

EASTASIAFORUM

ECONOMICS, POLITICS AND PUBLIC POLICY IN EAST ASIA AND THE PACIFIC

Vol.11 No.2 April–June 2019 \$9.50

Quarterly



Chinese realities

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Delia Lin Law and values: morality politics under Xi Jinping

Yiping Huang and Tingting Ge Financial repression: good for growth?

Haiqing Yu China's 'social plus' approach to soft power

Shahar Hameiri Chinese aid and investment in Cambodia... **and more**

ASIAN REVIEW:

CedarBough Saeji – Burning Sun club scandal scorches South Korea's image

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Quarterly

ISSN 1837-5081 (print)
ISSN 1837-509X (online)

From the Editors' desk

The global debate on China is becoming more polarised. Is the Chinese economy robust or on the brink of collapse? Does the concentration of power in the hands of President Xi reflect a weaker or more confident China? Is the Belt and Road Initiative a platform for improving global infrastructure, or a strategy to make developing countries more dependent on China? And is Beijing succeeding in its overseas influence campaign, or has China's global influence diminished in the face of a backlash?

Simple binaries such as these can obscure the messy reality of China and its place in the world. In this special issue of *EAFAQ*, experts from within and outside China force us to confront the complicated, evolving, and often contradictory forces shaping Chinese society, politics, economics and global affairs.

Contrary to simplistic narratives of 'debt trap diplomacy', a Cambodian case study shows that the impact of China's global infrastructure funding is determined as much by the policies and practices of recipient countries as by China itself. Deepening the discussion on internment of Uyghurs and Kazakhs in Xinjiang, we explore how the evolution of Central Asian trade and security discourse from the 1980s has contributed to this large-scale violation of human rights. We also highlight the importance of the Great Himalayan Watershed in China's relationship with neighbouring South Asian nations. The livelihoods and security of 45 per cent of humanity depends heavily on the economic and environmental policies adopted in this region.

While commentary often describes Chinese firms as mere copycats of their Western rivals, Chinese digital enterprises now command major market share and have become conduits of Chinese influence across the global Chinese diaspora and beyond. Despite state censorship, this diverse social media landscape offers avenues for dissent, with grassroots feminists making creative use of digital tools to expose sexual predators. These vibrant commercial and activist voices sit alongside an increasingly powerful Party-State, whose authority appears to have deepened in all sectors of China's society. Whether Xi will use his authority to continue earlier trajectories of reform, and whether he can prosecute a global vision that transcends the rivalry with the United States, are now key questions for China and the world.

Asian Review explores the links between Korean pop scandals and chauvinist culture, the birth of a new era in Japan, and India's ambitions for a multipolar world.

Amy King and David Brophy

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Law and values: morality politics under Xi Jinping

COVER: Delegates fill the Great Hall of the People in Beijing in March 2019 for the National People's Congress. PICTURE: Thomas Peter / Reuters.



China's President, Xi Jinping, and his US counterpart, Donald Trump, shake hands after inspecting the ceremonial guard of honour during the US President's visit to Beijing in November 2017. Different forms of leadership 'inform how a state behaves at an international level'.

National leadership test in resolving China-US conflict

YAN XUETONG

STRATEGIC competition between the United States and China is driving the global order towards bipolarity. The present China-US trade conflict foreshadows the emergence of an unstable global order in the coming decade. It is still too difficult to predict which side will win the competition. But it is possible to explain what will

determine the direction of transition from the post-Cold War unipolar order dominated by the United States.

Moral realism explains the transition from a configuration with one dominant state to a configuration with a rising state challenging that dominance. International power transitions are the result of the rising state's national leadership possessing a greater capability to enact reform

than the dominant state. Under this framework, the effectiveness of national leadership is measured by a government's capacity for reform.

A government's capacity for reform in an era of globalisation and digital economics is important because national wealth as well as comprehensive capability are generated mainly from communication technology invention.

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Published by ANU Press
The Australian National University
Canberra ACT 2601, Australia
Email: anupress@anu.edu.au
Web: <http://press.anu.edu.au>

As communication technology is so crucial to national wealth and security, new norms are now required to maintain the global order. Moral realism argues that under these conditions, leading by example is more important than punishment in establishing new international norms. Leading by example relies on other states voluntarily following the principles of either the dominant or the rising state because they believe those principles will help them become prosperous amid changing international conditions.

National leadership guides a government's reform, by which a state will be able to multiply the efficiency of its economic, military and cultural resources. With dramatically improved capability, a state will be able to provide international leadership for establishing new international norms. This means that national leadership guides the state to reform itself under globalisation's changes, which greatly affect military, economic and cultural resources. In contrast, when the political capability of a state decreases, and the national leadership fails to adapt to changing conditions, the efficiency of these resources decline.

Treating the national leadership of superpowers as the most important factor unifies three levels of analysis: individual policymakers, states and international systems. Assessing the national leadership of both the Chinese and US governments can then help us to understand the global order's current trend towards bipolarity.

National leadership can be categorised as inactive, conservative, proactive or aggressive. These different forms of leadership inform how a state behaves at an international level. Changes in the global order are mainly dependent on changes in international

Neither the United States nor China appears to be prepared to undertake the international leadership needed to establish norms for global governance

leadership. International leadership can be categorised as humane authority, hegemony, anemocracy or tyranny.

Both the US and Chinese governments presently claim to be reforming their countries. The side that achieves more reform will have a better chance of winning the strategic competition involved in bipolarity.

But now the competition seems more likely to be decided by the government that generates less retrogression rather than more reform. Neither the United States nor China appears to be prepared to undertake the international leadership needed to establish norms for global governance. Since 2017, both countries have spent great efforts on bilateral rather than multilateral diplomacy, favouring a sovereign normative order over a liberal normative order.

The recent popularity of strongmen in major states will also devalue the strategic credibility of foreign policy and only increase the uncertainty of international politics in the coming decade. Such leaders' personal interests may often overwhelm

national interests, including strategic credibility. As personal interests are mutable, policy becomes unpredictable. Suspicion and mutual distrust may become a common phenomenon between states. This trend is currently illustrated by trade conflicts between the United States and other major powers.

Although the coming decade may witness a bipolar world with neither superpower eager to take on global leadership, millennials in China and the United States may provide progressive leadership when they come to power in the 2040s. US liberalism still wields greater influence than any other ideology, and China's rise will expand the international influence of the country's traditional values.

There is a possibility the next generation of Chinese or US millennials will provide international leadership in the category of humane authority, as advocated by moral realism. Should such international leadership come to pass, it will lead to an international order based on norms of fairness, justice and civility. [EAFQ](#)

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OUR NEXT ISSUE . . .

**Japan's
leadership
moment**

A trade war will hasten China's structural reforms

CAI FANG

ON 22 March 2018, the United States, invoking Section 301 of the Trade Act, increased tariffs on imported goods from China. Since then the trade war has severely harmed both the Chinese and US economies. Nor have other economies been immune. Yet despite 11 rounds of high-level negotiations between the two sides, the Trump administration has continued to escalate the trade conflict. The result has been an increase in tariffs on Chinese imports from 10 per cent to 25 per cent on 10 May 2019. China certainly did not want a trade war, it was launched unilaterally by the United States. But China was prepared for its escalation.

Early in 2019 President Xi Jinping talked to Chinese policymakers about carefully addressing major risks in the Chinese economy. Although he did not directly name the China–US trade dispute, the risks that he mentioned logically included its potentially damaging effects. President Xi cited two well-known metaphors: the black swan for highly improbable but neglected events and the grey rhino for seemingly obvious yet poorly handled events. The trade war and its escalation have had elements of both.

What has happened in trade relations between the two countries is not going to alter the course of Chinese policymakers, and there is no reason to expect a holding back

or reversal of China's reform agenda. As the escalation of the trade war is expected to negatively impact growth, the sense of urgency to carry out reforms will only intensify. Experience over the past 40 years has assured Chinese policymakers that reform and opening-up deliver immediate gains for growth.

In recent years, the government has implemented reforms aimed at streamlining administration, delegating powers and improving government services, all of which have significantly helped increase the potential growth rate.

Simultaneously, policymakers have become more and more aware of the diminishing benefit from stimulus measures on growth. Understanding the supply-side component of the growth slowdown, the Chinese government has been determined not to rely on stimulus measures to lift the actual growth rate above the potential growth rate.

A major concern is the disappearance of the demographic dividend, which fuelled China's rapid growth over the 30-year period before 2010. The negative growth in China's working-age population has led to labour shortages, slower improvements in human capital, diminishing returns to capital and narrowed room for resource reallocation efficiency. As a result, China's actual growth rate has been decreasing since 2012.

In lieu of stimulus measures, the government has tried to increase the potential growth rate itself by carrying out supply-side structural reforms aimed at increasing labour supply and improving productivity.

As the trade conflict between China and the United States deepens, reform measures have been deployed in areas where the reform dividends are expected to be big. The reform of the household registration (*hukou*) system is an example. *Hukou* reform could significantly enhance the economy's potential growth rate by transforming migrant workers from guest labourers into legitimate residents in cities, thereby increasing labour supply and improving the efficiency of resource reallocation.

But though this reform has attracted broad consensus and has long been on the central government's

agenda, progress was delayed until 15 April 2019, when the Central Committee and the State Council released guidelines to promote integrated urban–rural development. The guidelines laid down a deadline for the long-scheduled *hukou* reform by announcing that restrictions on rural-to-urban settlement will be gradually eliminated by 2022.

THERE may be questions about other supply-side structural reforms that could be delayed, including those centring on de-leveraging, reducing overcapacity, lessening burdens on enterprises and clearing up zombie firms. These reforms may be put on hold as policymakers prioritise coping with demand-side shocks that could result from setbacks in China–US trade talks. Organising the reform agenda is

the key to solving all of these problems and overcoming any difficulties.

From 2019, the supply-side structural reform agenda has been updated along four dimensions: consolidating achievements made so far in priority structural reform areas, strengthening the dynamism of micro-entities in the market, upgrading industrial production chains and ensuring unimpeded capital flows in the economy.

All these priorities aim to move the Chinese economy from high-speed growth towards high-quality development. The escalating trade war between China and the United States will only accelerate the pace of China's structural reform, not reverse it. **EAFO**

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Workers watch port operations in Qingdao in June 2019. Upgrading industrial production chains has been a priority in China's reform agenda.

PICTURE: REUTERS



US Trade Representative Robert Lighthizer, Treasury Secretary Steven Mnuchin and China's Vice Premier Liu He pictured during trade talks in Beijing in March 2019. China has since hardened its negotiating position, with Vice Premier Liu emphasising that any agreement must be 'equal and mutually beneficial'.

Trade agreement now harder, but not impossible

WANG YONG

CHINA–US trade negotiations broke down unexpectedly in May 2019. The United States government was goaded into launching an all-out war on private tech companies like Huawei. The economies of the two countries and the global economy are predicted to suffer greatly as a result. So why did negotiations fail this time?

By the end of April, President Trump and the US media had impressed upon global observers that China and the United States were about to reach an agreement on trade. President Xi was invited to

Washington in late May in line with this posturing.

Beijing had very few words to say about the invitation and there was no suggestion that this series of talks would end after the scheduled meeting. Beijing has hardened its negotiating position since March 2019 and is demanding that discussions take place on more equal footing. Domestic politics will play a big role in the final stages of the negotiations.

After the collapse of the 11th round of trade talks in Washington, Vice Premier Liu He emphasised that any agreement must be equal and mutually beneficial. China would not

compromise on principles, he argued.

Three core concerns must be resolved if these talks are to be successful moving forward. First, tariffs imposed must be removed. Second, volumes of Chinese purchases from the United States must be realistic. The two sides reached a consensus in Argentina on the volume of purchases and this number should not be changed arbitrarily. Third, the balance of the text in the proposed agreement must be improved such that it better reflects the equal footing upon which both Washington and Beijing meet on matters of trade.

