em que a China precisava desenvolver tecnologia e conhecimento, tornar sua economia mais eficiente e sua política mais transparente, o que se viu foi um governo com um déficit de inovação, amarrado por um pacto de mediocridade e uma obsessão pelo consenso”, afirma o historiador Willy Lam, professor da Universidade Chinesa de Hong Kong e autor do livro *Chinese Politics in the Hu Jintao Era*. Para que a China continue crescendo, reconquiste a confiança interna e mostre ao mundo que não é um fóssil totalitário que se esqueceu de desaparecer, os novos dirigentes terão de arejar o regime. O mundo deseja-lhes boa sorte e assiste a tudo com um frio na espinha. ■

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http://news.xinhuanet.com/english/indepth/2012-10/26/c_131932296.htm

China still has much to do in promoting cultural influence: U.S. banker

LOS ANGELES, Oct. 26 (Xinhua) -- China still leaves much to be desired in promoting its cultural images on the international arena, although it has made substantial progress in its cultural influence since 2002, a U.S. banker said in a recent interview with Xinhua.

In the past decade, China's cultural industries and influence have made very substantial progresses on several important levels, said Robert Lawrence Kuhn, a U.S.-based international investment banker who is also the author of "How China's Leaders Think" and other volumes about China.

China has enhanced its domestic living standards and communicated the world with its true story, and its cultural industries and influences have advanced remarkably than 10 years ago when its culture, which is always rich and unique in artistry, was hampered by the planned economic system, Kuhn said.

"China's leaders initiated substantial reforms - such as converting government departments into companies and reducing subsidies -- thus enabling market dynamics and mechanisms to advance the character of China's cultural industries," he said.

"The growth of China's internet and film industries are just two of the high points. This story is underreported in the foreign media, which does not appreciate the great variety, creativity and artistic energy that have been unleashed in all facets of China's cultural industries, including news and media," he said.

These advances have formed the foundation from which China's culture can begin to build and continue to increase its international influence, he

added.

Commenting on the new characteristics and trends of the interaction of China's culture with others in the world in recent years, Kuhn said that China's leaders have made the bold decision to increase the influence of China's voice in the world, particularly through the international development of China Central Television (CCTV), Xinhua News Agency, China Daily, Global Times, and China Radio International (CRI).

"This is a long-term, multiyear initiative that is as visionary and bold in its goal as it is complex and nuanced in its execution," he said.

"The timing turned out well in that as China's position in the world has increased, and as great economic and political problems have erupted, China's position economically and politically has become much more important and many leaders in the worlds of economics, diplomacy and media are starting to pay attention to China," he said.

Kuhn said that many foreigners noticed his commentaries on CCTV and in China Daily and he was indeed "allowed" to present balanced and nuanced analyses of both international and domestic events on China's media, with constructive critique as well as appropriate praise.

"This reflects well on China's increasing sophistication in dealing with international opinion," he said.

Meanwhile, Kuhn believed that unbalance still remains between China's culture influence and its economic power and China needs to do more to address it.

"China must continue the path it is on, though the road may be long and not always straight," he said.

Citing the launch of China's manned space program in the early 1990s when the [United States](#) and [Russia](#) seemed to be an insurmountable lead, Kuhn said that China now is among the leaders in space and the next human being on the moon may be Chinese.

"The same analogy holds in world culture and news," he said.

To narrow its gap with world opinion, China needs to be open minded on its international platforms, and it is more important for China to control serious platforms for news and opinion than for China to control every specific comment made on those platforms, he said.

The world has great interest in China and Chinese media should lead the way in satisfying the world's hunger for information about China. For special stories about China - be they positive or negative - the world must come to believe that they will get the most accurate, most comprehensive and quickest information on Chinese media, not on the competing international channels, such as BBC, CNN and New York Times, he said.

Though CCTV, Xinhua, and China Daily have made great progress, there still needs to be more flexible for opinion and rapid in response, Kuhn noted.

International media like BBC, Bloomberg, CNBC, Washington Post, or Los Angeles Times, usually act more rapidly than China's media like CCTV, Xinhua or China Daily. For China to gain greater control of its own message and image, this should change - gradually is fine, he stressed.

"I believe that with China becoming more confident, China's media will take its rightful place alongside the world's major media," he said.

To the extent, China's media can have more "flexibility" and respond more "rapidly", although they are likely to face this or other kind of errors or internal criticism, he said. To be overly cautious - especially in a world of instant information - will limit China's influence.

"China must increase its influence. It is best for both China and the world to have greater influence in media and culture," he added.

On China's active promotions of its creative culture and exports of cultural products to other countries, Kuhn said that Chinese cultural products, such as films, dance, acrobatics, Confucius Institutes have all made progress, driven by high artistic standards and by general world interest in China.

"This is good, but not good enough," he said.

China must give its most creative people more freedom as creating successful cultural products is not like constructing good roads or cost-efficient power plants, he said. World cultural markets are fiercely competitive and low cost is almost irrelevant.

China's artistic, cultural, media and entertainment professionals can become second to none in the world. Individual Chinese creative professionals - such as artists and journalists - can do more for China's image and influence than what large government projects can do, he said.

There is another major factor that should be appreciated in China's important growth of its cultural industries, particularly as China's media and entertainment enterprises reach out to the world, Kuhn said.

The direction of learning is not one way. It is not the case that China is only increasing its influence on international audiences without being itself influenced in the process. This is extremely important and will accelerate China's understanding of the world, and hence China's power to further increase its influence.

It does no good to fool oneself by assuming that having international channels or newspapers means that international audiences are watching or reading them. Because to have real influence in fact, one must understand the ways of thinking of international audiences, and to understand their ways of thinking is to enrich and expand one's own ways of thinking.

This is a "virtuous circle" in that the more sophisticated Chinese cultural professionals become, the more influential they will become, Kuhn said.

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NZ Week

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<http://www.nzweek.com/business/china-still-has-much-to-do-in-promoting-cultural-influence-u-s-banker-17987/>

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China must give its most creative people more freedom as creating successful cultural products is not like constructing good roads or cost-efficient power plants, he said. World cultural markets are fiercely

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China's artistic, cultural, media and entertainment professionals can become second to none in the world. Individual Chinese creative professionals – such as artists and journalists – can do more for China's image and influence than what large government projects can do, he said.

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(Xinhua)**

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美国著名投资家库恩： 中国十年取得五大成就

□本报驻洛杉矶记者 王军

罗伯特·劳伦斯·库恩博士是美国著名投资家，《中国30年：人类社会的一次伟大变迁》和他改变了中国：江泽民传》两部专著作者。日前，他接受了本报书面专访，就中国近年来取得的成就、如何评价中国的发展模式、如何看待中国遇到的复杂的社会现象等问题谈了自己的看法。

发展、巩固和变迁

《参考消息》：您认为这十年来，中国取得的最重要的成就是什么？为什么？中国过去十年来哪些变化给您印象最为深刻

库恩：2002年至2012年是一个发展、巩固和变迁的历史阶段。中国在胡锦涛主席的领导下取得了巨大成就：中国成为仅次于美国的世界第二大经济体，这种令人惊叹的经济增长和持续的稳定局面使中国共产党主张的改革开放政策得到印证。然而，伴随着中国的巨大也出现了各种各样的问题。需要运用科学发展观来思考这些问题，不应过分强调GDP的增长等单一指标，而应实现可持续增长和保护环境等多种指标的最优化。

过去十年来，中国在教育、医疗卫生、科技创新、文化新闻和党内民主五个方面取得了令人瞩目的成就。

教育：正如温家宝总理所说，中国将把教育经费增加到GDP的4%，这是中国对未来的一个庄严承诺，目的是消除城乡之间、沿海地区和内地之间存在的日益严重的失衡现象。能够说明中国在教育领域取得成就的一个例子是，在2009年举行的65个国家参加的15岁儿童标准化考试中，上海的学生在阅读、数学和科学三个项目中独占鳌头。

医疗卫生：中国于2009年开始医药卫生体制改革。仅三年时间，13亿人就享有基本医疗保险，这部分人占中国总人口的95%。农村合作医疗制度提供人们急需的基本医疗服务。医改能给最广大人民带来最多的好处，因此是最令人瞩目的成就。

科技创新：发展科技和实现科技成果的商品化对中国的经济增长、创新、教育和提高民族自豪感都具有至关重要的意义。中国领导人尤其是江泽民和胡锦涛反复强调发展科技的重要性，增加用于科技领域的开支，提高科技工作者的社会地位。令我印象深刻的是，政治局常委多次出席有关科技方面的活动，并发出支持其发展的强烈信号。

文化传媒：尚未为人所充分认识到的一个成就是，中国文化产业尤其是新闻媒体在过去十年经历了改革和发展，变得日趋成熟。新闻媒体越来越多地满足老百姓的需要，维护他们的利益，其创造力、市场意识、经营



中国医药卫生体制改革给广大人民带来好处，图为山东胶南以专项资金实施“先住院后付费”制度。(摄影 李紫恒)

能力和财务状况均得到改善。

党内民主：胡锦涛主席发表党的十七大工作报告时多次提到民主。当然，发展党内民主是一个微妙而渐进的过程，但领导层已经提出致力于推动这个变化。增进党内民主会给推行更大程度的民主铺平道路。

“开放”促使中国成功

《参考消息》：近十余年来，世界经济危机一直没有远离，波及许多国家。而中国经济却始终保持了平稳较快增长。您认为主要原因是什么？怎么评价中国的发展道路、发展模式？怎么看中国提出转变经济发展方式？

库恩：中国30多年的改革开放是人类历史上最大的巨变之一。中共的创新之处在于，提出了“实事求是”的理论。尽管改革开放已经成为一个惯用语，但我还是认为，“开放”是促使中国取得成功的真正因素，因为它使中国人民以一种客观的眼光看待事物，从而在保存中国特色的文化的前提下，借鉴国际优秀成果。

2008-2009年的经济危机使中国领导人深刻认识到，必须扩大与世界其他国家的交往，才能保护中国的利益。由于基本面的变得完全不同，中国融入全球意味着它再也无法退回自己的国界。中国形象的好坏与否影响着其产品的销售，同时也影响着人们对其政策(如前往国外并购企业)的支持。

《参考消息》：这十多年来，中国社会的开放度有了很大的提高，但也带来了很复杂的社会问题。对此，您怎么看？

库恩：就现实生活的层面看，中国人民获得的个人自由比以往任何历史时期都多。中国固然没有实现政治多元化，但在经济、社会和文化领域实现了多元化。公民能够获得大量信息，中国政府也开始接纳民主理念，如通过开展民意测验来了解人民的态度和意见。

经济前景引人关注

《参考消息》：现在外界比较关注中国经济放缓的

问题。您认为中国经济的前景如何？目前存在什么问题？会不会陷入所谓“中等收入陷阱”？

库恩：“中等收入陷阱”是真实存在的现象，它是经济转型不完全和政治

改革不充分，在非最优状态下相结合的产物。鉴于中国的城市化和现代化进程以前所未有的速度推进，中国经济的高速增长势头仍将保持10至20年。当然，中国经济的年增长速度可能不会再次达到6%至8%的程度，这可能会使人感到不适，但这一增幅却是最适宜的，因为中国能更有效地解决更严重的问题，尤其是经济和社会失衡以及可持续发展问题。不过，中国经济仍很脆弱，无法抵御来自外部的冲击。

《参考消息》：这十年的发展，对中国今后的发展道路会产生什么影响？

库恩：在不长的时间里，中国的国力在政治、国防、国际事务、经贸和金融等领域取得巨大发展。中国也要在国际社会上相应地承担更多责任。中国必须认识到，世界要想稳定，需要所有国家在对内对外问题上均奉行和平政策。中国在与违反国际准则的国家打交道时，应该向前看而不是向后看。中国在赢得国际社会的尊重方面取得了很大进步。中国要想进一步改善国际形象，就必须放手让中国人民参与经贸、金融、科技创新、新闻媒体、文化娱乐和体育活动。