In addition to these three points,

China is increasingly disappointed with the lack of progress on the larger goals of these negotiations. Through the signing of the agreement and the leadership visits, strategic rivalry between the two countries should de-escalate. In fact, the opposite seems to have happened—the United States has exerted growing pressure on Beijing on almost all of the issues that are vital to Chinese interests. These include the South China Sea, Taiwan, Xinjiang, the exchange of students, visas and investment in the United States.

A lack of trust and demands from the United States that tariffs be maintained are two reasons that the leaders cannot reach an agreement. The United States claims that China has made many trade promises in the past but that most have not been fulfilled. The US business community opposes tariff measures but insists that the government should not be too hasty in reaching an agreement reliant only upon China's promises.

Internally, the United States faces tremendous reform pressures and demands for a more equitable distribution of wealth. These issues are destined to become major topics in the 2020 presidential election campaigns. Trump and Mitch McConnell, the Republican majority leader of the Senate, have expressed their willingness to resist 'socialist' reform. US elites are thought to be 'scapegoating' other countries in the hope of diverting pressure away from domestic issues. China, with a different set of ideological and political institutions, has become the most 'convenient' enemy.

The trade and security hawks now command the United States' centre of power. The Democratic and Republican parties, driven by competition for votes, are showing that they are willing to get tough on

It is hard to imagine that China will come to the negotiating table if the United States maintains high tariffs and deepens its technology war.

China to gain the support of voters in swing states. The risk is high that the United States will carry forward a long-term hostile policy towards China, with the possibility of relations deteriorating into a new type of Cold War.

Trump's personality is also a key factor influencing negotiations. He is deeply obsessed with the art of making a deal. The US political system also has fewer constraints on presidential power than one imagines. Seeking 'total' victory has impacted US relations with all major trading partners. This is not limited to China.

After setbacks in negotiations, though both sides deny it, the US government escalated the tariff war into a technology war. Even if China

had reached an agreement satisfying US requirements, security hawks would still have sought to ban Huawei and other Chinese tech companies in the name of national security. The public atmosphere of hatred in the United States, incited by these security hawks, has made it more difficult to reach an agreement acceptable to both countries.

It is still possible for China and the United States to reach an agreement based on common interests.

In order to win the 2020 general election, Trump needs an agreement. With a China deal, he can gain the support of the agriculture and energy sectors, Wall Street and US companies investing in China.

Beijing also hopes to reach an agreement to ensure China's economic growth, stabilise bilateral relations and avoid the prospects of strategic competition. It is hard to imagine that China will come to the negotiating table if the United States maintains high tariffs and deepens its technology war. Trump exaggerates the economic difficulties and underestimates the resilience of the Chinese economy.

China and the United States need to find a more balanced approach to address these concerns. Constructive communication between the leaders of the two countries can still play a vital role in breaking the stalemate. **EAFO**

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PICTURE: LEAH MILLIS / REUTERS



US President Donald Trump: a personality 'obsessed with the art of making a deal'.



The Governor of the People's Bank of China, Yi Gang: though financial institutions have multiplied, the PBoC still guides commercial banks' functions.

China's financial repression: could it be good for growth?

YIPING HUANG AND TINGTING GE

WHEN China began economic reform in 1978, it had only one financial institution: the People's Bank of China. As a centrally planned economy, the state arranged the transfer of funds and there was little demand for financial intermediation.

Once economic reform started, the authorities moved very quickly to establish a large number of financial institutions and various financial markets. Forty years later, China is an important player in the global financial system.

Yet government intervention in the financial system remains widespread

and serious. The People's Bank of China (PBoC) still guides commercial banks' setting of deposit and lending rates through 'window guidance'. Industry and other policies still play important roles influencing the allocation of financial resources. The PBoC intervenes in foreign exchange markets from time to time, through directly buying or selling foreign exchanges, setting the central parity and determining the daily trading band. Regulators tightly manage cross-border capital flows and the state still controls the majority shares of most large financial institutions.

Repressive financial policies attract criticism in academic, business and

policy circles. Academics believe state intervention reduces financial efficiency and inhibits financial development. Private businesses complain about policy discrimination making it difficult for them to obtain external funding.

China's repressive financial policies have also been a source of controversy as they relate to its outward direct investment. Some foreign experts argue that Chinese state-owned enterprises (SOEs) compete unfairly with foreign companies since they receive subsidised funding. This issue is at the centre of the current trade dispute between China and the United States.

Despite all these issues, for quite a while repressive financial policies have not stopped China from achieving rapid economic growth and maintaining financial stability. During its first three decades of economic reform, China's GDP growth averaged 9.8 per cent per annum and its financial system did not experience any systemic financial crisis.

During the past decade, that rosy picture has faded away. Economic growth has decelerated and systemic financial risks have escalated sharply. It appears that what worked before no longer continues to work so well.

China's financial reform and development over the past four decades could be described as strong in establishing financial institutions and growing financial assets, but weak in liberalising financial markets and improving corporate governance. On one hand, having started with just one financial institution in 1978, China has built an expansive financial sector with a range of institutions and vast financial assets. On the other hand, free-market mechanisms remain seriously constrained.

In the reform period, repressive financial policies were legacies of the central planning system. Their continuation was initially the result of political compromise. It was politically not feasible to privatise all SOEs, so the government had to intervene in the financial system, providing de facto subsidies to SOEs to support a smooth economic transition. In retrospect, during the first couple of decades of reform, repressive financial policies resulted in improved economic performance and supported financial stability.

Repressive financial policies can have positive effects on economic growth and financial stability during early stages of development. But over

time, these positive effects are likely to turn negative.

The impact of financial repression can be thought of in terms of two effects: the McKinnon effect and the Stiglitz effect. The McKinnon effect is generally negative: financial repression hinders both financial efficiency and financial development. The Stiglitz effect is mainly positive: repressive financial policies can help effectively convert savings into investment and support financial stability.

Both effects exist in all economies but their relative importance varies. The positive Stiglitz effect is more important when both the financial market and regulatory system are underdeveloped. This explains the observation that financial repression did not disrupt rapid economic growth and financial stability during China's early reform years.

In recent years, repressive financial policies have begun to hurt China's economic and financial performance. Economic growth has decelerated persistently since 2010. One reason is that, as an upper middle-income economy, China's growth now relies more on innovation and industrial upgrading instead of mobilising more labour and capital. Repressive financial policies are not well positioned to support corporate innovation. Nor are

In the reform period,
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system

they well suited to provide asset-based income for Chinese households.

In the meantime, systemic financial risks have risen. The two most important pillars supporting financial stability—sustained rapid economic growth and the government's implicit guarantees in the financial sector—have both weakened discernably. This suggests the policy regime that worked effectively during the first few decades of reform can no longer deliver the same results. Today, further reforms are urgently needed to support future growth and stability. Reform needs to focus on developing multilayer capital markets, letting market mechanisms play the decisive role in allocating financial resources and improving financial regulation.

In economies where financial markets and regulatory systems are underdeveloped, a certain degree of financial repression can be helpful. If China gave up all government interventions at the start of its reform period, it would have experienced several rounds of financial crises.

In this sense, repressive financial policies in China are transitory measures. They are effective ways of supporting economic growth and financial stability, and are part of a gradualist approach to reform. Today, however, the Chinese government needs to push ahead with more challenging financial reforms, increasing the role of the market and opening the financial sector to the outside world. **EAFO**

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Chinese aid and investment in Cambodia

PICTURE: NG HAN GUAN / REUTERS

SHAHAR HAMEIRI

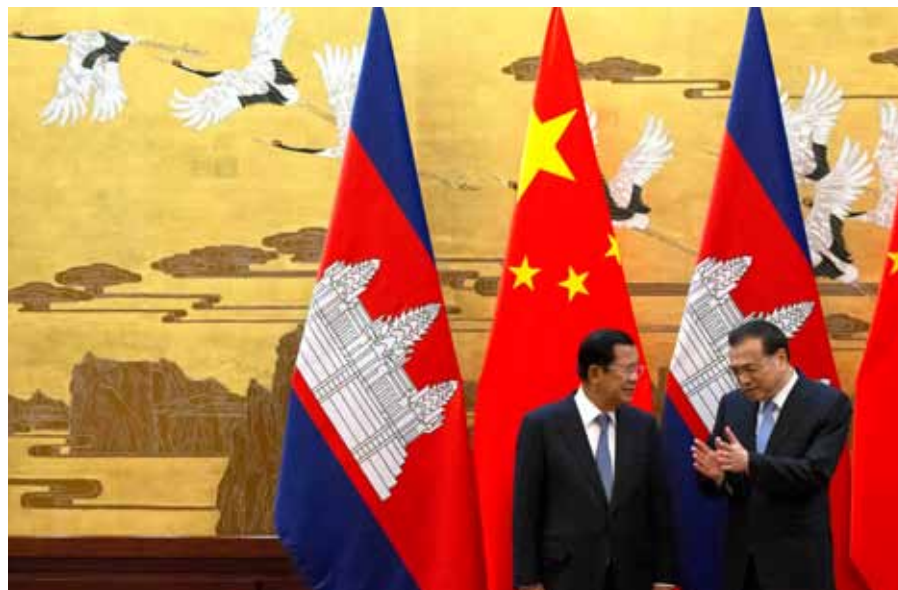
THE debate about China's rapidly growing global investment and development financing footprint has focused on deciphering Chinese intentions—whether China aims to revise or maintain the US-led 'liberal international order'. A manifestation is the controversial 'debt trap diplomacy' trope—the idea that China is using its money to ensnare recipients in unequal relationships that secure Chinese geostrategic interests.

But the role of recipient governments in promoting large-scale Chinese projects and shaping their impact is, with few exceptions, often neglected.

Cambodia is a case in point. Observers often view Cambodia as China's staunchest ally in Southeast Asia, even as a 'vassal state'. Cambodia's refusal, when ASEAN Chair in 2012, to release a communique criticising China's conduct in the South China Sea was seen as evidence of this.

China is Cambodia's biggest aid provider. Recent data show average annual Chinese expenditure of US\$250–300 million in 2016–18, well ahead of second-placed Japan at US\$120–170 million. Chinese investors hold almost a quarter of Cambodia's total foreign direct investment stock. Distinguishing Chinese aid from investment is difficult, but there is no doubting China's huge economic impact in Cambodia.

Yet the Cambodian government



Cambodian Prime Minister Hun Sen chats with Chinese Premier Li Keqiang during a signing ceremony at the Great Hall of the People in Beijing, in January 2019. China is Cambodia's biggest aid provider.

is often the driving force behind the biggest Chinese-financed projects. Keen to maintain the flow of economic opportunities to the crony-capitalists whose support underpins the regime, Cambodian leader Hun Sen has reached out to China to finance controversial and sometimes financially unviable projects, especially in the hydropower sector.

The characteristics of China's sprawling and fragmented development financing domain enable this. Chinese leaders often pledge headline-grabbing sums of money to particular countries or regions. In Cambodia's case, US\$500–\$700 million per annum was pledged in 2014. But disbursing the funds depends on project-by-project negotiations, typically between recipients and Chinese officials from

local embassies and state-owned companies. China's development financing is also generally 'demand-driven', so project ideas usually come from recipients—although state-owned enterprises often propose projects to recipients informally.

In Cambodia, the demand-driven system is shaped by patronage politics centred on Hun Sen and the Cambodian People's Party. Unlike any other development partner, Chinese development financing is managed directly from the Prime Minister's office, not via the Council for the Development of Cambodia, affording Hun Sen considerable scope to shape China's development financing.

A prominent example is the Lower Se San 2 (LS2) dam—the biggest Chinese-financed project in Cambodia, costing over US\$900

million. Construction of the dam displaced around 5000 Cambodians, mostly ethnic minorities. Tens of thousands more have been negatively affected by the dam's effects on water flows and fish migration.

Cambodia's ruling elites developed an interest in hydropower in the early 2000s, initially for export, but later to provide electricity to rural areas that currently receive only 10 per cent of Cambodia's total power supply. Hun Sen has promised to provide electricity to 70 per cent of households by 2030, partly in an effort to address his party's declining electoral support in its rural heartland because of increased land-grabbing by cronies.

The LS2 originated in Cold War-era surveys by American consultants and a 1999 Asian Development Bank report. In 2003, Cambodia's Ministry of Infrastructure, Mines and Energy identified the site as one of 14 priority projects. The Cambodian government struggled to finance these costly projects and turned to the 'Build, Operate, Transfer' (BOT) model to attract investors. It offered generous terms, including tax breaks, free licences for dam construction and water use, and rapid environmental approvals. It also pledged to guarantee energy purchases and buy out operating companies in case of force majeure.

Initially the Cambodian government signed a memorandum of understanding with Electricity Vietnam (EVN) to develop the site. In 2008, EVN's subsidiary conducted a feasibility study, project design and resettlement plan. Cambodia's Ministry of the Environment approved the environmental impact assessment in 2010, despite considerable external criticism. It soon transpired that EVN was struggling to raise sufficient finance.

In January 2011 EVN announced that Royal Group—a company owned by Cambodia's richest crony-capitalist, Kith Meng—had taken a 49 per cent share in the project, allegedly at Hun Sen's insistence, despite having no experience in the energy sector. Rumours circulated that EVN was trying to pull out. In November 2012, after Cambodia's Council of Ministers approved LS2, it was suddenly announced that the state-owned China Huaneng Group had become the project's largest shareholder with a 51 per cent stake. EVN became a sleeping partner, holding 10 per cent while Royal Group retained 39 per cent.

AFTER lengthy negotiations, Huaneng, the national utility company Electricite du Cambodge and the Hydro Power Lower Se San 2 Company agreed on a financing deal, which Cambodia's National Assembly signed into law in February 2013. The dam company agreed to pay 30 per cent of the cost from unknown sources, with the remainder coming from a bank loan for 15 years at 6.5 per cent interest. The loan's source has been kept secret but is thought to be the China Development Bank.

Huaneng agreed to own and operate LS2 for 45 years, far longer than a typical BOT agreement. Electricite du Cambodge pledged to purchase all the electricity generated for an agreed price, backed by a government guarantee. The government also agreed to buy out the project if it could not be implemented for political reasons.

Far from being directed strategically by China, or even a buccaneering state-owned enterprise, the impetus for LS2 appears to have come from the recipient—the Cambodian government, and Hun Sen personally. Huaneng, via its subsidiary

HydroLancang, only got involved after the project had been designed and approved. Exactly how it was drawn in is unclear, but every account underscores Cambodian agency.

Powerful Cambodian interests are also instrumental in LS2's harmful social and environmental impacts. HydroLancang's approach was to focus exclusively on dam construction while leaving negotiating and implementing resettlement to its local partner. Due to Cambodia's weak regulatory system, which powerful interests often simply ignore, Royal Group displaced villagers for a fraction of what a similar resettlement would have cost in China. Villagers suffered while Royal Group exploited its close ties with the regime to profit enormously.

The dam's reservoir covered 16,000 hectares of pristine forest, providing a bonanza for Kith Meng's timber companies. Logging began almost immediately after the LS2 agreement was signed. The timber company began harvesting luxury hardwood without approval from local authorities or communities. According to media and bystander reports, it also allegedly felled trees illegally, outside the reservoir area.

As the Cambodian example makes clear, the recipient, not just the investor, can have a considerable effect on the distribution of benefits and the outcomes of Chinese development financing and investment. **EAFO**

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Uyghurs stage an anti-Chinese rally in Istanbul in December 2018. The internment of Xinjiang Muslims 'can only be understood as forced cultural assimilation'.

The China-Central Asia security nexus: a longer view

HASAN H. KARRAR

'CONVEY my greetings to the Uyghurs of the world!' the taxi driver said cheerily as I disembarked. It was 2016, and I was in Bishkek, Kyrgyzstan. During a taxi ride that afternoon the driver had disclosed that he was Uyghur. I told him I knew about Uyghurs from my work on China, and we had a light-hearted banter for the remainder of a short ride (Bishkek is not a big city). This was not the first time that someone in

Central Asia had volunteered that they were Uyghur, but I suspect I'll hear it less as developments in Xinjiang loom over Central Asia—in particular people talking about what it means to be Uyghur.

Two developments in Xinjiang are being felt across Central Asia. The first is the internment of around one million Xinjiang Muslims—mostly Uyghurs and Kazakhs—in what can only be understood as forced cultural assimilation. The second is the outbound flow of

capital and technology from China through Xinjiang by way of so-called continental bridges and economic corridors. Although the bridges and corridors idea predates the Belt and Road Initiative (BRI), it has since been brought under President Xi Jinping's signature plan for global connectivity.

Itinerant traders had shuttled goods between Xinjiang and neighbouring countries since the 1980s, but the numbers of such traders continues to drop. Following BRI, localised border trade has been eclipsed by

Chinese corporations and state-owned enterprises directing investment to distant locales. While the Belt and Road is held up as a win-win by Beijing and by countries eager for investment, it inevitably entails other countries entering into long-term—and complex—relationships with China that can extend beyond economic cooperation and diplomacy.

A long view of Chinese–Central Asian relations helps to illustrate, in particular, how Beijing’s approach to internal security actually stemmed from its economic policy and regional diplomacy. This is evidenced in three significant shifts on internal security in Xinjiang in 1988, 2001 and again in 2005.

The first of these shifts appeared towards the end of the 1980s. When that decade began, China was turning the page on the Cultural Revolution. Although there had been isolated unrest in Xinjiang in the early 1980s that fractured along a Han–Uyghur line, for the Chinese leadership the question was over how to integrate Xinjiang—an infrastructure-deficient region—and Xinjiang’s Muslim populations into the development and modernisation envisioned by Deng Xiaoping. This was described in official parlance as a matter of ‘nationalities work’ (*minzu gongzuo*). It was not a security question.

The Cultural Revolution years had also seen an escalation in hostility between China and the Soviet Union, resulting in thousands of localised border skirmishes. In 1982 there was the first hint of rapprochement, and on 16 November 1983 regional cross-border exchanges resumed when the Chinese took delivery of Soviet-made trucks at Khorgos. This was regulated barter trade; in 1983 it totalled US\$24 million and was a confidence-building step between the Cold

War antagonists. Xinjiang Muslims remained insulated from these initial contacts.

The earliest suggestion indicating a shift in thinking on internal security appears to date to 27 August 1988, when the *Xinjiang Daily* reported that separatist elements abroad were undermining China’s national solidarity. This was likely a reference to Central Asia; between 1986 and 1988, border trade went from the purview of provincial authorities to county and prefectural officials. Consequently, border trade boomed. By now *perestroika* had also reached Central Asia and there was little to stop ideas at the border. Put differently, within half a decade cross-border trade had led to concerns over internal security.

The concern over separatists dovetailed with Beijing’s caution following the independence of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, along or just beyond the border with Xinjiang. In the 1990s the emphasis shifted from ‘nationalities work’ to ‘nationalities problem’ (*minzu wenti*).

In relations with Central Asia, Beijing was aided by the Shanghai Five

After Andijan, Beijing was in a stronger position to set the narrative not just on internal security but also on regional security, tacitly supported by its Central Asian neighbours

grouping whereby, in 1996, China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan implemented confidence-building measures along their mutual borders. By 1998, the Shanghai Five grouping took up regional security cooperation and, with the addition of Uzbekistan, became the Shanghai Cooperation Organization (SCO) in 2001. These multilateral frameworks provided a mechanism for coordinating security. They also offered a shared lexicon, notably through the ‘Three Forces’ threatening SCO members: terrorism, separatism, and extremism.

The second shift on security in Xinjiang appeared after 11 September 2001. Beijing began to ascribe instability in Xinjiang to the same transnational forces operating out of Afghanistan, also running amok in Pakistan’s border areas and southern Central Asia. Uyghurs were said to have been fighting alongside the Taliban (and were later said to have fought in Central Asia, Pakistan and Syria).

In a landmark declaration on 11 September 2002, following lobbying from Beijing and Washington, the UN added the East Turkestan Islamic Movement (ETIM) to its list of terrorist organisations. Doing so ascribed a rigid organisational structure to Uyghur resistance to Chinese state policies, which had previously manifested across a very broad spectrum. ETIM now became a legitimate label and those accused of being within its ranks were seen little differently to al-Qaeda or its associated franchises around the world.

The third shift occurred in 2005, after Uzbek security forces fired on protestors in Andijan on 13 May, killing hundreds. In the wake of international condemnation, Beijing threw its support behind the



The Chairman of the Standing Committee of Xinjiang, Shewket Imin, and the Communist Party Secretary of Xinjiang, Chen Quanguo, confer during the National Peoples' Congress in Beijing in March 2019.

embattled Uzbek president, Islam Karimov. The SCO demanded the dismantling of a US military base in Uzbekistan, effectively beginning the rollback of the US security presence in Central Asia. After Andijan, Beijing was in a stronger position to set the narrative not just on internal security but also on regional security, tacitly supported by its Central Asian neighbours. It continues to enjoy this support.

This is not to say that Central Asian states have been passive recipients of a security framework imposed from China; on the contrary, use of categories such as 'terrorist' or 'extremist' have periodically allowed Central Asian leaders to quell opposition. Still, large-scale internment of Uyghurs and Kazakhs in Xinjiang appears to have generated

wariness across the border. It also leads to broader questions: Can securitisation remain confined to Xinjiang as China goes global? How might securitisation affect daily life and community along the Belt and Road in the future? No one knows the answers yet, but it is impossible not to ask such questions in light of developments in Xinjiang.

As new regional developments unfold, Central Asia has little leverage on China. Economic exchanges, which appeared insignificant in 1983, today add up to heavy Chinese investment in Central Asia's energy sector, resource extraction and infrastructure development. Central Asia finds itself inextricably dependent on China.

Dependency on China is also on display in Central Asia's informal entrepôt bazaars, where every year

billions in Chinese-manufactured goods are re-exported to Russia, and from which the Central Asian elites extract the rent that helps them stay in power.

How much can these states hope to influence Beijing? Probably very little, and as the latest of the Silk Roads travels beyond Central Asia, countries drawn by all that China has to offer should consider the turns such paths can take over the long term. [EAFQ](#)

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Burning Sun club scandal scorches South Korea's image

South Korean boyband BTS in action in New York's Central park in May 2019. K-pop is predicated on the idea that top stars are perfect in every way.

CEDARBOUGH SAEJI

THE Burning Sun scandal has rocked the Republic of Korea since the end of January. The scandal centres on Burning Sun, a club that was publicly run by Seungri, the youngest member of the boy band quintet Big Bang. Until the international success of BTS, Big Bang was arguably K-pop's biggest act, setting records with its final tour before the four members left to serve in the military. The scandal's cocktail of drugs, sex and corruption (including police corruption) was media catnip. But what does the scandal mean for South Korean society and its economy?

First, the scandal signals a transition

in the K-pop economy. K-pop is predicated on the idea that top stars are idols, worthy of our adulation and perfect in every way. In 1993 the singer Hyun Jinyoung, who was SM Entertainment's first hit act, was imprisoned for drug use. Immoral behaviour has always had huge consequences in the South Korean music industry. Because the financial blow of the incident almost took down SM Entertainment, its founder Lee Sooman turned to the trainee system and 'slavery' contracts to make sure his artists would stay under control. Other agencies followed suit.

Over the past few years the K-pop economy has drastically shifted, partially because of the huge initial investment involved in training

artists. Part of the distinctiveness and attraction of K-pop, compared with other popular music phenomena around the world, comes from the investment poured into production. Many title songs employ a team of songwriters, a South Korean lyricist, a production team, musicians for the recording, a choreographer, a team of dancers, a video team headed by a top director, a bevy of makeup artists and of course world-leading fashions assembled by a stylist. The final product, in the form of a track on an album and its music video, is visually superlative.