中共是“学习型”政党

《参考消息》：中共自身过去十年来有什么变化？如何评价中共的领导？中共面临哪些挑战？

库恩：解放思想是中共取得的最伟大的成就。通过解放思想，中国人民在个人生活和社会生活中获得了更大的自由。发展经济是中共取得的第二大成就。中共是一个开明的政党。它是一个“学习型”政党，鼓励党员学习包括科技、经济和文化在内的各方面的知识。

就面临的挑战而言，这些挑战可以广义地分为经济上的挑战和政治上的挑战。从经济角度看，中共需要维持GDP的稳步增长，同时缩小社会上，尤其是城乡之间、沿海地区和内地之间的不平衡现状。提高生产力是实现这一点的关键。如果不提高生产和消费领域的效率，中国就只能改善现状，但前途将会蒙受不利影响。当然，中共面临的最大的挑战将是如何在不影响国家整体生产力的情况下，提高欠发达社会群体的生活水平。要想做到这一点，关键是要通过发展科技来实现创新。

《参考消息》：中共领导人给您的印象如何？

库恩：我认识许多中共领导人。他们关心的是政策是否符合人民的利益，致力于想方设法提高人民的生活水平。许多领导人都了解科技知识，这对于中国的经济发展是一个重要因素。



库恩

包道格现任美国卡内基国际和平基金会副会长，曾于2002-2006年间任“美国在台协会台北办事处处长”。他是资深外交官，曾任老布什总统的特别助理和里根的安全事务顾问。在老布什任内，他担任美国国家安全委员会主管亚太政策的主任。

经济实现“起飞”



包道格

事就是中国加入世界贸易组织(WTO)。在加入WTO之后，外国投资急剧增加，这让中国受益。同时，外国投资的增加也促进了中国国内投资的增加。这也让中国

美国卡内基国际和平基金会副会长包道格： 自信的中国仍然面临挑战

—本报驻华盛顿记者 冉维

冲过了所谓亚洲国家发展模式“的起飞”阶段。但是在大概2005年的时候，中国失去了进行改革的动力。未来10年中国的经济增长速度可能降低。在经济增长减速的情况下，是很难进行改革的。因为在经济快速增长的时候，人们愿意接受改革，因为他们因此能够受益。但是，随着受益的缩水，人们变得不愿意接受改革。

《参考消息》：中国在过去十年经历了迅速的经济增长，您是如何分析中国在过去十年的发展模式？如何看待中国领导人提出的要改变经济增长方式的提议？

包道格：中国的发展模式不是独一无二的。它是对日本、韩国、新加坡、马来西亚、泰国发展模式的一种具有中国特色的复制。这其中包括资本投资、城市化、工业化等手段的应用，这使得中国完成了从以农业为基础的经济向以工业为基础的经济的转变。在完成这种转变后，社会的生产力得到了极大的提高。但是在这之后，你无法继续延续这种模式，因为你再增加更多资本的时候，所产生的效果会逐渐变小。

现在被问的最频繁的一个问题就是，你如何从依靠投资推动转变到以消

费推动的经济发展模式。日本在上世纪90年代取得了一些成功，但也遭遇了一些失败；韩国在1998年进行这一努力时取得了很大成功；新加坡挺过了东南亚金融风暴，现在情况很好。现在的大问题是：中国能否成功实现这种转变。中国比前面提到的所有国家和地区都更巨大、更具多样性。我认为，中国领导人在进行调整时将面对更大的挑战。

《参考消息》：我们都知道中国转变发展模式的必要性。那么要应对这一挑战，中国具体需要采取哪些措施？

包道格：要提高银行贷款利率，要增加投资者的收益，这是根本性的。这也意味着，你需要使中国的金融环境变得更加多样化，做好准备逐渐开放资本项目。还需要通过出售股份、进行私有化等措施缩小国有企业的规模。这是我主要的几个建议。

改革遇到难题

《参考消息》：这十多年来，中国社会的开放度有了很大提高，但也带来了很复杂的社会问题。对此，您怎么看？

包道格：有几个比较严重的社会问

题。比如教育体系，规模迅速扩大，但是没有进行及时改革。需要改变年轻人接受教育的方式，让他们变得对各行各业更加有适应力、更有价值。教育体系的缺陷带来的社会问题就是，年轻人通常有很高期望，但是在就业市场获得的结果很差。还有就是人口结构的问题，这是一颗定时炸弹。因为中国缺乏社会安全网，同时老龄人口迅速增加，劳动力人口迅速减少。

《参考消息》：对于中共领导人在外交上的重大决策，您是如何看的？

包道格：在1998年至2008年期间，中共领导人在外交政策上是非常有技巧的。比如中国加强与东南亚国家的接触，积极加入国际组织并参与维和行动。但是，在2008年出现了问题。由于金融危机和中国做出的反应，加上北京奥运会的巨大成功，中国变得非常自信。中国明显感到了自己在世界的存在。中国开始在南海变得激进，当然越南和菲律宾也在南海有所动作。

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聚焦十八大 2012

中共執政對中國至關重要

本報專訪

美國投資銀行家、中國政治經濟分析專家及中國商業市場專家羅伯特·勞倫斯·庫恩博士接受本報採訪時表示，對未來而言，中國共產黨作為執政黨對中國至關重要。

【本報記者黃曉敏紐約五日電】

為了迎接十八大，庫恩與上海文廣傳媒集團共同製作一個分五部分的電視系列，叫做《中國的挑戰》。他親自執筆和主持節目，突出了中國新領導層面臨的國內主要問題，包括經濟轉型、社會問題、科學與創新、公民社會與政治改革、信仰與價值觀。

庫恩表示，「我個人認為，至少就可見的未來而言，中國共產黨成為執政黨，對中國是至關重要的。」他認為，自己私下認識中國新一代的領導人，覺得他們或許是世界上最準備充分的新領導人。他們基本上具備了強大的教育背景，都有在人口和GDP大省豐富的實際行政經驗。中國在這種精英領導層下管理最有利。

歷史會給予中國褒獎

庫恩總結了在中共總書記胡錦濤的領導下，中國最近10年取得重大成就。

他說，中國加強教育投資比例，顯示出對未來發展的重視。他說，「如果我是一名窮困的農民工，但如果我的孩子能和別的孩子一樣，擁有接受良好教育的公平機會，我再苦再累也甘願，因為我的孩子能過上更好的生活。」

他也對2009年實行的醫療改革表示認可。庫恩說，中國的醫療體系在轉型過程中遭受了不小的陣痛，患者都不滿意，社會也不滿意。但新醫改能夠最大限度地為最廣泛的群體謀利益，雖然難能可貴才開始，但終於實現理想。

他同時讚揚了中國對科技創新的支持。中央政治局常委全體出席科學會議給他留下深刻印象，表現出支持科技產業發展的堅強決心。他說，過去10年來，中國的文化產業，特別是媒體產業的表現都被低估了。

庫恩總結說，這10年來中國在胡錦濤的領導下，成為世界第二大經濟體，並在重要領域發揮自己的影響力。中國同時也經歷了發展、鞏固、轉型的關鍵時刻。長遠來看，歷史會給予中國應得的褒獎。中國的長期穩定為它的驚人發展提供了保障，而中國取得的成就，也驗證了中國共產黨所倡導的改革開放政策的正確性，將一直實施下去。

他指出，中國在經歷巨大變化的同時，各種社會問題也隨之湧現。中國經濟和社會發展都很不均，收入差距過大，社會不公現象頻現。要應對這些問題，就要綜合考量各方因素，優化資源配置。這也是科學發展觀提出的原因，提供了一種思考複雜問題的新途徑。

經濟發展依然是也應該是中國的第一要務，因為只有生產力強大了，才能為重大社會項目提供足夠的資金與資源支持。

新領導層致力於帶來變革

庫恩認為，對於現在的中國來說，變革改革比加快改革更冒險。只有穩定，才能求發展；但經濟發展誘發的社會階層分裂以及混亂的外部環境，都令中國維持穩定發展的局面上加難，這就要求中國要加快改革。

他指出，現在必須強調共產黨的理想，而不是反復強調黨意識形態。重推舊有的意識形態可能會擴大可信的鴻溝；另一方面理想應受到鼓勵，尤其是那些有助於官員以複雜思維思考複雜社會的思想，包括理解當代經濟和科學的理想。

庫恩最後表示，中共要繼續其歷史的發展，透明度是關鍵。中國在世界上太矚目了，要不被人注意是不可能的。掩蓋真相帶來的痛苦往往比真相本身帶來的痛苦更劇烈，哪怕短期內也是如此。

庫恩談中國10年四大成就

- 教育**
 - 中國將全國GDP的4%用於教育事業，是中國重視其未來發展的一項主要舉措，這也是對城鄉之間存在的極大差異進行再調整的重要機會。中國對教育的大力支持，特別是在廣大的農村和內陸地區，將會造福最廣大的人民群眾。
- 醫療保健**
 - 2009年，中國實行了醫療改革。13億中國人在3年內能夠受益於基本醫療保險。醫療改革能夠最大限度地為最廣泛的群體謀利益，是民生工程的首要任務。艱難的征程才剛剛開始，但改善中國人民醫療條件的努力的確讓夢想一步步實現。
- 科技創新**
 - 中國的國家領導人都不斷強調發展科技並將其轉化為生產力的重要性，並為科技發展提供了更多的資金，也提高了科研人員的社會地位。中央政治局常委全體出席中國科學院院士大會等科學會議，表現出了中國政府大力支持科技產業發展的堅強決心。
- 文化與媒體**
 - 過去10年來，中國的文化產業取得發展被嚴重低估，可以看到中國媒體報道方式更注民生形式，更加多樣化，形式和內容也更創新。



▼8月，美國夢工場公司宣布在上海設立東方夢工場資料圖片

▲2009年，上海15歲中學生參加全球標準考試取得第一 資料圖片

▲2009年，中國實行醫療改革 資料圖片

▲神州九號印證中國科技發展 資料圖片



《江澤民傳》作者 向世界介紹中國

現年68歲的庫恩給人的印象，向世界介紹中國是他一項重大「愛好」。他在花旗銀行做過高管，國際戰略研究專家，同時，他在2005年出版了《他改變了中國——江澤民傳》一書，成為中國內地出版的首部在世最高領導人的傳記。他還應邀就中國改革開放歷程寫出了《中國30年》一書，並著有《中國領導人怎麼想》等英文著作。《金融時報》、《中國中央電視台》的特別評論員。

同樣令人好奇的還有庫恩在中國的身份。這個只能用中文進行簡單交流、取得中國博士的猶太人，既是許多跨國公司中國戰略的策劃者，也是中國在西方的義務宣傳員。

從庫恩的描述中不難總結出，他在中國有兩個「主人」：1989年，他應時任國務委員國家科委主任宋健的邀請擔任顧問，成為在中國東方的「導師」；而《江澤民傳》則幾乎成為庫恩的標識，和打開中國高層之門的通行證。

他說，西方媒體對中國的批評是有偏見的，所以他寫下《真實全量式的中國故事》。庫恩曾表示自己寫書並不是為了賺錢，在寫作《江澤民傳》的4年間，在中國沒有從事任何商業項目，停止了在中國的一切商業活動，沒有收到任何直接或間接的經濟報酬。《江澤民傳》出版後，庫恩就通過出版社，將50%的版權捐給了中國社科院和希望工程。

羅伯特·勞倫斯·庫恩

現年68歲，在花旗銀行做過高管，國際戰略研究專家，著有《他改變了中國——江澤民傳》、《中國30年》等中文著作，另有《中國領導人怎麼想》等英文著作。《金融時報》、《中國中央電視台》的特別評論員。



▲2005年，時任浙江省省書記的習近平蒞臨調研 資料圖片

庫恩曾接受中國國務院新聞辦委託，為中國改革30年歷程操刀寫作。他訪問了中國20多個省份的40多個城市，與政界、商界領袖交流，最終寫成了《中國30年——人類社會的一次偉大變遷》一書。