The long training, large staff and attention to detail means that each release represents a huge financial investment. Unfortunately, sales of

musical units are falling. Streaming has become a common way for people to consume music, but Spotify and similar streaming services barely profit artists. Infamously, many K-pop idols, busy repaying the investments made by their agency before their debut, receive very little financial recompense from selling units and performing. Royalties for singing are low and only a few stars receive song-writing or producing royalties.

The increasing costs of each release, coupled with decreasing profits from selling music, mean that K-pop stars earn money not from the business-to-consumer model, but rather the business-to-business model. K-pop stars frequently earn more from appearing in advertisements than from their music. Videos also function as sites of embedded product placement. Original, full-length advertisement videos have been recorded—at times even becoming hits.

To remain agreeable advertising canvases K-pop idols are again under pressure to maintain a pristine and apolitical image, even while their every move is dissected by fans and media. An attractive and uncontroversial celebrity appears in the majority of South Korean advertisements, often doing little more than holding up a product. The idols, often contracted for a series of product promotions, become enmeshed with the commercial and non-commercial entities for which they are the public face. These entities are motivated to hide any of the idol's imperfections or misdeeds.

Knowing that few idols can sustain their popularity, K-pop stars feel pressure to parlay their fame into something beyond musical performance. This is particularly true if, as their fame drags on, the stars win some independence from

the control that marks the younger years of many idols ('slave contracts' prohibit ventures beyond music and other company-approved appearances in media productions). The exit of members from hit groups TVXQ/DBSK and Girls' Generation were, for example, chalked up to their desire to make money in new, unapproved ways.

Quiet, behind-the-scenes capital investment in real estate or other business ventures is possible while idols remain tied to contracts. Occasionally they become part of business ventures such as restaurants and nightclubs where guests imagine bumping elbows with the stars. It is in this context that the Burning Sun scandal exploded. The K-pop stars most heavily implicated—Seungri of Big Bang and Jung Joonyoung—were involved in promoting a wide range of media products, such as TV shows and investments.

This scandal also represents the polarised state of gender politics in South Korea where, as sociologist Cho Uhn explains, 'gender inequality is visible and ubiquitous in all areas'. When the Asian Financial Crisis of 1997–98 rocked South Korea, men often blamed the loss of workplace stability and the new difficulty finding work on working women, even though the latter were often disenfranchised irregular workers. As South Korea's online culture grew, misogynists found

In the early days of the scandal, the bitterness appeared to be mainly about police corruption

fellowship online, where narratives could be developed and arguments honed in spaces such as Ilbe. Short for Ilgan Beseuteu, Ilbe became the most prominent of the sites where, as Jeong and Lee explain, 'in addition to more direct forms of online misogyny, such as flaming, trolling, cyberbullying, and the circulation of revenge porn, which are directed at specific women, male users ... constantly produced and circulated discourses that mocked and reviled Korean women'. Online gender battles were being fought and this spilled into the offline world after a young woman was murdered in Gangnam in 2016. As the women's rights movement gathered momentum, anti-misogyny rallies attracted counter-protesters who criticised and mocked what men perceived as the advantages of being a woman. According to this narrative, despite South Korea's OECD-leading gender pay gap, women are selfish because they do not serve in the military or share the costs of dating.

The growing #MeToo movement in South Korea—which took down several politicians, entertainment icons and cultural figures starting in February 2018—was followed by renewed activism related to *molka*, spy-cam photos and videos that often end up on the same websites where revenge porn is shared. In South Korea *molka* had become such a problem by mid-2018 that women were covering their faces before entering public bathroom stalls. Yet police treated the *molka* issue as relatively unimportant. Officers claimed for years that it was impossible to shut down Soranet, where most *molka* and revenge porn ended up, because it was legally based outside South Korea. The website was finally shut down in 2018.

From time to time people were caught shooting *molka*, but usually



Front-page news: Seungri arrives at the Seoul Metropolitan Police Agency in March 2019 for questioning over the sex bribery case.

it was only women's reputations that were destroyed. The story took a turn when a nude male model was covertly photographed at a Hongik University art class and the photos circulated. Within days, the woman who shot the photos was arrested and the website that hosted them shut down. People were outraged at the contrast between the police response to the exposure of one man and the dismissal of complaints by thousands of women. This is the gendered background of the Burning Sun scandal.

Much of the hubbub in this specific case is about who produced and who shared *molka* of young women with whom a group of male celebrities and their friends had consensual or non-consensual sexual contact. The young men were part of a series of interlocking KakaoTalk group chats where extremely cavalier attitudes towards women were repeatedly displayed. Some of the men stated in

the chats that they had done certain acts to a woman, and shared photos or videos as proof. Now some women are coming forward to assert that they are the victims of those acts.

Considering narratives of *kkot baem* (gold diggers) and South Korean law enforcement's track record of handling sexual assault, it is not surprising the women waited until evidence had emerged. Sadly, the chats include graphic descriptions of drugging women and engaging in penetrative sex acts while the women were unconscious, to which other men in the chat responded with laughter or congratulations. In some cases, the sex was consensual but *molka* was not. In other cases, gang rape may have occurred. Prosecutors are currently investigating these allegations.

But if the Burning Sun scandal was only a case of celebrities behaving poorly, it would be in the news but nothing more. It has become a much

larger case because it reinforces negative narratives about life in South Korea that have led young people to dub the nation 'Hell Joseon'. In Hell Joseon, young people don't have a chance because corruption, nepotism and elite class advantages have already poisoned the well.

In the early days of the scandal, the bitterness appeared to be mainly about police corruption. At the end of November 2018, one Kim Sang-gyo visited Burning Sun. He claims to have witnessed a man taking advantage of a woman, but when he spoke to club security he was taken outside, beaten and arrested by police who were protecting Burning Sun. In late January, angry at being victimised, he broke the story to the press. In the latest mid-May twist, an internal police investigation cleared the police and recommended Kim be charged with three crimes, including assault.

That paid-off police had protected

Seungri's club instead of a man painting himself as a good Samaritan proved irresistible to the media when the story initially broke. Subsequent investigations found that this incident was only the tip of Burning Sun's iceberg. When the Kakao group chats were brought to light, they documented young male celebrities bragging that police officers, even very highly ranked officers, had handled their problems.

Since the 1990s, the gap between South Korea's haves and have-nots has widened rapidly. South Koreans have seized upon the Western metaphor of being 'born with a silver spoon in one's mouth' and a whole discourse on spoons, from dirt spoons to diamond spoons, has emerged. As the scandals of K-pop stars like Seungri command front pages for weeks on end, several scions of prominent families have also been arrested for drug use (specifically Hwang Hana, the granddaughter of the founder of Namyang Dairy; an unnamed grandson of Hyundai founder Chung Ju-yung; and Chey Young-geun, the eldest grandson of the founder of the SK corporation).

The difference is that the celebrities, once sullied beyond salvage, are expendable media fodder, while the members of well-known and wealthy families are not. Only Hwang Hana has been repeatedly mentioned in the news—she was previously engaged to the JYJ pop star Park Yoo-chun, who tearfully admitted to using drugs after money transfers linked him to a dealer and a drug test came back positive. Park, like all the other idols seriously implicated in these enmeshed scandals, has announced his retirement and has been dropped by his agency.

In recent years, artists and their fans have rebelled against repressive contracts and won more freedom,

particularly as they age. But Seungri's misbehaviour does not only impact Big Bang and YG Entertainment. K-pop, and popular culture more broadly, is heavily tied to the state. The Burning Sun scandal has serious implications for the future success of *hallyu*, the international circulation of South Korean pop culture.

Hallyu has been treated as a sort of national industry. Top stars are idolised around the world, while virtually every South Korean diplomat, politician and intellectual leader is unknown beyond the peninsula. The often-lauded moral (and physical) perfection of South Korea's highly controlled top stars has favourably influenced South Korea's image around the world. If this scandal was merely about discarding bad apples, then Seungri and Jung Joonyoung could simply be thrown away before they ruin the barrel—just as the South Korean entertainment industry has already erased their cultural products from various platforms.

But if moral stars are substitutes for immoral leaders like disgraced former president Park Geun-hye, then Burning Sun really does have implications for the image of the nation. Decisively addressing the scandal and taking steps to change its underlying context is important to avoid damage to South Korea's image, at least in the eyes of *hallyu* fans.

Risk-averse politicians
will keep their distance
from all but the most
convincingly innocent
stars

The government will likely take a step back, becoming more hesitant to invest in or hitch its success to the entertainment industry. Big Bang members were once used as spokesmodels in a campaign to encourage foreign tourists to visit South Korea, while National Pension Service funds were invested in YG Entertainment stock (which has now plummeted). Who will the government use as apolitical national representatives in the future? Going forward, risk-averse politicians will keep their distance from all but the most convincingly innocent stars.

Changed governmental priorities will produce one of two results. Companies could play it safe and the selection, debut and promotion of idols will be adjusted in a more saccharine direction. Agencies' control over stars will increase again. Or it could be that agencies will move away from the perfect idol model, rejecting government support and advertisement earnings in favour of showing a new side of K-pop. That would require the public to accept that artists are human, fallible and at times completely out of control.

The latter may be the better result—after all, in the wake of this scandal, the pressure to maintain the facade has only ratcheted up. But as social media documents so much of a celebrity's life, is keeping a pristine idol image even possible? Certainly being perfect is impossible. SHINee's Kim Jonghyun took his own life under this pressure. The messier and more public self-destruction of Seungri, Jung Joonyoung, Park Yoochun and others are two sides of the same coin. [EAFQ](#)

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Emperor Naruhito and Empress Masako: the Reiwa era will accelerate the trend of dissolving hierarchies.

Japan enters the Reiwa era with a new identity

NOBUKO KOBAYASHI

EMPEROR Akihito's abdication at the end of April marked the end of three decades under his reign, an era called Heisei. It also marked the start of a new era, Reiwa, under his son, Naruhito, the newly enthroned emperor of Japan.

The change of an era marks a significant reset of time in Japan. Unlike a decade, an era may be long enough to envelop most of one's life. Japanese people broadly associate their cohort with the era in which they were born and grew up. After all, Reiwa is but the fifth era after the Meiji Restoration in 1868—an awakening of

a modern nation closed to the outside world for more than 250 years.

Growing up in the '80s, I recall some born in the Meiji era (1868–1912). The younger of them experienced World War II as adults and rebuilt the nation in its aftermath. They were tough, with the backbone of old-school Japanese. Those born in the Taisho era (1912–1926) are relatively few, since the period only lasted 15 years.

Both my parents' generation and mine were born in the Showa era (1926–1989). Showa was a traumatic period, encompassing World War II. Those who were born in the early Showa, who would be in their 80s

today, saw Japan's prewar militaristic rise, its catastrophic fall and postwar economic rise. A rising, militaristic Far Eastern power at its dawn, the nation was completely transformed when Showa drew to its close.

Even if Heisei still smells new for us Showa-born, 30 years must be a long enough time for a nation to emerge transformed. Yet on the surface, the significance of Heisei is that nothing significant happened—aside from the burst of a horrendous financial bubble (1989), economic stagnation, and two large natural disasters, the Great Hanshin earthquake (1995) and the Eastern Japan earthquake and tsunami (2011).

Domestically, life in Japan went on without much drama. Despite property prices plummeting in the early Heisei years, consumer prices were remarkably stable, rising by a scant 0.5 per cent annually. The unemployment rate at the beginning of Heisei was the same as at the end: 2 per cent, having surged to 5 per cent only twice, around 2001–02 and 2009.

Politically speaking, the once-dominant Liberal Democratic Party (LDP) briefly lost its grip on power, but the other administrations barely had an impact before voters scurried back to the LDP, which now faces only weak challengers. Under the security blanket of the United States–Japan alliance, invasion by foreign force was a non-issue to commoners, except for North Korean provocation. Strict immigration policy resulted in a mere 2 per cent of the population being foreign born, contributing to a level of political stability that has eluded many EU countries and the United States.

But the most notable demographic phenomenon is not about foreign-born citizens but about ageing. Japan's population was among the youngest in the developed world at Heisei's start but is now the oldest. The total population peaked at the midpoint of Heisei in 2008 and is now declining at a pace approaching 400,000 a year. The population increase over the whole of Heisei was just 3 per cent compared with 32 per cent in the United States and 23 per cent in China. On the bright side, the average Japanese lifespan increased by five years over Heisei, for males from 76 to 81 and for females from 82 to 87. As result of longevity and a low fertility rate, the proportion of people over 65 shot up from 15 per cent at the beginning of the period to 36 per cent in 2019.

Relative to the outside world, these changes point to a picture of

a quietly sinking sun. The year 2009 saw Japan fall to its current position as the world's third-largest economy measured by nominal GDP, having been overtaken by China. While real GDP measured in current US dollars grew by 59 per cent in Japan from 1989–2017, it pales in comparison to the United States, with 243 per cent, and China's astounding 3419 per cent.

In 1989, there were 32 Japanese names in the global top 50 companies by market capitalisation. In 2018 there was only one—Toyota Motors. With the automobile industry a rather anomalous bright spot, the technological industries once brandished as Japanese hallmarks of industrial success have lost their way to global competitors. The Japanese market share of semiconductors reached 49 per cent in 1990, but was at a dismal 7 per cent in 2017.

In lockstep with its declining industrial position, gone are the days when traditional Japanese management practices, symbolised by life-time employment, were touted as global best practice.

Could an aged Japan be discreetly bowing out of the world's centre stage, before an audience newly fascinated by Chinamerica?

The stagnant-looking surface only

It is wrong to write off Japan as a geriatric sunset country where the only changes that can be expected signal decline

needs a ripple to reveal dramatic change. It is wrong to write off Japan as a geriatric sunset country where the only changes that can be expected signal decline.

Heisei Japan, too, went through a profound transformation, only a subtle and much less tangible transformation compared with that of Showa, its predecessor. In a nutshell, the change was the crumbling of a rigid socio-economic system, in which government ministries and large companies dominated in true Showa fashion.

The underlying fabric of post-World War II Japanese success was an efficient class system organised with clear hierarchy. The Showa public sector, driven by its powerful army of career bureaucrats, successfully led the rise of Japanese export-oriented industries from steel to semiconductors under the convoy system.

The industries in turn were organised in clear order of cachet, visualised by the cascading median salaries of their employees, within which the top position was often occupied by *keiretsu*-related blue-chip companies. The *keiretsu* web of capital and non-capital ties spread across sectors to allow optimal coordination. The mighty *sogo-shosha*, or general trading companies, sat in the middle of these webs, which functioned as centre nodes.

Within a sector—say the automotive industry—there was clear separation of tiers that distinguished original export manufacturers (OEM) from tier 1, 2 and 3 component suppliers. Tier ones acted as general contractors to source and integrate the necessary ingredients from various tier twos. OEMs seldom interacted directly with tier twos or threes. The vertical chain of *keiretsu* allowed for both division

of role and coordination. The loyalty of those at the bottom of the pyramid was rewarded with the unwritten assurance that OEMs would always provide more than enough work to guarantee their survival.

In fact, this godfather-like mentality had its mirror within individual companies' organisations. Lifetime employment meant that once you entered a company out of high-school or university, your employer would take care of you as long as you remained loyal.

The seniority-based promotion system encouraged workers to grow within their organisation. A lack of a 401K-like transferable company pension scheme further tipped the balance in favour of those who stayed put.

Before the enactment of the Equal

Employment Opportunity Law in 1986, at the end of Showa, one could argue that even marriages were often arranged by employers. Young women in the workforce were treated as potential brides for junior staff rather than serious talent to nurture. As late as the early '90s it was assumed that women would retire after marriage—never the case for their husbands. This gave marriage for women its moniker of 'eternal employment', where one never has to worry about job loss. After all, the first employment was often eternal for men too.

For the workers, however, loyalty had its price. For example, it meant having little say in an unexpected transfer to a remote location regardless of family situation. Once you left your employer, god forbid, it was almost impossible to re-enter the workforce.

Within the past three decades, this rigid socio-economic structure crumbled at an accelerating speed that few were able to predict at the dawn of Heisei.

The most fundamental driver has been the technology-driven so-called fourth industrial revolution. Defined as a concurrent commercial arrival of artificial intelligence and the internet of things that blurs the boundaries of the physical and digital world, it swiftly rewrote the rules of the game for many industries. Perfecting mature, hardware-based mechanical engineering yielded diminishing rates of return. On the contrary, the value-add shifted to software and application-driven innovation as the internet became ubiquitous after the turn of the century.

The fourth industrial revolution



Older people exercising with wooden dumbbells during a health promotion event for 'Respect for the Aged Day' in Tokyo. Japan's population was among the youngest in the developed world at the start of the Heisei era but is now the oldest. Lifespan, however, increased by five years during this time.

PICTURE: TORU HANAI / REUTERS

shifted the world from vertical to horizontal integration. This is the new regime that most established Japanese companies were, to say the least, ill-equipped to lead.

The past glory of the Japanese automotive sector was built on the ecosystem of tier companies that had been loyal to OEMs through thick and thin. This made it a disturbing thought for OEMs to exit the *keiretsu* and form alliances with completely new partners, such as internet platformers to make connected cars. But *keiretsu* are now dissolving as companies prioritise their own survival. Just last October, Toyota and Softbank formed Monet Technologies, a joint venture addressing mobility services.

Yet it is important to note that this breakdown is not all grim news for smaller *keiretsu* suppliers. Once freed from the implicit chain of loyalty, competitive suppliers with differentiated technology can now openly seek business opportunities with other OEMs—even non-Japanese.

Globalisation with rising emerging markets as the backdrop is another driver for change. The export model has been overtaken by foreign direct investment, as Japanese companies prefer to localise operations rather than depend on export, which involves high labour and transportation costs.

Less reliance on exports coupled with a greater need for speed to market diminished the competitive advantage of the traditional convoy system under the leadership of the public sector. Domestic sector-wide coordination was too time-consuming and much less effective. The once invincible trading companies also sought new identities beyond being informational and trade flow hubs.

The crumbling of the system was mirrored within the Japanese labour market. At the turn of the century,

The model of a technology-enabled community maximising quality of life will be a collection of innovation and new ideas, mixing hardware and software technologies.

under the Koizumi administration (2001–2006), early Heisei Japan experimented with neo-liberalism. Meritocracy was promoted to replace seniority-based promotion. Triggered by the Koizumi reforms, the once sacred notion of lifetime employment ceased to maintain its untouchable status.

Political trends aside, the demographic trend is a major driver of change in Japanese labour practices. With fewer young applicants entering the workforce, companies now opt to entice the promising young by raising starting salaries, flattening the compensation curve. This discourages older employees from staying longer—2018 saw an increase in job-changers for eight consecutive years to 3.3 million, approximately 5 per cent of total workers. Some 38 per cent of those who switched were older than 45, an 11-point increase over a decade.

This labour mobility coincides with the rise of entrepreneurship. Traditionally regarded as too high-risk, with iffy returns, joining a start-up is now a reasonable option for graduates from top universities. In the wake

of crumbling industrial hierarchy, entrepreneurship is encouraged by the emergence of fair shots for small companies to succeed.

Women are now an important part of the labour force—50.3 per cent of it in 2017—that Japan cannot do without. Heisei saw the number of double-income households overtake single-income households in its early years. Working mothers are the norm. Japan has a long way to go to achieve true gender equality, but it has come a long way over three decades, increasing the female labour participation rate from 59.5 to 72.7 per cent.

As women obtain more financial freedom, they marry later. The average age of a first-time bride went from 26 at the beginning of Heisei in 1990 to 29 in 2017. The groom's age went up from 28 to 31. In 2015, 8 per cent of women declared they would remain unmarried, up from 5 per cent in 1992. While low fertility rates present an existential threat for Japan, on the bright side this can be interpreted as evidence of acceptance of diverse lifestyles. Individuals can make conscious choices regarding marriage and children instead of blindly following the social norm.

Japan at the end of Heisei presents a more fluid, if less secure, society. Reiwa will only accelerate the trend of dissolving hierarchy. In the absence of godfathers there are more individual choices available, whether in careers or personal lives. Positive failures, from which we learn, will be tolerated and there are fewer penalties for trying. A career is regarded as a long and winding journey, not always a straight road as pictured in late Showa or early Heisei. With more seniors staying active for longer, we may completely do away with the notion of a retirement age in Reiwa.

The utopia of individual choices is only possible, however, if Japan manages to maintain its competitive strength and therefore its economic power. The social security cost to care for the elderly is mounting to 34 trillion yen (about US\$ 314 billion) or 6 per cent of GDP. Japan is the only country in the developed world with national debt at 200 per cent of GDP. Speculation of superinflation driven by the current Abe administration's expansionary monetary policy has never really been put to bed.

The clear defeat of the Heisei era is that Japan lost its visible hallmark industry, perhaps excepting its automotive sector. In the Reiwa era of newly found labour mobility and entrepreneurship, what might emerge as the bright stars of Japan?

My hypothesis is that Japan could leverage its existential crisis: ageing and declining demographics. The population is forecast to decrease to around 100 million by 2050, more than 20 per cent down from today's 127 million. Once we accept the reality of a declining population, the only lever to maintain the size of the economy is through improved productivity.

Improving productivity has two sides—organising and revamping the fraying existing infrastructure, and injecting technology as new blood. Japan already suffers from decaying roads and bridges built in its high economic growth era. Permanently empty houses are on the rise at 13.6 per cent of the national stock of housing, posing a security issue for communities. Rather than making new

infrastructure investment, the public sector may put more effort into re-organising the old.

Once reorganised into a compact and liveable model, communities should take full advantage of available technologies, from smart homes to autonomous vehicles. The end goal is not productivity for the sake of productivity, but the wellbeing of all, including the elderly and the less privileged.

Productivity gains should be balanced with environmental sustainability. The model of a technology-enabled community maximising quality of life will be a collection of innovation and new ideas, mixing hardware and software technologies. This is also a model that other silvering nations in Asia will look to import.

Japan was literally and figuratively a young developed nation at the start of Heisei. Over three decades, it has aged and matured at an unprecedented speed. It is now a mature country with considerable experience—perhaps no longer a miracle, but a country with bench strength and past failures to learn from. It also has the fortune of political stability—the envy of many other developed nations.

In middle age, an individual has two choices: to resist change and yearn for the glory days or to accept reality and be the best one can be according to age. The turning point to Reiwa, I believe, stands just at this fork in the road. **EAFO**

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Tokyo Electric Power Company personnel in front of No.3 reactor building at the tsunami-crippled Fukushima Daiichi nuclear power plant in early 2019. The 2011 earthquake and tsunami will be remembered as one of the major natural disasters of the Heisei era.

PICTURE: ISSEI KATO / REUTERS



China's President Xi Jinping and India's Prime Minister Narendra Modi at a signing ceremony during the Shanghai Cooperation Organization summit in Qingdao in June 2018.

India's 'multipolar Asia' approach and China

JAGANNATH PANDA

FACTORING China into the formulation of New Delhi's foreign policy and managing its relationship with Beijing is not just a strategic choice for India. It is a strategic necessity. A complex bilateral and geographical environment, competing foreign policy interests and China's rise as an influential actor in global policymaking undergird this fact. But an ongoing boundary dispute means that New Delhi remains guarded towards any Chinese overtures.

Despite difficulties, envisioning a stable relationship with China has been a prime objective in India's foreign policy in the post-Cold War period. This engagement has created both opportunities and obstacles for India in Asia, raising complementarities and contradictions that are partly structural and partly systemic in a changing regional order.

Most recently, the 'Wuhan Consensus'—stemming from an informal summit meeting between Narendra Modi and Xi Jinping—endorses this design. As Prime Minister Modi is now in his second

consecutive term, engagement with China should be a priority in his foreign policy 2.0.