庫恩說，自己有幸認識中國的新領導人，曾經在他們的陪同下，訪問他們所管理的省份。中國的新領導人，無論是管理大型行政區還是領導中央部門，都有特殊的經驗。大部分新領導人都曾經以黨委書記、市長或市長的身份，管理過兩個或以上的省份或主要城市，而且如果按人口和整體生產總值單獨計算，在全世界名列前茅。

習的熱情令人印象深刻

庫恩說，2006年自己有幸在杭州，與時任浙江省省書記的習近平會面。當時，習近平強調，「推行國家戰略的關鍵在於，把黨指引的精神，套用到地區的現實中，從而制定可以有效推行的具體政策。」

習近平在浙江發展了一套「八八戰略」，利用8種競爭優勢和8種行動措施，建設成「一個更美好的浙江」。例如，他提出了「平安浙江」、「文化建設」和「政治建設」（強調法治和開放的統治機制）的系統性構思。除了提高人均國內生產總值，習近平還把焦點放在加強文化教育、發展郊外落後地區（包括農村醫療），並針對節約能源。習近平說，「我們現在比其他省份早遇到一些問題，例如空氣環境問題、資源的過度和分配，提升行業人士的需求。」

習近平解釋，解決方法包括加強創新以改善核心競爭力，還有加強教育和訓練計劃以培育合資格的人才。習近平強調需要「協調和平衡」不同利益，從而在「一個經濟快速增長、各利益集團之間出現衝突的時期，建立一個「和諧社會」。

庫恩表示，浙江的統計數字固然令人印象深刻，但習近平的熱情和承諾同樣如此，對於方案和細節，習近平不僅有所認識，而且還喜歡加以討論。

李幾乎每日到訪一城市

正當時任遼寧省省書記李克強開始宣傳「振興東北」的國家政策，他所面對的挑戰，可不僅僅在於改造固有企業，也在於給私企創造一個當前的環境。李克強2004年下半年抵達遼寧不到兩周，足跡遍及全省，幾乎每天都到訪一個城市。他的方案就是要在3大經濟支柱——西南部的蘇州、省會瀋陽和遼寧的城市大連、建設遼寧的經濟、帶來社會公平，李錦華的一項特殊任務是發展區域競爭力，即生產各種工業。其中一個重要方面，是翻新遼寧的貧困住宅區，以便120萬人入住新屋。

庫恩眼中的習近平李克強

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正當時任遼寧省省書記李克強開始宣傳「振興東北」的國家政策，他所面對的挑戰，可不僅僅在於改造固有企業，也在於給私企創造一個當前的環境。李克強2004年下半年抵達遼寧不到兩周，足跡遍及全省，幾乎每天都到訪一個城市。他的方案就是要在3大經濟支柱——西南部的蘇州、省會瀋陽和遼寧的城市大連、建設遼寧的經濟、帶來社會公平，李錦華的一項特殊任務是發展區域競爭力，即生產各種工業。其中一個重要方面，是翻新遼寧的貧困住宅區，以便120萬人入住新屋。

外國智庫看十八大

「三個代表」與「科學發展觀」

庫恩雖然從上世紀90年代中期就與中國多個政府部門進行廣泛接觸和合作，但最終確立他在中國聲望的，則是《他改變了中國——江澤民傳》的寫作和出版。

將革命黨改造成執政黨

庫恩說，江澤民的「三個代表」思想，是透過「與時俱進」來把黨的實用主義制度化。所謂「與時俱進」，就是把黨現代化，將它由革命黨改造成執政黨；將黨擴大，包含當代社會各個階層的領袖；推動經濟和知識的生產力。江澤民知道，要發展中國以知識為基礎的全球化經濟，他就要令黨的意識形態與當前的現實達成一致以達致現代化。

對外國人來說，「三個代表」也許似乎平淡無奇，沒有什麼價值。但對聰明的中國人來說，這套思想不但起改造作用，而且充滿能量。

第一個「代表」（「先進社會生產力」），促進「物質文明」的建設，那是恢復中國的活力的基本目標。對江澤民來說，這也包括科技的創新，黨將代表知識分子，而黨本身也在過程中知識分子化。

第二個「代表」（「先進文化」），圍繞道德、公民行為、高尚的個人特性。這意味著「精神文明」的建設，那是黨尋求追求恢復中國元氣的補充目標，反映中國文明的一種重新出現的自覺感。江澤民憑著其愛國主義及深厚的文化底蘊，尋求恢復傳統的價值和長處，把它們和有中國特色的社會主義結合起來。

第三個「代表」（「最廣大人民的根本利益」），則把黨可及的範圍超越農工農民的傳統無階級基礎，伸至全中國社會，把知識創造者（例如科學家）和財富創造者（例如企業家）也包括在內。江澤民知道，黨內具備創造知識和財富的人，是確保黨能繼續實行領導的一方法。

「科學發展觀」協調目標

關於胡錦濤主席提出的「科學發展觀」，庫恩表示，要明白「科學發展觀」的動因，就一定要意識到中國問題的範圍和深度，尤其是收入不平衡，社會不公平，可持續發展、環境污染、政治改革等。這些問題大多數是快速工業化無可避免的結果，十分嚴重，有些更有惡化跡象。

這裡有一個緊張關係：中國必然繼續把經濟增長放在它的首要位置——從而提供就業，對過剩的農民和下面的工人尤其如此；如果這個國家不能保住就業，社會就會面臨分裂。但如今中國必須考慮其他因素，如：糾正經濟不平衡，帶來社會公平，能夠進行可持續發展、保護環境、追求政治改革等。因此，協調目標是必要的（這包括卓越教育、科學發展、技術成就和文化發展），而「科學發展觀」可以令這些目標更趨完善。



▲民眾在書店閱讀庫恩所著的《他改變了中國——江澤民傳》 資料圖片



新华视点

Xinhua Insight (Xinhua)

Further reforms to test China's new leadership

November 14

http://news.xinhuanet.com/english/special/18cpcnc/2012-11/14/c_131974772.htm

China watcher Robert Kuhn said that five key issues are faced by China's new leaders: economic restructuring, improvement of people's livelihoods and social security, innovation, political participation, beliefs and value systems.

All these challenges require the Party to take action, he said.

Associated Press

Xi Jinping takes helm of party, army in problem-plagued China

By Charles Hutzler

Posted: 11/15/2012 09:20:19 AM PST

Updated: 11/15/2012 11:55:57 AM PST

Kuhn quote: P. 3 bottom

BEIJING -- Long-anointed successor Xi Jinping assumes the leadership of China at a time when the ruling Communist Party is confronting slower economic growth, a public clamor to end corruption and demands for change that threaten its hold on power.

The country's political elite named Xi to the top party post on Thursday, and unexpectedly put him in charge of the military too, after a weeklong party congress and months of divisive bargaining.

The appointments give him broad authority, but not the luxury of time. After decades of juggernaut growth, China sits on the cusp of global pre-eminence as the second largest economy and newest power, but it also has urgent domestic troubles that could frustrate its rise.

Problems that have long festered -- from the sputtering economy to friction with the U.S. and territorial spats with Japan and other neighbors -- have worsened in recent months as the leadership focused on the power transfer. Impatience has grown among entrepreneurs, others in the new middle class and migrant workers -- all wired by social media and conditioned by two decades of rising living standards to expect better government, if not democracy.

All along, police have continued to harass and jail a lengthening list of political foes, dissidents, civil rights lawyers and labor activists. A 14-year-old Tibetan set himself on fire in western China on Thursday, in the latest of more than 70 self-immolations Tibetans have staged over the past 20 months in desperate protests against Chinese rule.

In his first address to the nation, Xi, a 59-year-old son of a revolutionary hero, acknowledged the lengthy agenda for what should be the first of two five-year

terms in office. He promised to deliver better social services while making sure China stands tall in the world and the party continues to rule.

"Our responsibility now is to rally and lead the entire party and the people of all ethnic groups in China in taking over the historic baton and in making continued efforts to achieve the great renewal of the Chinese nation," a confident Xi said in nationally televised remarks in the Great Hall of the People.

He later said "we are not complacent, and we will never rest on our laurels" in confronting challenges -- corruption chief among them.

By his side stood the six other newly appointed members of the Politburo Standing Committee: Li Keqiang, the presumptive premier and chief economic official; Vice Premier Zhang Dejiang; Shanghai party secretary Yu Zhengsheng; propaganda chief Liu Yunshan; Tianjin party secretary Zhang Gaoli; and Vice Premier Wang Qishan, once the leadership's top troubleshooter who will head the party's internal watchdog panel.

Xi gave no hint of new thinking to address the problems. The lack of specifics and the new leadership heavy with conservative technocrats deflated expectations for change in some quarters.

"We should be expecting more of the same, not some fundamental break from the past," said Dali Yang of the University of Chicago.

Fundamental for the leadership is to maintain the party's rule, he said. "They are not interested in introducing China's Gorbachev" -- the Soviet leader whose reforms hastened the end of the Soviet Union -- Yang said.

Many of the challenges Xi confronts are legacies of his predecessor, Hu Jintao. In addition to relinquishing his role as party chief, having reached the two-term maximum, Hu also stepped down from the party commission that oversees the military. The move is a break from the past in which exiting party leaders kept hold of the military portfolio for several years.

During Hu's 10 years in office, policies to open up China to trade and foreign investment begun by his predecessors gathered momentum, turning China into a manufacturing powerhouse and drawing tens of millions of rural migrants into cities. Easy credit fueled a building boom, the Beijing Olympics and the world's longest high-speed rail network. At the same time, Hu relied on an ever-larger security apparatus to suppress protests, even as demonstrations continued to rise.

"More and more citizens are beginning to awaken to their rights and they are constantly asking for political reform," said rights activist Hu Jia, who has previously been jailed for campaigning for AIDS patients and orphans. "The Communist Party does not have legitimacy. It is a party of dictatorship that uses violence to obtain political power. What we need now is for this country's people to have the right to choose who they are governed by."

Chief among the problems Xi and his team will have to tackle is the economy. Though Hu pledged more balanced development, inequality has risen and housing costs have soared. Over the past year, the economy has flagged, dragged down by anemic demand in Europe and the U.S. for Chinese products and an overhang from excessive lending for factories and infrastructure.

With state banks preferring to lend to state-run companies or not at all, private entrepreneurs have had to turn to unofficial money-lenders.

"The bank just asked me to wait," said Deng Mingxin, who runs a zipper factory with 10 employees in Jiangsu province. "Maybe it's because I didn't offer enough 'red envelopes'" -- a reference to bribes.

The World Bank warns that without quick action, growth that fell to a three-year low of 7.4 percent in the latest quarter may fall to 5 percent by 2015 -- a low rate for generating the employment and funding the social programs Beijing holds as key to keeping a lid on unrest. Analysts and Beijing's own advisers have said it needs to overhaul its strategy and nurture consumer spending and services to meet its pledge of doubling incomes by 2020.

"China will need a very different economy in the next decade," said Citigroup economist Minggao Shen.

In foreign policy, the U.S. and other partners are looking for reassurance that China's policy remains one of peaceful integration into the world community. Tensions have flared in recent months between China, Japan and the Philippines over contested islets in the East and South China Seas. Mistrust has also grown with the U.S. as it diverts more military and diplomatic resources to Asia in what Chinese leaders see as containment.

Fresh in office, Xi can ill-afford to bow to foreigners, crossing a nationalistic public and a military that may still be uncertain about his leadership.

"The leaders can't look like they are being soft on the U.S. or foreign policy because they will lose power in terms of people," said Robert Lawrence Kuhn, a business consultant and author of the book "How China's Leaders Think." Kuhn

expects more tough rhetoric than action in the months ahead, but expects Xi's leadership to develop a more nuanced foreign policy as it consolidates its authority at home.

Of all the knotty long-term challenges, few threaten to derail China's march to a more prosperous society more than its rapidly aging society. Baby boomers whose labor manned the factories and construction sites are starting to retire. Meanwhile fewer Chinese are entering the workforce after a generation of family planning limits and higher incomes led to smaller families.

If left unchecked, the trend will further stress already pressed social security funds.

Scrapping the rule that limits many families to one child would help in the long run, and is being urged by experts. But the leadership for years has delayed change, in part because it sees smaller families and fewer births as having helped raise incomes overall.