India envisions a 'multipolar Asia' and advocates a shared regional leadership where major and minor powers will have equal standing in the decision-making process. This is based on the rationale that China's rise in Asia is unbalancing the regional power structure and eroding India's strategic choices. In the Indian conception, a multipolar Asia is a universal proposition, not just a regional one.

As reflected in Modi's speech at the second Raisina Dialogue in January

2017, India contends that the world has rapidly accepted multipolarity. The essence of a multipolar Asia rests on an equal distribution of power and responsibility which will be conducive to India's rise in Asia and beyond, with an increasingly dominant China.

Presently, India's stake in a complex world structure is to secure its economic and security interests while pursuing a greater role for itself. China's economic and military prominence in Asia is affecting India more than any other country, except perhaps Japan. Beijing's stronger commercial contacts and growing political understanding in South Asia is continuously denting India's authority in this region.

Amid all the scepticism, Xi's flagship Belt and Road Initiative (BRI) is fast becoming the preferred package for infrastructure investment and connectivity initiatives. The establishment of the Asian Infrastructure Investment Bank (AIIB), the expansion of the Shanghai Cooperation Organisation (SCO) and the New Development Bank (NDB) exemplify China's stature in the world.

By advocating a multipolar Asia, India visualises a greater role for itself in the diffusion of power and seeks to better position its security interest vis-a-vis China. This complements India's multi-aligned foreign policy approach that allows it to stay connected with a variety of countries and regional groupings such as the United States, Russia, Japan, South Korea, ASEAN and the European Union.

India's support for a multipolar Asia rests on three critical elements.

First, the diffusion of power interlinks Asian—specifically Indian—security with global security. It strengthens India's standing internationally, primarily at the United Nations Security Council (UNSC), as

an emerging economy and a vibrant Asian democracy.

Second, minor and major powers in Asia must have a shared role in the collective decision-making process, facilitating Indian interests. India's support for an ASEAN-centred regional architecture confirms New Delhi's preference for a consultative mechanism for regional economic integration, as does India joining the Regional Comprehensive Economic Partnership.

Third, inclusivity should be the order in Asia, rather than exclusivity, to allow space for an external power like the United States to contribute to the evolving regional security architecture. Such openness allows India to maintain strong connections with the two biggest global powers, the United States and China. In Asia, it allows India to promote a regional paradigm of 'shared leadership' among the three major Asian powers: India, China and Japan.

In contrast, the Chinese conception of Asia threatens an overhaul of the security structure that aims to weaken

India's advocacy of a multipolar Asia is based on a more democratic and pluralistic proposition with the aim of making global governance architecture more equitable and representative

the US-led security architecture prevalent in the region. This was evident in Xi's speech at the Fourth Conference on Interaction and Confidence Building Measures in Asia in 2014, where he endorsed the rising status of Asia in world affairs but advanced the concept of 'Asia for Asians'. This proposition places the region's security undertakings primarily in the hands of Asians.

While it remains unclear how prevalent the 'Asia for Asians' proposition is in Chinese thinking at present, Beijing's 'new era' foreign policy under Xi undoubtedly has a much greater global reach. But Asia is significant in Chinese foreign policy and all calculus of China's global reach runs through it. Xi's speech at the Conference on Dialogue of Asian Civilizations on 15 May 2019 in Beijing confirms this. He stressed the regional aspiration of living and working in 'contentment and security, free from fear' to raise a level of confidence among the Asian countries represented at the conference. In the Chinese assessment, an Asian security balance still accommodates American interests and most US-led partnerships such as those with Japan and India. But, for China, a tilt towards an Asian framework for regional security cooperation is necessary.

As the newly released 2019 Belt and Road Forum report indicates, China would like to focus more on a global strategy with a soft-power approach to promote its external economic engagement across the world via Asia. Yet the Chinese conception of Asian security, unlike that of India, is based on empowering Asia as a region where Chinese ascendancy to power in global affairs will be obvious.

Chinese ambitions have prompted Indian caution and its visualisation of Asia through a multipolar lens.



On the holiday in October 2018 celebrating Mahatma Gandhi's birthday, United Nations Secretary-General Antonio Guterres throws flower petals over the national memorial to the independence leader at the Raj Ghat in Delhi. India is a charter member of the UN. Achieving power parity with China in global decision-making bodies, including permanent membership of the Security Council, 'has always been India's underlying objective'.

From New Delhi's perspective, if the United States is excluded from Asia, the Chinese proposition of 'Asia for Asians' could be realised as an 'Asia for the Chinese'.

India's advocacy of a multipolar Asia is based on a more democratic and pluralistic proposition with the aim of making global governance architecture more equitable and representative. Beijing has long enjoyed the structural advantage of being a permanent member of the UNSC. Achieving power parity with China in global decision-making bodies, primarily at the UNSC, has always been India's underlying objective. A pluralistic Asia enables it to expedite this ambition. More representation at the UNSC will

enhance the council's 'credibility' and 'legitimacy'. A multipolar Asia corroborates India's desire to reform the UNSC. This proposition looks to build India's strength globally and support from China for it is a strategic necessity.

New Delhi's G4 association with Japan (along with Germany and Brazil) validates a multipolar approach. In India's contention, the UNSC must have better continental representation from across the world—mainly from Asia and the developing world—to build a more representative and equitable global decision-making framework. This finds strategic dissonance with the Chinese worldview. Beijing is not in favour of having more representation from Asia

that would diminish its prominence as the sole Asian representative at the UNSC. Nor does it want to offer any strategic mileage to Asian competitors like Japan and India, which it perceives as strategically closer to the United States.

Chinese opposition to Japan's UN Security Council candidature is more direct—Tokyo's financial contribution to the UN budget is not sufficient cause for its candidature and Japan does not qualify to represent the voices of developing countries. Beijing also questions whether Japan's historical baggage of wartime atrocities is contradictory to the UN spirit.

But China's reservation about India's permanent candidature is more ambivalent, exhibiting shades

of Beijing's undemocratic character and its preference to maintain the status quo in the UNSC. Beijing has not fundamentally opposed India's candidature but has avoided openly supporting anything. It is taking advantage of the structural deficiency within the UN system that hinders a broader consensus on reform, denying a greater voice to Asia.

Regionally, the notion of a multipolar Asia strengthens India's stake in a maritime Asia. China is fast emerging as a strategic concern, or even as a threat, to India's maritime interests in the Indian Ocean region. A maritime dispute may not be inevitable between the two since they do not have a disputed maritime zone, but India's commercial presence in the South China Sea, including joint oil exploration with Vietnam, troubles China. India's growing security and maritime understanding with Japan to enhance a 'free and open Indo-Pacific' is also perceived adversely. The revival of the Quadrilateral (Quad 2.0) consultative grouping—Australia, India, Japan and the United States—has only strengthened the decade-old Chinese misperception of a rising 'Asian NATO'.

Likewise, India has been troubled by repeated Chinese submarine adventures across the Sri Lankan coast. Beijing's maritime infrastructure building across the Indian Ocean through its maritime silk road has raised eyebrows in Indian strategic circles. India's maritime contestation with China is not territorial. Rather, it is about gaining space and influence to protect its energy and economic interests in maritime Asia, primarily in the South China Sea, which facilitates almost half of India's trade and commerce and more of China's.

India has long stressed the significance of international law in



Then US Secretary of Defense, James Mattis, and then Indian Defence Minister Nirmala Sitharaman, signing the 2+2 Dialogue agreement in Delhi on 6 September 2018. The agreement is seen as strengthening ties with the United States, although that 'does not imply India's unwillingness to nurture its relationship with China'.

its maritime diplomacy. The Indian thrust towards a multipolar Asia complements New Delhi's notion of a maritime Asia with emphasis on a democratic rules-based order—one that promotes freedom of navigation and overflight, leading to protection of its commercial interests. This also strengthens India's advocacy of SAGAR (Security and Growth for All in the Region) in the Indo-Pacific.

By supporting a multipolar view of Asia, New Delhi endeavours to put pre-emptive pressure on China to address the maritime security demands of many countries. Beijing has established coercive maritime influence, mainly in the South and East China Sea. Beijing's grey-zone strategy appears more and more coercive and many find it difficult to challenge—meaning a more broad-based consensus on a 'free, open and inclusive Indo-Pacific' has arrived. A multipolar maritime Asia would support a flexible strategic environment for India to operate in trilateral and quadrilateral formats. It

would complement a concerted effort across the Indo-Pacific to balance the projection of China's growing power.

India's foreign policy outreach to China would be strengthened in a multipolar Asia. If a 'multi-aligned' policy strategy based on 'strategic autonomy' emerged as the defining feature of Indian foreign policy, it would help in part to accommodate China as a strategic partner in the region. Strategic autonomy offers space to position India's strategic interests in a systemic calculus. Such a multi-aligned policy framework provides multiple engagement structures through regional and global institutions. This allows India to better position its interests within and outside China-backed and US-backed institutions without subscribing to either of their respective visions.

While India has welcomed most China-backed multilateral institutions or bodies such as the AIIB, NDB and SCO it opposed the BRI from the beginning. New Delhi always perceived the AIIB as an Asian

multilateral institution that would facilitate the accumulation of national and international infrastructure. It is the AIIB's second-largest shareholder. Joining the AIIB was seen as a historic opportunity to occupy a greater role in the governance of multilateral institutions, though it perceived it as primarily an 'Asian exercise'.

In contrast, New Delhi has always had strong reservations about the BRI. Its response to the Chinese invitation to join the BRI was diplomatically stout and resolute. India questions the BRI's legitimacy as a connectivity initiative and has stated that such initiatives must be based on 'universally recognised international norms, including good governance, rule of law, openness, transparency and equality'.

India's stance stresses the significance of the 'sovereignty' and 'territorial integrity' of other countries. The China–Pakistan Economic Corridor under the BRI, for example, is a large-scale strategic hindrance to India since it ignores India's sensitivities to territorial integrity. India, like other countries, has also stated that a connectivity project must adopt principles of financial responsibility to avoid debt burdens and be environmentally sustainable. The fundamental difference between the AIIB and the BRI, in India's perception, is the contested norms of universalism and unilateralism, respectively.

Likewise, a 'global strategic partnership' between India and the United States is undeniably strengthening the democratic framework of understanding in the Indo-Pacific. India signed the 'Communication, Compatibility, Security Agreement' (COMCASA) with the United States during the first 2+2 Dialogue in September 2018. If

the civil nuclear agreement signed in 2008 marked a new beginning, both the 2016 Logistics Exchange Memorandum of Agreement and the 2018 COMCASA strengthened that narrative further. India appears to anticipate the United States becoming a stronger partner, both militarily and strategically, while not entirely endorsing a US-led order. Improving its relationship with the United States does not imply India's unwillingness to nurture its relationship with China.

India realises that China's discontent has less to do with the global order and more to do with the international institutional system such as the Bretton Woods institutions. India has seen an opportunity to cooperate with China to reform institutions such as the International Monetary Fund, World Bank and the World Trade Organization. No matter how visible revisionist tendencies are in Chinese foreign policy under Xi, Beijing's displeasure is primarily with US predominance in these institutions. In order to have a less Western

India has seen an opportunity to cooperate with China to reform institutions such as the International Monetary Fund, World Bank and the World Trade Organization

dominated international system, China is continuously promoting new sets of institutions to shape the future global order. India is seen as a prospective partner in this Chinese conception of the international order.

By promoting multipolarity and advocating democracy in the international system, China has displayed confidence while also advocating for a Chinese model of economic development and security. To this effect, India has responded positively—primarily in working with China to exert pressure to reform the Bretton Woods institutions. Beijing has, therefore, started acknowledging New Delhi's significance by including it in the SCO as a full member and making it a founding member of the AIIB and the NDB. In other words, India is seen as a partner in China's 'Global South' framework.

If this growing association with China in bilateral and multilateral mechanisms has made New Delhi more open to Beijing's engagement, the rise of China and its strategic urge to dominate has also made New Delhi cautious about engagement.

India's sustained economic growth along with a stronger strategic outreach across Asia—through its Act East policy, Link West policy, Connect Central Asia policy and SAGAR—has led to its embrace of a multipolar Asia where New Delhi has a greater role in regional affairs. An alignment with China is an important feature of this conception as it will both protect and enhance India's rise without contesting China's rise. **EAFO**

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Unwinnable contest: the competition for resources

RUTH GAMBLE

FOR millions of years, monsoonal winds have cycled between Asia's tropical seas and the Tibetan Plateau, delivering snow to its high-altitude mountains and rains to the plains below them. The melting snow and summer rains combine to create a system of rivers that fan out from the mountains, delivering water and fertile soil to East, Southeast and South Asia.

Known as the Great Himalayan Watershed (GHW), this hydrological phenomenon created richly diverse ecosystems and the right conditions for some of the world's earliest agricultural and urban centres. Today around 45 per cent of the world's population depends on the watershed. The area is also home to many of the globe's most significant manufacturing centres and trade networks.

The GHW encompasses most of Asia's rivers, all of which flow from two areas of the Tibetan Plateau. The Indus, Ganges and Brahmaputra rise among ice-capped peaks on the Plateau's far southwestern corner, near sacred Mount Kailash. The Mekong, Salween, Yangtze and Yellow rivers rise in its northeast corner, before fanning out from northern China to Myanmar.

Despite its fundamental role in Asia's society, the GHW has not received much public or political attention. So the increasing attention being paid to the watershed's degraded state is worrying. Scientists, environmentalists and locals are particularly concerned about its glaciated headwaters—the world's

'third pole'—and its deltas. Both are experiencing accelerated climate change and biodiversity loss.

The best-case scenario for the GHW would be a pervasive management plan, focused on its interconnected headwaters and threatened deltas. But the complex mix of the 'geo' and 'political' within the GHW make a management solution unlikely.

China controls the uppermost reaches of all these rivers, but only the Yellow and Yangtze Rivers flow within its boundaries. Even then, their upper reaches lie in Tibetan ethnic regions—environments foreign to most Chinese citizens. The Mekong, Salween, Brahmaputra, Ganges and Indus Rivers are transboundary river systems and most of them transverse more than two countries.

In the GHW's southeast, intergovernmental organisations have only made tentative steps towards the transnational management of the Mekong. On its southern side, cooperation is proving even more

elusive. The Indus, Brahmaputra and many of the Ganges' tributaries flow through areas of the Himalayas that are contested by China, India, Bhutan, Nepal and Pakistan. These river systems are not only unmanaged, but a heavy military presence within them is further straining their fragile ecologies.

All Himalayan nation-states are now concerned about water security, but their competitive efforts to secure the GHW's water are depleting rather than reviving its rivers.

Border standoffs—which see troops from China, India and Pakistan crowd and stake claim to these areas—are at least partially a result of the region's topographical imbalance. China's control of the rivers' sources is a powerful strategic advantage that feeds paranoia in downstream countries. New development and technologies have allowed China to increase its presence on the Plateau, and it has also demonstrated a willingness to manipulate the region's water flows and water flow data.

After the Doklam standoff between India, Bhutan and China in 2017, China refused to adhere to its data sharing agreement with India on flow levels. India depends on this data to prepare for monsoon floods—a lack of information about river flows puts lives at risk. The reaction from the Indian government was mute, perhaps given its ability to monitor the river through military satellites. But the media stoked local fears, and many people living along India's north-eastern rivers now fear that China will

Like many other minoritised areas around the globe, the Himalayas' resources are being extracted for the benefit of urban majorities

use flash-floods or even river-delivered poison against them.

The watersheds' rivers are being mined for gold, metals, sand and boutique water, and are being dammed for large hydropower projects. The size of these hydropower projects reveals their builders' state-making intent. Large hydropower projects allow governments to solidify their control in ethnic minority regions, make 'first use' water usage claims against international competitors and connect the periphery to the centre through the electricity grid.

One country's hydropower projects would put environmental strains on this river system. Competition for resources between the states intensifies this pressure as it encourages the construction of mirrored projects on either side of international borders. On the upper Indus River, for example, China, India and Pakistan have all built hydropower dams within a few hundred kilometres of each other. One well-managed hydro-project could have provided sufficient energy for the entire region.

Like many other minoritised areas around the globe, the Himalayas' resources are being extracted for the benefit of urban majorities.

China, India and Pakistan have tended to approach the mountains as distant, impenetrable and effectively empty. They inherited their current disputed borders from their imperial predecessors. India and Pakistan make claims for land based on British Empire maps. The modern Chinese state's claims descend from the Qing Empire.

But these two empires claimed, rather than conquered, the mountains. It was the modern states of India and China that took effective control of the region in the 1960s, marginalised its peoples and dissected their homelands



Workers fixing railway tracks on a bridge over the Yarlung Tsangpo river as part of the construction of the railway linking Lhasa and Nyingchi, Tibet. An international management council could balance needs and resource usage in the Great Himalayan Watershed.

with international borders. Despite promoting themselves as the world's premier postcolonial states, India and China have behaved like colonists in the mountains, importing lowland populations and armies, and extracting their resources.

There has been some local resistance to the hydropower projects, particularly in Northeast India, but the heavy state presence across the Himalayas curtails most local protests.

The rivers that flow from the Himalayan ice-pack are notorious border flouters and continuously work to erode state infrastructure. So the Himalayan governments' intensely nationalistic approach to the rivers of the southern GHW is not only environmentally disastrous but also fundamentally impractical.

Even if the opposition to militarisation and resource extraction fades, the environmental strains they place on the region will eventually force change. The degradation of the

upper GHW will make it unliveable for soldiers as well as locals and intensifying upstream decline will impact the billions of people who live downstream.

The GHW needs an international management council that would balance the needs of its fragile glacial heights, large downstream populations and biodiverse deltas. Such a body would need to combine ice-pack and river management. The 'third pole' could be managed by an organisation like the Arctic Council, which operates between the governments and indigenous peoples of the Arctic. This body could then liaise with a series of river management authorities, which could be modelled on the existing Mekong River Commission.

The question is what it would take to create such a council—forward thinking or a catastrophe? **EAFO**

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China's 'social plus' approach to soft power

PICTURE: CHARLES PLATIAU / REUTERS

HAIQING YU

THE term 'soft power'—a benign concept used to measure a country's attractiveness or its ability to influence other countries' public audiences—has been taken up by Chinese cultural and political elites since the mid-2000s. The term 'strong cultural power' gained currency in the 2010s as an alternative characterisation of China's cultural soft power.

Counting nuclear arsenals and submarines, and measuring GDP and economic growth, have been supplemented to some degree by measuring the attractiveness of a country, its culture, values and policies.

The distinction between soft and hard power has never been totally clear. The hard power in reserve is often on display, while key soft-power resources—values, ideology and policies, particularly those associated with an open and free society—are often embedded in the background. Examples include the Chinese approach to development both domestically, through poverty alleviation, and internationally, through its foreign aid programs and the Belt and Road Initiative (BRI).

China's soft power can take a myriad of shapes and forms. Its instruments include Confucius Institutes; globalised media flagships (including Xinhua and the China Global Television Network); sports, film, educational and cultural industries—all traditionally state-



Alibaba Group chairman Jack Ma: leading 'massive markets in social media and social commerce'.

controlled agencies and enterprises. Increasingly, we have witnessed the possibilities offered by the private sector, particularly China's digital and high-tech companies. This has, to some degree, offset the limits of Beijing's efforts to 'let the world know and understand China from a Chinese perspective' and build a positive image of China.

As such, narratives about China's rise and the 'China dream' should also be understood by the role of the private sector in its private diplomacy efforts to expand Chinese presence and influence in the Asia Pacific and globally. Through such efforts, China's digital enterprises have built up massive markets in social media and social commerce.

This has been led by Baidu, Alibaba and Tencent, joined by many digital unicorns and high-tech start-ups,

including ByteDance (known for Toutiao and TikTok), iQiyi, Meituan, Didi Chuxing and Pinduoduo. These companies help to spread Chinese influence overseas, mostly to countries with large Chinese diasporas. As they become more closely entangled with global venture capital and stock markets, they add a 'social' dimension and approach to Chinese soft power.

China is not only the world's largest internet and mobile phone market—with more than 800 million internet users, 98 per cent of whom are mobile—but also the biggest social media and social commerce market. Its social media landscape is incredibly diverse, rich and vibrant. It is also unique in having no space for Facebook, Instagram, YouTube and Twitter, which are all blocked. The Chinese counterparts of these Western platforms are growing bigger

and more influential in terms of both user numbers and market size globally. Their intricate connections and embeddedness with transnational capitalism, and their innovative business models built around all-in-one social commerce platforms, can take Chinese soft power in a new direction.

Most people have heard of the two pillars of Chinese social media, WeChat and Weibo. WeChat, a social messaging platform, has over one billion monthly active users. Weibo, a micro-blogging platform, has 600 million registered users. Most people have also heard of the two heavyweights in Chinese e-commerce, Alibaba and JD.com. But there are hundreds of competitive Chinese players and apps in instant messaging, social e-commerce, news, entertainment, video and photo sharing, live streaming, gaming and lifestyle networking. Foreigners who have any significant interest in China's markets, politics or people are often drawn to using these social media platforms too—even politicians (as we have witnessed in the 2019 Australian federal election).

One feature of Chinese social media platforms is that they are all racing to be the all-in-one super-app. On most Chinese social media apps, people can chat, post, shop, transfer cash, hail a ride, book trains, flights and hotels or donate to charity. Approximately 90 per cent of digital financial transactions are made through the two major digital payment platforms that are spearheading the emergence of a cashless society: AliPay and WeChat Pay.

Chinese social media platforms are also pioneering a new type of business model. This model is known as 'social plus' (social+). It combines social networking and entertainment in the

context of e-commerce transactions. Apart from the WeChat, Weibo and NetEase heavyweights, rising stars like Pinduoduo and Xiaohongshu have enjoyed increasing consumer popularity.

Chinese social media companies are crucial in China's internationalisation and soft-power initiatives. They follow Chinese travellers and migrants, form local partnerships, and make strategic investments in local research and development (R&D) facilities and local tech startups to expand the Chinese digital ecosystem globally, often in competition (but also in collaboration) with established and emerging international and local players.

CHINA'S technological capitalists—the CEOs, senior managers, scientists and engineers of the new technology sector—are the face of the newfound power of the digital economy. The mobile, wealthy, networked and English-speaking Chinese middle and upper classes are the representatives of the new digital China. These corporate players, social media users and social commerce 'prosumers' help to spread the Chinese digital sphere of influence across the Asia Pacific region where there is a large Chinese population, and increasingly along BRI routes.

Alibaba is an example of how private-sector digital diplomacy has worked to spread China's influence. With its vast array of subsidiaries and partners, the company is stitching up a vast network of services in digital payments, e-commerce, logistics and R&D in the Asia Pacific. Its founder and CEO, Jack Ma, like other Chinese platform capitalists, have helped spread the gospel of digital transformation globally, raising China's prestige on the world stage despite discussion of the 'Chinese

security threat.'

An openness to and an enthusiasm for technological development, digital lifestyles and the social+ business model is largely responsible for China's present-day reputation as innovative. The private sector, represented by digital and high-tech companies, has been making more effective inroads into unknown and difficult terrain than the traditional tools of China's soft power. China's private and digital sectors are in effect supporting a social+ approach to soft power.

A social+ approach to soft power is not without obstacles, however. China's infamous censorship regime and its record in co-opting the private sector have led to concerns, especially in the West, about freedom of speech and possible security risks. This underpins contemporary debate over the 'authoritarian threat' or 'digital authoritarianism' that digital China could present.

Chinese social and digital platform capitalists have quietly drummed up business sales and market shares outside China. They represent both the opportunities and challenges of China's social+ approach to soft power in the digital era. How to present a benign image of Chinese digital civilisation in the face of the malign mirror-image of Chinese sharp power is a challenge for these digital capitalists. How to balance economic imperatives with the political demands of both national and local powers in domestic and international markets are further challenges—ones which are unavoidable for any serious player in the global digital economy. 