"China has wasted some time and opportunities partly because its growth over the last 10 years was so spectacular," said Wang Feng, director of the Brookings-Tsinghua Center for Public Policy and an expert on China's demographics. "Now it no longer has that luxury."

Associated Press writers Didi Tang, Gillian Wong, Alexa Olesen, Joe McDonald and Louise Watt and researchers Flora Ji and Zhao Liang contributed to this report.

Read more:

http://www.dailybulletin.com/breakingnews/ci_22002625/xi-jinping-takes-helm-party-army-problem-plagued#ixzz2COpWzMyk

第五部分 《中国日报》专栏

库恩博士在《中国日报》开设的专栏：为《中国日报》的欧洲版、美洲版及中国版撰写关于中国及中国领导人的专栏

- “Conveying China’s true story” – June 15, 2012
http://www.chinadaily.com.cn/cndy/2012-06/15/content_15503908.htm
- “Economic model must change” – September 18, 2012
http://usa.chinadaily.com.cn/weekly/2012-09/14/content_15757229.htm
- “The ‘big four’ concerns of Chinese” – September 25, 2012
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http://usa.chinadaily.com.cn/weekly/2012-09/28/content_15789293.htm
- “New media improves transparency” – October 23, 2012
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- *Major special essay introducing China’s New Leaders*
“The seven who will run China” - November 19, 2012
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Knowing how China's leaders think

New York-born banker and author has an insider's understanding

By ANDREW MOODY
andrewmoody@chinadaily.com.cn

Robert Lawrence Kuhn says the West often doesn't understand the Chinese leadership's key priorities for China. The 67-year-old American is seen by many as one of the few figures outside the world's second-largest economy who actually does.

He is regarded as a knowledgeable insider, having been an adviser to a number of leading Chinese bodies since the late-1980s and knowing many of the country's top political figures personally.

"There is rarely alignment between what topics China's leaders think are important about China and what the world thinks," says Kuhn, also an international corporate strategist and investment banker. "Understanding China requires knowing the difference."

He was speaking recently in the five-star Grand Hyatt hotel in central Beijing, which is his home for 90 days a year. He divides the rest of his time between his three homes in the United States and traveling elsewhere.

"They treat me very well here. Even when I travel around China, I keep a room here," he says.

The hotel is well placed near China's seat of government around Tiananmen Square where he has an extensive network of contacts.

His latest book, *How China's Leaders Think: The Inside Story of China's Past, Current and Future Leaders*, which is now out in paperback and runs to more than 500 pages, goes into extensive detail about those who have the responsibility for shaping modern China.

Kuhn, who cuts a dapper figure, says many in the West often have an outdated view about modern Chinese leaders.

"The reality is that China's leaders are meritocratic," he says.

"Many have strong academi-

cal backgrounds from top universities and all have significant experience, often having run two or more provinces or major municipalities as Party secretary, governor or mayor."

Kuhn, who is also a new China Daily columnist, is much in demand from major news organizations around the world and makes TV appearances on BBC, CNBC, Euronews and Bloomberg TV. He says he has had complete freedom to express his opinions.

"I have written three books about China, and dozens of articles and columns. I've produced two major TV documentaries about China and given scores of media interviews — and never has anyone in China even requested to censor anything I've published or broadcast outside of China," he says.

Some in the West, however, have accused him of being too much of an insider and not giving the full picture about China because he was too close to the leadership.

"I deem it vital, considering China's importance in the world, that China's leaders become more known to the world, and known not just via sound-bites and photo ops, but by seeing them up close as real people — hearing their own words, listening to their stories, getting their ways of thinking. I'm pleased to facilitate some of this," he says.

"I also offer my own analysis. As for my accuracy and understanding, readers or viewers can judge for themselves."

Kuhn, who was born in New York, began his career as a scientist. After studying biology at Johns Hopkins University, he did a doctorate in anatomy and brain research at the University of California at Los Angeles in the 1960s. Brain science and consciousness remain major interests of his.

His first involvement in China was through the scientific community when he worked with scientists



Robert Lawrence Kuhn says China's growth is good for the world, but it cannot 'save the world'.

FENG YONGBIN / CHINA DAILY

I have written three books about China, and dozens of articles and columns. I've produced two major TV documentaries about China and given scores of media interviews — and never has anyone in China even requested to censor anything I've published or broadcast outside of China."

ROBERT LAWRENCE KUHN
AUTHOR OF HOW CHINA'S LEADERS THINK: THE INSIDE STORY OF CHINA'S PAST, CURRENT AND FUTURE LEADERS

reforming China's research and technology base.

He received an invitation from Song Jian, then a State councillor and chairman of the State Science and Tech-

nology Commission. At the time he was developing a parallel business career and became president of The Geneva Companies, a leading US mergers and acquisitions company, which he eventually sold to Citigroup in 2000.

At the same time he was cementing links with leading business and political figures in China.

His organization, The Kuhn Foundation, with China Central Television, produced the documentary *In Search of China* for PBS in the US, which was broadcast in 2000.

He is now working on a new five-part series, *China's Challenges*, which will be broadcast in China in the autumn and syndicated to PBS stations in the US next year.

Perhaps Kuhn's most significant project was writing a biography of former president Jiang Zemin, which was the best-selling book in China in 2005.

How China's Leaders Think was based on interviews with more than 100 leading Chinese political figures, some of whom he has known for more than a decade.

"I know many personally

and have worked with several for a number of years. When you hear them speak over a period of time, it gives you a sense of their personalities and character as well as their intellectual capabilities, leadership style and political progress," he says.

Kuhn sometimes likes to invoke humor to explain why there is sometimes friction between Chinese and American leaders.

"Some people think it is because of ideological, historical or cultural reasons that we have communication problems. As I once pointed out, perhaps it's because China's leaders, the members of the Politburo Standing Committee, were trained as engineers, and most American politicians were trained as lawyers. Maybe the problem is that lawyers and engineers can't talk to one another!"

Kuhn says the main focus in the West is often the Chinese economy and whether it will continue to motor ahead.

"China should have 10 to 20 more years of what we should still call relatively high growth, driven by continuing the country's unprecedented

urbanization and modernization.

"Growth rates will naturally ease from reform's historic averages — probably to 6 to 8 percent per annum — which is less than we are used to, but which may be optimal because China can more effectively deal with its most severe problems, particularly economic and social imbalances and sustainable development.

"However, China's economy is fragile, vulnerable to exogenous shock. China's growth is good for the world, but it cannot 'save the world'," he says.

Kuhn says there is often a danger of China being misrepresented because it is seen through a narrow perspective.

"Western media takes China's very real problems and reports them as if they were, say, 80 percent of China's story. I take the same problems — which are genuine and often intractable — and they make up, say, 35 percent of my work," he says.

"It is not that Western media is conspiratorially biased or always anti-China, it is that they often do not

BACKSTORY

ROBERT LAWRENCE KUHN

International corporate strategist, investment banker, senior adviser to multinational corporations and author

Age: 67

Education:

- Bachelor's degree in human biology, Johns Hopkins University, 1964
- PhD in anatomy and brain research, University of California at Los Angeles, 1968

- Master of sciences in management, MIT Sloan School of Management, 1980

Career:

- President and co-owner of The Geneva Companies, a US leading mergers and acquisitions company (sold to Citigroup in 2000)

- Chairman, The Kuhn Foundation, which produces documentaries on scientific and philosophical questions as well as on China issues

- Author of *The Man Who Changed China: The Life and Legacy of Jiang Zemin* and *How China's Leaders Think*, as well as 25 books on business strategy, finance and investment banking

Books: *The Inflationary Universe: The Quest for a New Theory of Cosmic Origins* by Alan H. Guth, *Lake Views: This World and the Universe* by Steven L. Weinberg, *The Coherence of Theism* by Richard Swinburne, and *Infinite Minds: A Philosophical Cosmology* by John Leslie. Books on consciousness by John R. Searle, David J. Chalmers and Colin McGinn.

Film: *Closer To Truth*, TV series on science and philosophy, Peter Getzels, producer/director

Musical: *Plano Concerto in D flat major* by Aram Khachaturian (1903-78), played by Kuhn's wife Dora Seravarian-Kuhn

Food: "I eat tofu all the time. I appreciate the unbelievably different textures."

provide proper and sufficient context," he says.

Huang Tianjian, Dong Fangyu and Zheng Yibing contributed to this story.

Archeologists may have found model for Mona Lisa

By ELLA IDE in Florence, Italy

Archeologists on Tuesday unearthed a skeleton in a rare state of preservation in Florence in what they believe may be a crucial step towards unraveling the mystery of the identity of the woman with the most enigmatic smile in the world.

Several bodies have been discovered in the hunt to find the remains of Lisa Gherardini, the Florentine noblewoman

widely believed to have served as the muse for Leonardo da Vinci's *Mona Lisa*.

Silvano Vinceti, who heads up the team of Italian archeologists, said this discovery in an abandoned convent was particularly exciting — though tests would still have to be carried out to ascertain the identity of the remains.

"I'd say that we've got to the really exciting part for researchers," said Vinceti, who specializes

in resolving art mysteries. "It is the culmination of all our work, where we're getting close to answering the key question, 'Will we or will we not find Lisa Gherardini's remains?'"

"Today we opened another tomb with a complete skeleton, which is very important because in the first phase of the research we did not find human remains. They had been moved to another location," he said.

The team began digging up

the convent's new cement floor last year, after fresh documents confirmed that Gherardini, the wife of rich Florentine silk merchant Francesco del Giocondo, had lived in the convent after her husband died and was looked after by her two daughters, who were nuns.

She was eventually interred there.

Del Giocondo is thought to have commissioned the portrait from the Renaissance

artist, and though there is little proof, most art historians agree that Lisa Gherardini served as the primary model for the bewitching painting.

Mona Lisa was composed between 1503 and 1506 and hangs in the Louvre museum in Paris.

Although researchers had previously discovered bits of bones and two sets of remains in the convent, the latest skeleton to be unearthed is the best preserved,

crucially, with the skull intact.

The next step is to send the latest remains off for a series of tests to confirm they belong to Gherardini. The team then hopes to reconstruct her face and compare it with the facial features in the painting.

"Carbon-14 dating allows us to date the period, and we have to find out whether the remains date to the middle of the 16th century.

"We will then do tests to prove

the age of the person when they died," said Vinceti, who is chairman of the Italian national committee for cultural heritage.

"Then comes the biggest test, the DNA, because we have the mortal remains of her children... and if it corresponds, we'll know these remains belong to *Mona Lisa's* model," he said.

If her identity is confirmed, the researchers will begin the two-month process of reconstructing the skeleton's face.

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Comment

Economic model must change

FIRST IN A SERIES

This is the first of a five-part series to be run weekly in the lead-up to the 18th National Congress of the Communist Party of China, focusing on the key domestic grassroots issues that China's new leaders face.

• Today: The Economy

• Sept 21: Society (including education, healthcare, housing and retirement)

• Sept 28: Science / Innovation

• Oct 5: Political reform

• Oct 12: Beliefs / Values

The columns are based on *China's Challenges*, the Shanghai Media Group (ICS) TV series of which Robert Lawrence Kuhn is co-producer, writer and host. The team producing *China's Challenges*: SMG Party Secretary Wang Jianjun; Adam Zhu (Dr Kuhn's long-time business partner); ICS leaders Sun Wei, Wang Lijun, Zhu Xiaoqian; ICS directors Chen Bing, Celine Gu, Wang Shuo, Iris Ao, Yvonne Dai, Joe Guan, Chen Yinan. The US team (which produces the PBS series *Closer To Truth*) is led by Peter Getzels, who is series director of *China's Challenges*, and includes editors Cathy Shields and Marc Masters. During the 18th CPC National Congress, Dr Kuhn will be a commentator on CCTV and international media.



ZHANG CHENGLIANG / CHINA DAILY

By ROBERT LAWRENCE KUHN

Every five years, the National Congress of the Communist Party of China is held to review the past and to plan the future. China's change has been astonishing. The Chinese people today enjoy higher standards of living, greater freedom of all kinds, and a more vibrant, tolerant society. China's economy is now the world's second-largest; it will likely become the largest, doing in decades what elsewhere took centuries.

But dramatic change causes pervasive problems. Can China achieve its goal of becoming a "moderately well-off society" in a world of turbulent markets and limited resources and in a society of social disparities and structural faults? This challenge is what China's new leaders face.

I'm co-producing with Shanghai Media Group (International Channel of Shanghai) a five-part documentary series, *China's Challenges*, which, coordinated with the Congress, explores critical grassroots issues. Included are episodes on the economy, society (education, healthcare, housing, retirement), science/innovation, political reform, and beliefs/values. I'm writing and hosting *China's Challenges* — which will be broadcast on ICS, Dragon TV and CCTV News; and PBS in the US. I'm seeing China's problems close up.

China's economic miracle has been driven by investment and exports, both made possible by millions of migrant workers who personify China's most divisive and intractable problem — the economic and social gap between rich and poor, urban and rural, coastal and inland. But must economic development exacerbate social disparities?

China's growth model — cheap labor, low-cost manufacturing, and energy-intensive, high-polluting industry — has come to the end of its historic cycle. China's economy, built of the backs of poor workers, must be transformed. Workers no longer accept low wages, so China's economic model must change or China's economic miracle will end.

How can economic transformation work? Along China's east coast there are many enterprises that began as export engines, enabled by reform and fueled by cheap labor. When the financial crisis crippled overseas markets, many had to close.

The Newcomer Luggage factory in Zhejiang province made low-cost luggage for an international brand. It didn't make much profit and couldn't pay much to workers. But Newcomer changed its business model by creating its own innovative designs and branded products, increasing gross margins from 20-30 percent to 70-80 percent. Salaries of Newcomer workers doubled!

But making innovation work in the marketplace is complex, expensive, uncertain and unpredictable. In short, innovation is risky. Failure rates are very high. So failure must be accepted, or innovation is impossible.

In China, small and medium-sized enterprises, largely private companies, drive the economy, generating about 60 percent of GDP and 50 percent of tax revenues, and providing 80 percent of urban jobs. Nonetheless, policies continue to favor State-owned enterprises, particularly with respect to financing. Less than 15 percent of bank loans go to SMEs.

How can SMEs finance their business cycles? Driven by necessity, an informal system of mutual local financing developed — a private capital chain, not legal, but not quite illegal either. The government didn't much like the gray-market financing scheme, but didn't stop it.

Henglong Small-loan Company in Wenzhou, the center of entrepreneurship in China, lends to small and micro agricultural enterprises — in total, more than 4 billion yuan (\$630 million, 480 million euros). Henglong can set market-driven interest rates up to three times higher than what banks offer. (But to SMEs, "what banks offer" doesn't mean much because banks won't lend much.)

In 2012, China's State Council set up a pilot

financial zone in Wenzhou, legalizing small loan companies.

If financial reform in Wenzhou affects private business, financial reform in Shanghai affects China's entire economy. Can Shanghai become a world financial center? I ask Fang Xinghai, director of the Shanghai Finance Office. "Shanghai serves a continental-sized economy, and we want to be New York and London," he says. "Let's imagine China's economy reaching the size of the US economy, the yuan becoming a fully convertible currency, and China's domestic financial market becoming fully open, then Shanghai can be at the same level as New York."

If finance is the blood stream of China's economy, manufacturing is its muscle. But for China to continue to grow, it must transform its manufacturing, with technology and know-how.

For example, before 2005, all marine crankshafts for shipbuilding in China were imported. Then China established Shanghai Marine Crankshaft Company so the country could build ships entirely by itself. Although declining world markets cause losses, the State provides subsidies. What's more, China's political leaders come to give personal support.

Other business models are taking root in China, where State ownership and domestic manufacturing are not primary. Sany is China's largest heavy machinery manufacturer and is built on the twin pillars of private ownership and global expansion. Sany misses no opportunity to enlarge its global footprint. When the copper-gold mine in Chile collapsed in 2010, Sany sent a crawler crane to help with the rescue. When the massive earthquake hit Japan in 2011 and the nuclear reactors leaked, Sany sent a huge concrete pump truck to help cool them down. In 2012, Sany bought a German company and shook up the industry.

When going abroad, though, smooth sailing is not the norm and several Chinese acquisi-

tions have lost money. But the pace continues. In 2010, Geely Automobile purchased Volvo.

Economic growth has a downside — pollution. Environmental damage is the scourge of China, and how to balance economic growth and environmental protection is a major challenge.

The Institute of Public Environment collects environmental data from across China, compiling a database with about 100,000 pollution statistics. With others, IPE launched "Green Choice" to encourage — or coerce — multinational companies to make their supply chain greener by monitoring their suppliers' pollution. Included are GM, Nike, Walmart and Coca-Cola.

There are cases where activists have forced polluting factories to move. After the government announced plans for a massive \$9 billion petrochemical plant in the wetlands of Nansha in Guangzhou, some began to protest. Few took them seriously and it seemed a wildly uneven battle. On one side was the Chinese government, central and provincial; Sinopec, China's largest oil company; and Kuwait Petroleum, one of the world's largest oil companies. On the other side, a few professors, students, citizen activists. And because economic development is vital, even negative environmental impact would likely be ignored.

But not this time. After a protracted battle, the project departed Nansha. It was a shocking win for environmentalists.

China's new leaders know they face the challenge of continuing to improve the lives of the Chinese people. The Chinese people know it too.

Dr Robert Lawrence Kuhn is an international corporate strategist and investment banker. He is the author of The Man Who Changed China: The Life and Legacy of Jiang Zemin and How China's Leaders Think (featuring China's new leaders). He is a regular commentator on China (BBC, Bloomberg, CCTV, CNBC and Euronews). The views expressed in the article do not necessarily reflect those of China Daily.

Comment

The 'big four' concerns of Chinese

SECOND IN A SERIES

This is the second of a five-part series run weekly in the lead-up to the 18th National Congress of the Communist Party of China, focusing on the key domestic grassroots issues that China's new leaders face.

- Sept 14: The Economy
- **Today: Society** (including education, healthcare, housing and retirement)
- Sept 28: Science / Innovation
- Oct 5: Political reform
- Oct 12: Beliefs / Values

The columns are based on *China's Challenges*, the Shanghai Media Group (ICS) TV series of which the author is co-producer, writer and host, and Peter Getzels is series director.

By ROBERT LAWRENCE KUHN

An ancient Chinese philosopher described the perfect society as "living in harmony, treating others as family... there is love and caring for the elderly... nourishment and education for children... kindness and compassion for widows, orphans, the disabled and the sick".

Historically, such harmony is the standard of happiness.

But now, after vast economic development, are the Chinese people happy?

What I hear are the "big four" social concerns: education, healthcare, housing and retirement.

These challenges are what China's new leaders face.

For over two decades, I've witnessed the astonishing growth of China's economy. At the same time, I've watched burgeoning economic disparity and social inequality between rich and poor, urban and rural, become China's most severe and alarming problem. I've wondered, could equality in education be a partial solution?

If I'm a poor migrant worker, but if my child has an equal opportunity for a good education — and thus has an equal opportunity for a good life — I'd be more willing to endure my own hardships.

How to provide equality in education? I visit the Jin Ding elementary school in Shanghai, where all the students are children of migrant workers. Sure, they're better off here than they'd be in their rural hometowns — but how will they feel when they realize that they're not like the children of Shanghai residents?

There are more than 200 million migrant workers in China. In Shanghai alone, there are about half a million children of migrant workers. Over 40 percent of students in Beijing and Shanghai are non-residents. At best they are second-class citizens. Migrant workers built these cities,



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and through education they expect to change their children's fate. But even for successful migrant families, their children cannot overcome structural barriers. They may dream of going to college, but they cannot. According to current policy, migrant workers' children receive compulsory education from elementary through middle school, but if they do not return to their hometowns when they reach 9th grade, they can apply only to vocational schools. This means their careers will be similar to that of their parents' — construction workers, hotel attendants, maids, cooks. And if they do return, the education is so inferior they will not pass the rigorous college entrance exams.

Worse are the "left-behind children," the multitudes of rural kids, 60 million of them, who have not moved with their parents to the big cities. Their parents return home generally only once a year, and then only for a short visit. "Left-behind children" are a national heartbreak.

Disparities in education cripple the capacity of education to make opportunities equal, to level the playing fields of life and career. For many, the "Chinese Dream" can never come true.

In 2012, Premier Wen Jiabao promised that educational funding would grow to 4 percent of China's GDP, a major commitment to China's future.

Healthcare affects everyone and China's system suffered in the transition from a planned to a market economy. No one is satisfied — not

patients, not doctors, not society.

At 7:30 am I arrive at Ren Ji Hospital, one of Shanghai's best. The lobby is packed with people, many already waiting for hours. Ren Ji was built to treat 2,000 patients a day; it now handles 8,500. Something has to give — care, costs, service, time. The system is overburdened: hospitals are besieged and doctors overwhelmed.

So an underground economy, insidious and illegal, has spawned. Scalpers exploit the vulnerabilities of patients frustrated by long waiting times. They arrive at a top, in-demand hospital early, register, and then resell their short-wait positions to desperate, real patients who arrive later. Scalpers charge up to 500 yuan (\$80, 60 euros). Another odious practice is *hong bao*, the "red envelopes" stuffed with cash that patients must all too often use to bribe doctors.

Imagine a system in which you must wait for hours, your doctors are overworked and underpaid, you may have to pay scalpers or offer bribes — and you only get five minutes of care. Moreover, healthcare in China is wildly uneven. In some rural areas, medical services are dangerously scarce, and when available, decades behind.

In 2009, China launched healthcare system reform. In three years, basic medical insurance covered 1.3 billion people, about 95 percent of China's population. And a rural cooperative medical service system provides basic medical care.

When I ask young adults in

China's big cities, "What's your biggest problem?," they do not hesitate. "Housing," they often exclaim, "Housing prices."

Those who move to Beijing are called "Beijing Dream Pursuers" — to own a home in Beijing is the ultimate goal. But "the sandwich class" are people caught between having too much money to qualify for public housing and not enough to buy private housing — at least not in the areas they'd like.

The housing price problem is severe, and the din of complaints, especially among young adults, is intense. This gives the government a major housing headache: How to control housing prices, but without harming the real estate market? Because while escalating housing prices aggravates urban buyers, China's entire economy is rooted in real estate.

China's leaders tell me that they need to stimulate the domestic economy by increasing consumption. But the Chinese people resist spending. They prefer to save. Why? They worry about retirement.

Chinese society has become an aging society; each year the elderly population increases by 8 million. In Shanghai, people aged 60 and above constitute about 25 percent of the population.

In downtown Shanghai, it's now hard to find a nursing home vacancy. In response, the municipality proposed that 90 percent of the elderly stay at home and only 10 percent go to nursing homes. But with one-child families and careers demanding

more work and travel, if the elderly stay at home, who can care for them? (In traditional Chinese society when large families lived together caring for seniors was shared.)

Responding to the aging society, Shanghai is the first city in China to extend the retirement age. The new "flexible retirement policy" enables some males to retire at age 65 and females at age 60. To provide income for retirement, Shanghai will test the first "personal, tax-deferred pension insurance system".

China's overarching goal is to become a "moderately well-off society". To achieve this, China must solve the "big four" social problems — education, healthcare, housing, retirement. China's leaders recognize it. China's people demand it.

A personal note. Commentating about China invites critique, and one of the criticisms leveled against me has been that much of my work focuses on State leaders, not common people. *China's Challenges* brings me to China's grassroots. To know China, one needs to know both leaders and people.

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Comment

China can produce. Can China create?

THIRD IN A SERIES

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By ROBERT LAWRENCE KUHN

Three generations of China's leaders have set the goal that all China becomes a "moderately well-off society". Achieving this, by around 2020, will not be easy. China must transform its industries so that enterprises provide higher value and generate higher profits, which enables higher wages for workers.

The key is innovation. Science and technology must be emphasized and commercialized, education must infuse society with creativity, and intellectual property rights must be protected.

The challenge of innovation is what China's new leaders face.

Paradoxically, creativity in China often begins with copying. In Dafen village, more than 2,000 artists, working on oil-painting assembly lines, mass-produce classical masterpieces of Van Gogh, Picasso, Monet, Raphael and Da Vinci, such as Da Vinci's *Mona Lisa*. Dafen controls 60 percent of the global oil-painting market.

But when the financial crisis hit, painting factories lost foreign orders and many went bankrupt. Painters had to turn to China's domestic market. Only a few could transform themselves from duplicators to originators, but that transformation is the big test for China itself.

Nearby Shenzhen is a vibrant metropolis, the cradle of China's reform. In the city center is the world's largest mobile phone market, supplying 80 percent of China's phones. Many are counterfeit, but who says the Chinese can't innovate? I can buy cheap phones with whimsical functions — such as supporting Excel, working a weapon (defensive), or blessed by a mysterious monk. With one phone, not only can I make calls, I can also shave!

One nimble company controls nearly 80 percent of the mobile phone market in Bangladesh, a poor country far away, beating world brands like Nokia and Motorola. Why such success other than price? Imitation, improvements, and localization — which are "second-generation innovation".

In 2011, China recorded over 1.63 million patent applications, including 526,000 for invention patents, ranking first in the world. Commercialization, however, is uncertain and unpredictable. Converting research ideas into marketable products is the dream of many inventors, but the marketplace is cold and unforgiving, and often a bridge is needed.

Huang Yan is a 31-year "patent manager" with a keen sense of how markets work. He has about 2,000 patent products in his portfolio, including an LED surface light source and a low-cost 3D printer. Huang's business meth-



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od is clear: First, he determines the market demand, and then he finds the patents — not the other way around.

In 2012 China adopted the "national strategic emerging industry development plan". Target industries include energy saving, environmental protection, information technology, aviation, biomedicine and new energy vehicles. Energy is especially vital. China's lack of energy resources is a high hurdle for development. (China has surpassed the United States as the largest energy-consuming country in the world.) Hence, the worldwide race for new energy technologies.

Electric vehicles are key. The critical components — lithium batteries — are derived from China's aerospace technology, specifically from the Shenzhou manned spacecraft (of which China is very proud). The Shenzhou battery system was developed by Wang Dong, who is now general manager of Shanghai Aerospace Energy Company, which builds batteries for electric vehicles. Stressing safety, reliability and long life, the company's batteries can be charged fully within half an hour. (When key high-tech firms cannot achieve economies of scale and make profits, the Chinese government may support them.)

As the electronics revolution was to the 20th century, the biomedical revolution will be to the 21st century. This time, China intends to be an innovator, not a copier; a leader, not a follower.

In 2009, two Chinese scientists made a major biomedical breakthrough, hailed worldwide, by cloning a mouse from its skin cell. One is Zeng Fanyi, who earned her MD and PhD degrees at the University of Pennsylvania and is vice-director of Medical Genetics at Shanghai Jiao Tong University. Zeng and her team are now pursuing another pioneering program: mammary gland bioreactors.

What's that? Transgenic animals, conceived

artificially with injected, targeted genes that express specific functions. The animals secrete in their breasts pharmaceutical proteins that can be used to cure hereditary diseases. While Zeng's transgenic procedure works, its commercialization remains unrealized. So Zeng's research receives ample support from the government, which has been increasing science funding at over 20 percent per year. But bringing new pharmaceuticals to market is a long and perilous process. Only 8 percent of China's investments have become effective drugs.

But who will invest in new ideas — new technologies or brands — if they will be stolen? For innovation to succeed in China, intellectual property rights must be protected and enforced. IPR is perhaps China's largest and most intractable obstacle in becoming an innovative country. Earlier, only foreign companies decried the outrageous copying — stealing, to be blunt — of patented products, but now Chinese companies are shouting the loudest.

Education underlies China's economic future. But what kind of education is optimal for today's knowledge-based industries? Influenced by traditional Chinese culture, students are inculcated with collectivism, forming the habit of obeying authorities. In China it is inconceivable for a student to challenge a teacher. Chinese science students abroad perform stronger on exams but weaker on experiments.

In 2009, among 65 countries taking standardized tests for 15-year olds, Shanghai students took first place in reading, math and science. But of the 50 leading R&D universities in the world, 40 are in the US and the remaining 10 are in Europe — none are in China. In 2009, there were 280,000 scientific papers published in China, but less than 1 percent were published in leading journals.

To bring world-class science to China, Chi-

nese universities, with strong support from China's leaders, offer aggressive incentives to bring world-renowned scientists, originally from China, back to China.

Rao Yi, a distinguished neuroscientist in the US before returning to China, is now dean of Life Sciences at Peking University, and is an outspoken critic of Chinese science. He argues that in allocating science funding, administrators should not influence decisions.

Education reform is now considering how college admissions can rely less on exams, how students might personalize their own education, and how social achievements can be recognized. Some middle-class parents decide to reject China's brutal college entrance examinations and give their children a thoroughly Western education in China. Attracted by the market, many private schools have sprung up.

China's leaders call for "indigenous innovation" — the country must develop its own technologies and proprietary products. Yet China's industrial transformation from assembler-manufacturer to innovator-designer is complex, risky, open to surprise, and will surely take time.

Moreover, innovation requires freedom. For China to become an increasingly innovative society, China must become an increasingly free society. China must also enforce IPRs and rethink the essence of education.

China's new leaders face the challenge of innovation. The Chinese people are watching.

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Comment

New media improves transparency

FOURTH IN A SERIES

This is the fourth of a five-part series run weekly in the lead-up to the 18th National Congress of the Communist Party of China, focusing on the key domestic grassroots issues that China's new leaders face.

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By ROBERT LAWRENCE KUHN

I look back at my more than 20 years going to China and, without doubt, the Chinese people today live far better lives. Both material goods and personal freedoms have never been greater.

But how to make government transparent and accountable? How to provide oversight of the process of governance? How to ensure equality and fairness under rule of law? Call it political reform or call it civil society.

This challenge is what China's new leaders face.

New media is changing China. Microblogs — *weibo*, China's social media — has become a chief source for getting news and a primary platform for voicing opinion. With microblogs, the Chinese people are more aware of their rights; demand more openness and truth; and are more empowered to seek justice and effect change. The Chinese people can now say "No!"

In 2011, a young woman with the user name of "Guo Meimei Baby" flaunted her riches online, claiming to live in a luxurious villa and drive a Maserati. Supposedly she was working for the Red Cross and China's microblogs erupted with outrage. Although the Red Cross denied any relationship, donations declined sharply — and the incident provoked widespread investigations of State-run charities.

More serious in 2011, two trains collided in Wenzhou, killing 40 and injuring 192. Microblogs enabled the public to ascertain facts and express feelings, even to mobilize doctors, lawyers and engineers. Netizens also criticized the government, accusing officials of "cover-up".

A "kingdom of debate and criticism," as microblogs are called, has appeared in China. With everyone observing, microblogs are a radically new form of public supervision. Guo Meimei affected all Chinese charities. The Wenzhou collision triggered reform of the Ministry of Railways. Other topics include school bus safety and air quality. When millions of

users focus on an issue, an influence group is formed. The government must pay attention.

I was touched by the story of Qing Ling, a high school teacher whose personal saga affected all Shanghai. One night, after his cancer-stricken father had been shuttled between hospitals for the fourth time, due to chronic medical shortages, Qing posted an open letter to Yu Zhengsheng, the Shanghai Party secretary. Qing listed many problems, like hospitals discharging dying patients and scalpers selling hospital appointments. Thousands forwarded Qing's letter.

That same evening, Secretary Yu's reply was posted. "I've had a heavy heart since I received Qing Ling's letter," Yu wrote. "When parents and family are suffering from diseases, if we can't help them because of some system defects, we all feel the agony"

Within three months, Shanghai upgraded hospice care, including dedicated hospital beds for terminal patients. Several serious diseases including lung cancer are now covered by medical insurance.

Across China there are more than 20,000 governmental users, such as "Shanghai Publicity", which links many municipal departments. The goal is more responsive social services and better administration. The question is, will citizen expectations — unprecedented and unstoppable — outrun government delivery?

Microblogs, some worry, can spread false information like a contagious disease, which some may exploit. That's

the price of freedom — and the cure is more information, not less. There is no turning back. Microblogs give China the chance to create a State system that is open, fair and just.

Transparency. Nothing, in theory, is more vital for political reform.

Little, in practice, is harder to implement. Recently, 92 central government departments and public institutions reported their expenditures online. Earlier, the budgets had been concealed. The required disclosure of "three public consumptions" — overseas trips, vehicle purchases, official receptions — is progress.

Professor Jiang Hong, a relentless advocate of budgetary transparency, has been a deputy to the National People's Congress for 10 years. Citizens, he says, must know how the government spends money and he is not satisfied. To solicit opinions, the budget law draft was published online and received 330,000 comments, the second-largest ever. There are always restrictions on disclosures, Jiang laments. Undaunted, he dares to vote against budget-related regulations. Every year, he and his team rate the transparency of 31 provincial budgets. He says his hair has turned grey in hopes of "sunny finance".

I first appreciated the power of transparency in China's political reform roadmap, when, in late 2007, Politburo member Li Yuanchao, head of the Party Organization Department, explained to me how transparency is the key to "Intra-Party Democracy", which is the core of political

reform. Transparency makes citizens more knowledgeable in their opinions and officials more considered in their actions. Both, ideally, create a more self-managed society.

If I had to choose between a multiple party system with deplorable transparency and one-party system with admirable transparency I would choose the latter. This is surely not to say the system is transparent, but it does reflect the view of China's new leaders that to attain such transparency is a vital goal.

While transparency is necessary, it is not sufficient. The old system where "government does all" cannot meet society's ever more complex needs. Government cannot decide all issues, resolve all tensions, settle all disputes — if it tries, it errs. Rather, non-government organizations — NGOs — are emerging to represent public interests and fight for social causes. In the past, in order to register, NGOs required a "patron" government agency. Now, Guangzhou, the capital of Guangdong province, enables NGOs to register directly, increasing the number of NGOs (4,500, as of mid 2012).

NGOs should compete in the marketplace of ideas and issues, just as businesses compete in the marketplace of goods and services. Thus, government is aided in its governance and society is enriched by best practices. NGOs also evince the confidence of leaders to cede certain powers, and the willingness of citizens to stand up and work for what they believe to be right and worthy.

In China, "political reform" has long been a "sensitive" subject, shielded from public discussion. Slowly, cautiously, this is changing. China's new leaders talk about political reform within the context of maintaining one-party rule, and intellectuals debate political reform in comparison with foreign political systems.

China again is at a crossroads of reform. This time, the Chinese people have higher expectations and are not afraid to express their opinions. They will not retreat to a closed society. "Openness, competition, and participation" are watchwords.

Yet most Chinese desire stability and support China's political system — even as microblogs enhance information access, freedom of thought, public opinion, and government transparency. I hear it over and over again: China must find its own way to democracy.

China's goal is to build a "moderately well-off society" and political reform is a necessary part of it.

China's new leaders know they face the challenge of political reform. The Chinese people know it, too.

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Comment

What do the Chinese people believe?

FIFTH IN A SERIES

This is the fifth and final of a five-part series run weekly in the lead-up to the 18th National Congress of the Communist Party of China, focusing on the key domestic grassroots issues that China's new leaders face.

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By ROBERT LAWRENCE KUHN

In 2006, an old woman fell, fracturing a bone. A young man called Peng Yu helped her up and sent her to the hospital. Later the old woman claimed that Peng was the one who had injured her and sued him for damages. The court found Peng liable, ordering him to pay 46,000 yuan (\$7,300, 5,600 euros).

In 2011, after several cases of apparent helpers being sued, the shocking "Xiao Yueyue event" occurred. A two-year-old girl, Yueyue, was run over by two cars, one after another. For seven minutes, 18 passers-by ignored her. Finally, a garbage woman picked her up but the child died. The Chinese people were horrified.

When I'm with Chinese friends, they appreciate China's remarkable transformation — but they worry. "What do we believe in?" they ask themselves. "What are our values?"

These challenges are what China's new leaders face.

For over two millennia, China's values were exemplified by Confucian ethics. But when extreme leftism replaced Confucianism as the nation's guiding philosophy — especially during the chaotic and ruinous "cultural revolution" (1966-76) — China's traditional teachings of humanism and piety were rejected and renounced. Then came the market economy, rewarding individual initiative, so that collectivist values seemed no longer relevant. Where then values?

Yang Sheng was a businessman, and like others, his life was busy making money. But after losing money, he suffered declining health and rethought his life. Yang decided to stop seeking wealth and become a philanthropist, self-styled. On his own, he sought families needing financial aid. His goal is to help 10,000 disadvantaged kids.

In China, when someone selflessly helps others, he's called "a living Lei Feng". Lei Feng was a young soldier in the People's Liberation Army, immor-

talized as the personification of altruism. He was born poor, orphaned, joined the Communist Party of China, and died in 1962 — age 21 — while doing his duty. Lei Feng's diary contains selfless aphorisms, such as: "The goal of being alive is to help others live a better life." On China's annual "Learn from Lei Feng Day," doctors examine citizens for free, barbers cut seniors' hair gratis, children visit old-age homes.

But the Chinese people no longer "speak with one mind". Some say that the selfless model, which works in a collectivist economy where the State owns everything, is ill-suited in a market economy where personal reward motivates action. Some surmise that Lei Feng himself is an embellishment.

Yet, Lei Feng's significance is that he personifies virtue — an idealized image reminding us that people should do good to others, have sympathy for suffering, and abide by a moral code.

So is there really any difference between "believing in" Lei Feng — or in Confucius or Buddha? Actually, to many Chinese, religious belief itself is rather vague. The focus is more on common features of different religions than on their contrasting dogmas. As long as a belief advises people to do good, it is a good belief. China has never been ruled by religious power, and although China has had frequent and bloody wars, none were religious.

Officially, there are 100 million religious believers in China. In truth,

there are way more. One reason is that Buddhists and Taoists may not attend temples. Another is that believers cannot be members of the ruling party (CPC), so those who seek political advancement or support won't claim to be religious. Still another is that some officials are uneasy with the growth of religion.

Religion is growing in China; while the reasons can be debated, the facts cannot. Freedom of religion as a basic right has been included in China's Constitution since 1982; yet there are claims of religious tensions and problems — and they are too passionate and too persistent to ignore.

Chinese law regulates religion, such that Protestantism, for example, can conduct its missions only at religious venues sanctioned by the State. To me, a Westerner, such law restricts religious freedom, but church leaders in China disagree, noting that China's rules on religion reflect China's culture and history.

One cannot complain about the number of religious venues. In China today there are about 140,000 places of worship for Buddhism, Taoism, Islam, Protestantism and Catholicism. Protestantism leads with about 56,000 churches.

While the rise of religion is changing part of Chinese society, the equality of women is changing all of it. Mao Zedong said famously, "Women hold up half the sky", and in today's China successful women have become unremarkable. From business and government to science and sports, Chinese women can and do rise to the top.

Women working is nothing new; in the planned economy, most women had jobs. The difference now is that women can rise to high positions — in large organizations or by starting their own companies. Gender equality is increasing, in education certainly, and in society.

What about sex? In the early Communist period, sex was repressed and sexuality was hidden. That's why, some years ago, I was amazed to see *People's Daily*, the Party newspaper, run an article on "The Top 10 Sex Stories of the Year". The government's Xinhua News website features "Most Desirable Women Around World" — with photos aplenty.

How much control should government have over the sex lives of its citizens, whether online or in real life? Where to draw the line between individual freedom and social sensibilities?

Li Yinhe is a sexologist. A scholarly sociologist in her 60s, she seems determined to change the Chinese people's attitudes about sex — which is why she is loved or hated, sanctified or damned. "Premarital chastity was extremely strict in ancient China," she says. "Even though 70 percent of Chinese people no longer hold on to premarital chastity, I am called a demon by merely reporting the number."

Until 1995, premarital sex was even illegal, according to "the hooligan law". Until 1997, homosexuality was a crime and labeled a disease. Today, over 90 percent believe homosexuals should have equal opportunities.

Divorce in the 1970s was 2 percent. Now it is 20 percent (Li says the real number is higher).

In 2012, China's National Museum celebrated its centennial by exhibiting Renaissance masterpieces, including David, the famous sculpture by Michelangelo. In a news broadcast on CCTV, David's genitals were covered up with mosaic effects. Netizens instantly uploaded widespread criticism. In the CCTV rebroadcast three hours later, the mosaic was removed. What do Chinese people believe? What values worth today? Chinese tradition? The Communist ideal of Lei Feng? Moral model? Religion? Materialism? Nationalism?

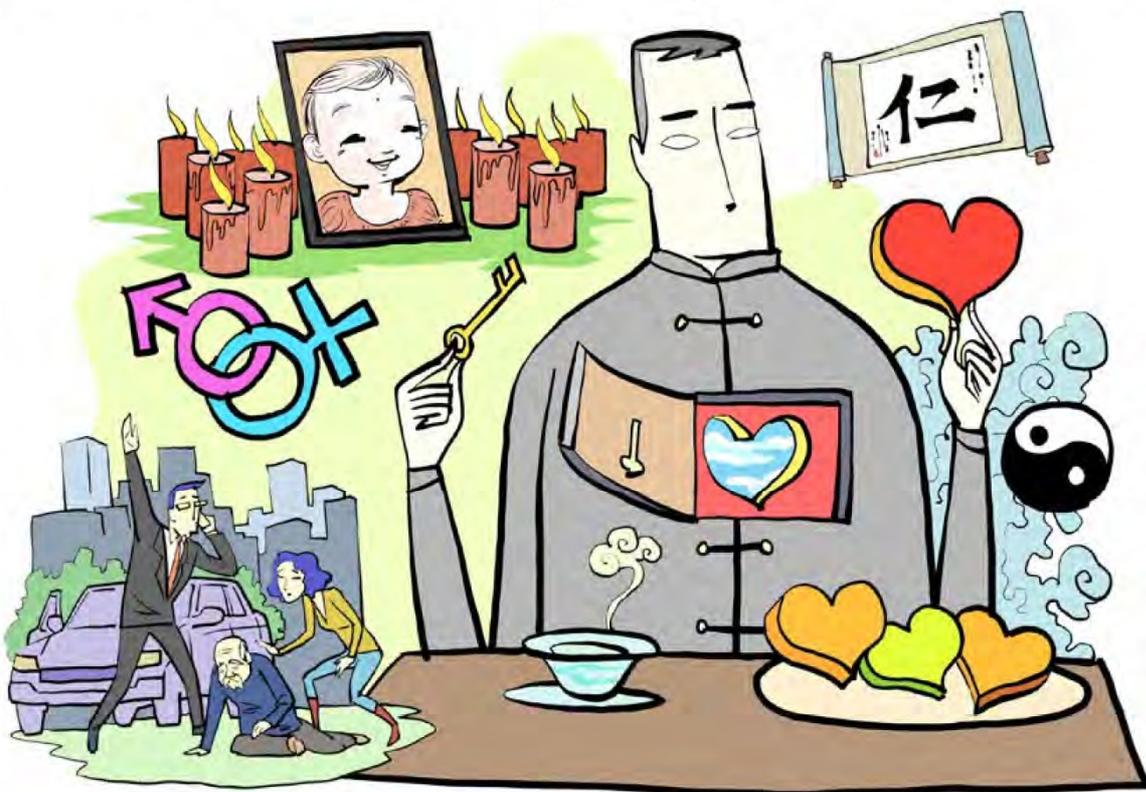
While many have ready answers, no one has robust answers. Perhaps what China needs most is more time.

In 2011, a 31-foot bronze statue of Confucius was set up in front of the National Museum in Tiananmen Square. Four months later the statue disappeared.

China's new leaders face the challenge of belief and value.

The Chinese people wonder and wait.

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ZHANG CHENGLIANG / CHINA DAILY

Cover story: Comment



XIE HUANCHI / XINHUA

The new members of the Standing Committee of the Political Bureau of the CPC Central Committee, Xi Jinping (center), Li Keqiang (third from right), Zhang Dejiang (third from left), Yu Zhengsheng (second from right), Liu Yunshan (second from left), Wang Qishan (right), and Zhang Gaoli (left) meet the press on Nov 15 in Beijing.

The seven who will run China

By ROBERT LAWRENCE KUHN

To discern China's future, one should know China's leaders, especially Xi Jinping, who was on Nov 15 elected general secretary of the Communist Party of China (CPC) Central Committee, the nation's top leader.

I am not aware anywhere of better prepared state leaders. All members of the Standing Committee of the Political Bureau of CPC Central Committee have run large geographic regions and/or ministries; six have led at least two provinces or major municipalities (as Party secretary or governor/mayor), many of which would be among the top 25 countries in the world in terms of population and among the top 35 in terms of GDP. Xi Jinping led three dynamic regions — Fujian and Zhejiang provinces, and Shanghai — that were by population, economic vitality and social challenges the equivalent of three European nations.

In this essay, I offer brief personal observations of China's new leaders.

Xi Jinping

Xi differs from his colleagues by family background and the travails of his youth. His revolutionary hero father, Xi Zhongxun, was a leader in implementing Deng Xiaoping's reforms in the early 1980s. Earlier, however, under leftist extremism, Xi's father was humiliated and imprisoned several times, over a period spanning 16 years. When the ideological madness spawned the "cultural revolution" (1966-76), the teenage Xi Jinping was "sent down" to a poor, remote mountain village where, for six years, he chopped hay, reaped wheat, herded sheep, and lived in a cave house. Xi gained by the harsh experience. Although the offspring of a political leader, Xi is known for the common man's touch. Xi said: "Many of my practical ideas stem from

my life during that period, which has influenced me every minute, even today. To truly understand common folk and society is fundamental."

When Adam Zhu (my business partner) and I met then Zhejiang province Party secretary Xi Jinping in 2006, he was characteristically cautious. "We should not overestimate our accomplishments or indulge ourselves in our achievements," Xi told me, advising China to see "the gap between where we are and where we have to go" and to aspire to "our next higher goal," which he described as "a persistent and unremitting process."

"To understand our dedication to revitalize our country, one should appreciate the Chinese people's pride in our ancient civilization," Xi said. "We made great contributions to world civilization and enjoyed long-term prosperity; then suffered national weakness, oppression, humiliation. Our deep motivation is rooted in our patriotism and pride." But, he continued, "compared with our long history, our speed of development is not so impressive. We should assess ourselves objectively."

My impression of Xi Jinping is that he is friendly, courteous, open-minded and engaging. Radiating a strong physical presence, he carries himself with the ease of someone comfortable with authority and empathetic with guests, and he manifests none of the airs of a high official impressed with his own status. He believes in being "Proud, not complacent. Motivated, not pompous. Pragmatic, not erratic."

Xi, certainly, upholds the primacy of the Party. Yet, recognizing China's "earthshaking change," he advises Party officials to embrace greater change — to "emancipate our minds and overcome the attitude of being satisfied with the status quo, the inertia of conservative and complacent thinking, the fear of difficulties, and timid thinking." Though Xi is likely to quicken reform, political as well as economic,

he will maintain stability as the touchstone.

China's leaders "constantly draw theoretical lessons from our work, and use them to guide our practice," Xi explained. "These are not long-winded theoretical exercises," he added with a smile. "We don't discuss theory all day long without making decisions. Leaders must be decisive and action-oriented."

Li Keqiang

When I met Li in 2005, he had recently become Party secretary of Liaoning province in China's northeast, the country's old industrial heartland that had fallen behind when its massive state-owned enterprises were ill-suited for a consumer-driven market economy. Li began championing the national policy of "Revitalizing the Northeast." The key, he told me, was to find market-sensitive ways to restructure large SOEs while at the same time to create a fertile environment so that private businesses could flourish.

Li has been described as low-key, clear-minded, smart, responsive, prudent, tactful. I was struck by his determination to try innovative ideas and his decisiveness to tackle seemingly intractable problems.

After arriving in late 2004, Li left his footprints across the province, visiting cities at a rapid rate. His plan was to build Liaoning's economy on three pillars — the Jinzhou Bay region in the southwest; Shenyang, the capital, in the center; and Dalian, the modern city on the sea. In these two major urban clusters, Li targeted specific industries to develop world-class capabilities such as equipment manufacturing. A major initiative was to renovate Liaoning's poor residential areas, the sprawling shantytowns, so that 1.2 million people could move into new homes.

A leader of Peking University's student union and then secretary of the CPC Youth League, Li points out that senior officials "also need to

study while we are working. Otherwise, our work will lack originality." His focus on "originality" reflects China's leaders push for the nation to become creative and innovative, to use new thinking to solve multi-faceted problems now manifest in virtually every area of national development.

Li earned his doctorate under the distinguished economist Li Yining (no relation), whom I know to be an intellectually demanding reformist, unimpressed with political status. Li Keqiang became governor of Henan province at 43, the youngest in China and the first with a PhD. Li's administrative experience as Party secretary, as CEO, of two large provinces — Henan with 95 million people and a GDP now almost \$500 billion (391 billion euros), and Liaoning with 45 million people and a GDP now almost \$400 billion — is unparalleled globally.

Zhang Dejiang

Zhang is a three-term member of the Political Bureau of the CPC Central Committee who has run four administrative regions — Jilin, Zhejiang and Guangdong provinces, and the Chongqing municipality — a combined total of roughly 215 million people and a current GDP of over \$1.7 trillion (\$2.7 trillion based on purchasing power parity, PPP). This is a population larger than Brazil's (fifth globally) and a GDP the size of India's (ninth globally). Using PPP, the combined GDP is larger than Russia's (sixth globally).

Zhang studied Korean and when he was Party secretary of Yanbian Korean autonomous prefecture in Jilin, he delivered reports in Korean. In Party congresses, Zhang began and ended his speeches in Korean.

When Zhang was running Chongqing (having replaced Bo Xilai, the former Party secretary of the municipality, after the shocking scandal), he was concurrently vice-premier

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in charge of industry, where he supported indigenous innovation, particularly in large SOEs. Yet, appreciating the role of the private sector in China's growth model, Zhang worked to repair the damage done to Chongqing's business owners by his predecessor. He quietly restored their confidence, recognizing entrepreneurs' vital contribution to China's development.

Yu Zhengsheng

In 2010, then Shanghai Party Secretary Yu told me that to solve the financial crisis, "while consumption has to be stimulated, investment is also needed — but in low-carbon, environment-friendly industries so that we can live in harmony with nature." He continued, "What way of life should we adopt? Life in the West, particularly in the US with its large number of vehicles, depends on huge consumption of energy?"

Can China afford this way of life, Yu asked? "China has achieved great economic success, but many severe problems have arisen, especially widening income gaps and strained human relations. So the issues awaiting solution are how to produce a harmonious environment."

When working on Expo 2010 Shanghai, I saw Yu's pragmatism and candor. Interviewing him for China Central Television before the Expo opened, I inquired about his happiest experience. "The happiest hasn't come yet," he responded. "Only when the closing ceremony confirms a safe Expo, will I have the greatest pleasure."

Liu Yunshan

A three-term member of the Political Bureau of the CPC Central Committee, Liu served for 10 years as head of the CPC Publicity Department, where he led the transformation and development of China's cultural industries, especially media and entertainment. Due to the sensitivity of ideology and limited financial investment, the dramatic achievements have been underestimated by outsiders.

While China maintained required regulation of the media to ensure social security, Liu effected the modernization and popularization

of media communications. This restructuring, underreported abroad, unleashed creative competition and enabled greater diversity. The Internet, new media, television, press, publishing and film experienced great growth, even approaching world standards in technology and content. Significantly, media enhancement benefits all citizens irrespective of class or income — critical in a nation where social imbalances are its most divisive problem.

Liu also enabled increasing openness in China's international communications. Regarding my commentaries about China, Liu advised me personally: "Let facts tell China's story," he said. "The truth is told best in an honest, matter-of-fact way. Painting rosy pictures doesn't work; beautifying us isn't helpful. Real-life stories count. Dig out life experiences; reveal inner-most thoughts. That captures the real China."

Influence of communications comes from capability of communications; impact of communications comes from power in discourse; and trust of communications comes from transparency in actions. This philosophy, consistent with many modern communications theories, comes from Liu. When I met Liu five weeks after the devastating Sichuan earthquake in 2008, he said that the Standing Committee of the Political Bureau of the CPC Central Committee had held five meetings specifically on earthquake relief work, several late at night.

Only a dozen minutes after the earthquake, Liu himself called the president of CCTV and told the national broadcaster to start live broadcast 24 hours a day to let people know what was going on in the progress of the rescue and relief work.

"The West attacks us on human rights," he said, "but these meetings, and the monumental relief work we've done, including our media reports, reflect our deep respect for human rights and transparency of our media."

Liu said the Chinese people welcomed "constructive and good-intentioned criticism," but "disagree with it when Western politicians and media make irresponsible accusations."

"We will not accept criticism with ulterior motives," he said. "Obviously China has many

problems. We have 1.3 billion people. The trend is positive: our problems are 'growing pains.' We want more journalists to visit China, not fewer."

Wang Qishan

In 1984, 200 young economists gathered for what would become an historic conference on pricing in China's emerging market economy. The main organizer was a 36-year-old rural policy expert, Wang Qishan, who a quarter century later would become vice-premier in charge of finance with responsibility for China's economy. In his remarkably diverse career, Wang was also chairman of China Construction Bank, vice-governor of Guangdong province, Party secretary of Hainan province, and mayor of Beijing.

Wang is known for his capacity to solve problems and manage crises; his nickname is "fire-brigade captain". Significantly, he co-led the rounds of the US-China Strategic and Economic Dialogue, the highest-level continuing contact between the two superpowers.

Wang combines humor with sophistication. With the Olympics approaching, an American financier requested his business card. "You won't need my card," Wang, then Beijing mayor, said with a smile. "If the Olympics is successful, I'll be too high to help you," he joked. "If it's not, I won't have a phone!"

Zhang Gaoli

Zhang was Party secretary of Shenzhen, the city that pioneered reform, and of Shandong, a province with 95 million people and a GDP now approaching \$800 billion (China's second-largest). Zhang told me how, in 2007, late one night, he was suddenly asked to run Tianjin, the industrial hub in North China. In 2011, Tianjin led all administrative regions in China with a growth rate of 16.4 percent and a per capita GDP of about \$13,000.

When I visited Zhang in Shandong in 2005, he asserted that any idea that is in line with international practice and conducive to innovation may be tried — and tried boldly. "Without development there's no way out; without growth we'd have no material strength and no

problem could be solved," he said, yet adding, "our social development is lagging behind our economic development."

"We must strive for coordinated, sustainable, and balanced development of society, economy, regions, human beings and nature," he said. Educated in planning and statistics, Zhang appraised each of Shandong's 140 counties using dozens of indexes — economic, social, education, and healthcare.

"Results count more than words," Zhang told me more than once. "Opportunities are everywhere. If you're quicker in seizing the first opportunity, you'll have advantages in seizing future opportunities." To know what's really happening, Zhang said, "you must go yourself" — and he is known to visit subordinates, unannounced, in their offices. "I'm not interested in reports," he said, "only results." Zhang promotes a down-to-earth work style of intense effort and low profile. His motto: "Do more. Speak less."

When foreign protesters interrupted the pre-Olympic torch relay (2008), Vice-President Xi Jinping said, "The world is like a huge birdcage where all kinds of birds coexist. If you drive away the noisy ones, you lose wonderful variety and color. The key is to mind our own business well."

If relaxed self-assurance reflects how China's new leaders think, this augurs well for China's future.

China's new leaders, led by Xi Jinping and Li Keqiang, face formidable challenges. They are ready — but one danger is high expectations. A senior aide confided, "Xi is ready, but it won't be easy."

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Interest rate reform would be good step

CHINA MUST REDUCE INCOME INEQUALITY, BOOST SOCIAL WELFARE TO SUSTAIN LONG-TERM GROWTH

By OLIVER BARRON

Chinese leader Hu Jintao opened the 18th National Congress of the CPC by highlighting the need to build a "beautiful China". The man who replaced him as the general secretary, Xi Jinping, closed the session by talking about the "great renewal of the Chinese nation". Together, they conjure up an image of a sublime butterfly emerging from its cocoon, preparing to spread its wings and embrace a new and brighter future.

While the future may be full of promises, China today remains in its cocoon, both in its relationships with the international community and in its own domestic development.

On the international front, China remains secluded from the global economy due to the closed capital account and currency controls. Domestically, China is in dire need of both social and economic reform.

For sure, the achievements of the last three decades cannot be understated — China has grown to become the second-largest economy in the world and, in the process, pulled some 600 million people out of poverty, equivalent to almost twice the population of the United States. A successful past, however, can only do so much to guarantee a prosperous future.

The list of necessary reforms is seemingly endless. In addition to those highlighted above,

other economic reforms include interest rate liberalization, changes to resource and utility pricing and an extensive overhaul of the tax system, including revised revenue sharing between central and local governments, adjustments to resource taxes, property taxes and land fees. On a higher level, China's growth must become more sustainable by reducing reliance on investment and exports and boosting the role of domestic consumption.

Probably most importantly, the system needs to be adjusted to reduce income inequality and boost social welfare. Significant efforts are needed to reform and improve the education system, improve medical and healthcare provisions, expand social security and pensions and clean up the environment.

None of this will come easy, however. With countless barriers to reform constructed by special interest groups seeking to maintain the status quo, although nearly all analysts and commentators share the view that China needs reform, few can agree on the pace or actual direction of that reform.

One of the most fundamental questions is whether China should have state-led or market-led reform. The benefits of market-led reform are highly touted, but such a path also has the potential to step on too many toes. As a result, state-led reform may be a more fruitful path.

Of the many potential reforms, interest rate

reform may have the greatest chance of appeasing both camps. Sure, interest rate reform is usually associated with the reform camp, but perhaps China can achieve "interest rate liberalization with Chinese characteristics". Even with freer interest rates, savers are likely to keep money in larger banks due to their stability, reputation and the convenience of their branch networks.

As the central government appoints the chairman of each of the major banks and remains their majority shareholder, it would still be able to dictate the flow of capital, if needed. It could become similar to China's edible oil market, which despite being fully liberalized years ago, can still fall under administrative control of the government from time to time.

Not only would liberalizing interest rates support economic restructuring through the proper pricing of risk, but it can do a lot more to reduce income inequality and improve social welfare than any amount of government spending. For too long have Chinese individuals seen their wealth eroded in savings accounts earning negative real returns. If rates were liberalized, banks would be forced to offer better returns on deposits in order to prevent capital flight.

Furthermore, interest rate liberalization would also foster financial innovation, leading to the creation of more new savings vehicles. The greater options for savings, beyond simply bank accounts, would significantly

boost the return on savings.

Broader product offering and more stable investments would also support the growth of the underdeveloped insurance sector. A more robust insurance sector then could increase provision of health and life insurance, as well as share the burden of pension provision with the government system that has been overburdened with unfunded liabilities since state-owned enterprises' reform in the 1990s.

More importantly, better healthcare and pensions, when combined with the greater returns on savings, would reduce the need for incremental savings, therefore freeing up money for consumption.

Despite its abounding benefits, practical interest rate liberalization will need to go hand in hand with other reforms, such as deepening the domestic bond market, to allow the government to run greater deficits to fund state initiatives and allay fears that control will be lost.

If we can learn anything from recent history, however, those hoping for rapid reform in the short term are likely to be sorely disappointed. Let's just hope that meaningful progress isn't too late.

The author is head of the Beijing division of NSBO China, a UK-based Chinese government policy investment research firm. The views do not necessarily reflect those of China Daily.