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The end of China's labour reforms?

PICTURE: NORIHIKO SHIROUZI / REUTERS

KEVIN LIN

IN 2009, *Time* magazine selected 'The Chinese Worker' as the runner-up to its Person of the Year. The accompanying photo featured a group of manufacturing workers dressed in their work uniforms. Reflecting on China's 8 per cent economic growth rate just one year after the global financial crisis, the magazine asked, 'Who deserves the credit? Above all, the tens of millions of workers who have left their homes, and often their families, to find work in the factories of China's booming coastal cities ... Chinese men and women, their struggles in the past, their thoughts on the present and their eyes on the future.'

The selection reflects the optimism of the time. Chinese workers were rightfully recognised for their economic contribution. They were also actively shaping their own present and future. In the period leading up to 2009, labour dispute cases and workers' strikes skyrocketed. Workers were becoming more confident in their ability to organise and pressure their employers and the local authorities for better conditions and legal protection. This created real momentum for labour reforms. The future of Chinese workers appeared hopeful.

In many respects, Chinese workers benefited from the government's labour reforms and made important gains over the last decade. The government-mandated minimum wages increased significantly, and real wages are growing. The



A production line in Liuzhou: labour reforms seem either to have stalled or lost momentum.

government endorsed the legitimacy of workers' 'rights protection'. In 2018, the government enacted legal reforms such as the Labor Contract Law to strengthen legal protection, and the Labor Dispute Mediation and Arbitration Law offered more accessible dispute resolution mechanisms to resolve workplace grievances.

The All-China Federation of Trade Unions trialled more inclusive union reforms that increased union membership and recognised workers' legitimate role in negotiating with employers through collective bargaining.

Awareness and protection of occupational health and safety also increased. There is greater recognition of the importance of protecting women workers against discrimination in hiring and

promotion. Institutionalised urban discrimination against rural migrant workers has lessened, and as a result of *hukou* (household registration system) reforms rural migrant workers have more access to urban amenities.

But in other respects, Chinese workers have either not gained significantly or have even lost ground. Reforms to curb informalisation of labour have not stopped the use of agency workers who are paid less than their co-workers, or student interns forced by their schools to work in jobs unrelated to their studies. There is even reversal. According to China's National Bureau of Statistics, the percentage of rural migrant workers with a labour contract in fact declined from 43.9 per cent in 2012 to only 35.1 per cent in 2016.

In late 2017, in a display of migrant workers' lack of rights despite *hukou*

reforms, the Beijing municipal government evicted tens of thousands from their apartments and provided no temporary accommodation after a fire killed migrants living in unsafe dwellings—itsself underlining the conditions of migrants.

The labour reforms under the Hu–Wen administration aimed to accommodate workers’ interests and incorporate workers into the industrial relations system. Yet labour strikes continued to increase after 2009. Large-scale factory strikes took place each year over low wages, non- or under-payment of social insurance contributions and lack of layoff compensation among other causes.

In part, this was due to China’s slowing economic growth triggering more disputes. More importantly, the key reforms were problematic. Barriers remain in terms of accessing legal mechanisms for resolving disputes. The union reforms were top-down and bureaucratic—by design, workers were not empowered to negotiate with management.

By the mid-2010s the Chinese government began to show its growing impatience with the labour reforms, which failed to prevent labour unrest, and shifted its strategy. The clearest sign of this change was the closing down of non-government labour rights organisations in Guangzhou and the arrests of their staff who worked to protect workers’ rights and promote collective bargaining in December 2015.

The crackdown had chilling effects among labour groups more broadly, and signalled the government’s intention to criminalise independent rights advocacy. It was part of a broader political shift, preceded by the arrests of leading human rights activists, lawyers, anti-discrimination and feminist activists, and many others

only a few months earlier.

In mid-2018, a unionisation drive by workers at Jasic Technology in Shenzhen precipitated a new round of repression against workers and college students who came out to support them. The repression has since widened and spread to other labour activists unconnected to Jasic.

The nature of state repression is also shifting from punitive to pre-emptive. Authorities are rounding up activists who are capable of helping workers rather than for any specific actions they have taken. The space for workers to organise has been narrowed to its slimmest in the last decade.

Looking back, the optimism for more labour reforms from a decade ago now seems extinguished. Labour reforms have either stalled or lost momentum altogether. There has been no major labour legislation for several years, and union reforms all but stopped.

In the meantime, new challenges to labour relations are emerging. Unemployment is resurfacing as a key government concern. Manufacturing jobs are moving into inland regions and out of China in search of even cheaper labour. Automation is


As labour organising declines in manufacturing, mobilisation in the logistics and service sectors is rising sharply

threatening jobs in factories and the US–China trade war is creating an uncertain economic climate for Chinese industries. Even tech companies are laying off employees.

The platform economy—work facilitated by digital platforms—seems to offer an employment solution and an escape from dreary factory jobs. But it remains to be seen if the logistics and service sectors will generate enough employment for the millions whose jobs may disappear in the coming years. Sensing the risks, the Chinese government is already encouraging migrant workers to go back and start their own businesses.

Although the turn toward pre-emptive repression seems capable of keeping a tight lid on civil society organisations, workers’ protests will likely continue. And as labour organising declines in manufacturing, mobilisation in the logistics and service sectors is rising sharply. Strikes have taken place among Walmart retail workers, truck drivers, crane operators, delivery drivers, teachers and taxi drivers in recent years.

Even in the technology sector where pay and benefits are good, tech workers mobilised online in early 2019 against what has been popularly termed the ‘996’ work schedule—working from 9am to 9pm and 6 days a week—and gained widespread public support.

At a time when China’s labour relations is fast changing and facing new realities, it is time for more and deeper reforms that recognise workers’ roles in negotiating their work conditions, and do not see their rights advocacy as a political threat to be managed with criminalisation. 

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Supporters in Hong Kong release balloons with pictures of the 'Feminist Five' detained on the eve of International Women's Day in 2015.

Digital media powers China's grassroots feminism

HUI FAYE XIAO

THE contemporary feminist movement in China is shaped by the globalisation and digitalisation of the country's economy, culture and social life. First, local feminists draw upon strong global connections from their transnational networks. Second, feminists deploy both traditional and new media to strategically engage supporters. Third, a new bottom-up model has become key to the formation of grassroots collective action. I propose describing the fourth wave of feminism in China as the rise of grassroots feminism in a digital age. The expansion of the #MeToo movement in China is the best index of these new developments.

On 1 January 2018, Luo Xixi, currently residing in the United States, published an open online letter accusing Chen Xiaowu, her former PhD advisor at Beihang University, of sexual assault. The open

letter was disseminated quickly and widely among Chinese netizens and ultimately caused Chen's layoff. This initial victory indicated the initiation of #MeToo in China.

Only a few months later, on 5 April 2018, Li Youyou, an alumna of Peking University who later went to a US law school and currently lives in Canada, published another statement online. She accused Shen Yang, a prominent linguistics professor who used to work at Peking University, of sexual abuse that led to the suicide of a young victim, Gao Yan, in 1998. Public anger ultimately resulted in the removal of Shen Yang from his current teaching post at Nanjing University.

Then on 9 April 2018, a group of undergraduate students at Peking University urged the college to publicise school records showing how Shen Yang's case was handled two decades ago. On 23 and 30 April one of the students, Yue Xin, published two long online letters advocating

more freedom of information. The letters were viewed and reposted countless times both within and outside of China on WeChat, blogs, Zhihu (US question-and-answer site Quora's Chinese counterpart), the online forum BBS, and Facebook.

This online activism is a world away from the origins of feminism in China, which can be traced back to the turn of the 20th century when the country was plagued with a series of military defeats, foreign invasions and economic crises. Lydia Liu, Rebecca Karl and Dorothy Ko write that for many early feminists, 'women's emancipation was part of a larger project of enlightenment and national self-strengthening, coded either "male" or "patriarchal"':

The second wave of Chinese feminism, meanwhile, was a significant part of China's socialist revolution. A formally institutionalised top-down campaign during the Mao era spearheaded the women's liberation

movement. Thanks to this program of state feminism, Chinese women's social status, literacy rate, educational level and workforce participation improved enormously.

The third wave took place after China's economic reform and opening up in 1978. In 1987, Li Xiaojiang established the first program of women's studies (*funu xue yanjiu*) at Zhengzhou University. In September 1995, the Fourth World Conference on Women was held in Beijing, which brought about a proliferation of feminist cultural productions and contributed to the rise of feminist non-government organisations (NGOs) in China.

China has never been so closely integrated with the world as it is now, and gender-related issues in China have grown to be more than local matters. But in the new millennium, backlash from the state also poses great challenges to the Chinese feminist movement. The post-socialist patriarchy is formed on the meeting of a neoliberal economic model and a revived conservative gender ideology. As a result, the once expanded public spaces thanks to the collective efforts made by NGOs, civil organisations, public debates and social activism have been gradually encroached by the recent tightening control of the authoritarian Party-State.

In 2015, on the eve of International Women's Day, five feminist activists were detained for planning to distribute anti-sexual-harassment stickers on public transportation vehicles. But contrary to the state's intention, the detention of the 'Feminist Five' galvanised protests and online petitions were signed by two million people from all over the world, leading to their release in April. Further restraints imposed on NGO registration and activities by

the 2017 'Foreign NGO Law' indicate an increasingly strained relationship between feminist NGOs and the Party-State.

Under these compromised conditions for activism, the internet and new digital technologies provide new venues for speedy information flows and social engagement. These combined forces have sought to penetrate state censorship and bureaucratic obstacles to push forward #MeToo in China. When #MeToo was censored, a feminist-created cartoon image of a 'rice bunny' (MiTu, a Chinese homophone of #MeToo) was circulated on social media to continue the networked feminist movement's momentum.

Online discussion has radically changed people's views of sexual assault and brought a new sense of empowerment and networked sociality to those who once suffered in silence. This destigmatisation translates into real-life action. In April 2019 Jingyao Liu, a Chinese student studying at the University of Minnesota, filed a lawsuit accusing JD.com CEO Liu Qiangdong of raping her when they met in August 2018. Encouraged by the young student's brave fight against one of China's richest e-commerce tycoons, many young women posted their own stories of sexual assault on

The decentralising power of new media and digital technology helped China's feminist movement gain wide traction

social media. An online petition with the hashtag #HereForJingyao initiated by a group of Chinese feminists received thousands of signatures. A follow-up debate 'I am Not a Perfect Victim Either' on various social media platforms in and out of China made people start to reflect upon and question the systematic and structural gender equities embedded in the patriarchal system that had justified and naturalized the 'rape culture' as a taken-for-granted part of our everyday lives.

The ongoing #MeToo movement in China demonstrates how social media has created a wave of grassroots feminism that is now combatting the gendered power structures sustaining sexual assault. The decentralising power of new media and digital technology helped the feminist movement gain wide traction, particularly among young women who were encouraged to speak up against sexist discrimination and sexual assault encountered in their everyday lives. Lu Pin, a long-time advocate for feminist activism, has observed, "Those who are fighting are not famous people. It is countless grassroots people echoing each other."

Emerging grassroots feminism in 21st century China deviates from earlier waves of state-mandated top-down political campaigns and market feminism (emphasising individual self-fulfilment in a capitalist economy). Transgressing the ideological, bureaucratic and digital boundaries of the state, the grassroots movement has been built up by ordinary people's discreet acts of resistance. It has left an indelible mark on Chinese and global feminist history. [EAFQ](#)

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Law and values: morality politics under Xi Jinping

DELIA LIN

UNLIKE any of his predecessors, including Mao himself, Xi Jinping has a political theory with his name etched on it. Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era is enshrined in both the Party Constitution and the State Constitution while he is in power. This may be seen as the return of Mao-style personalised politics. But more importantly, it characterises an ideology capable of justifying absolute rule of the Chinese Communist Party (CCP), laying the theoretical groundwork for an authoritarian single-party regime.

The unmitigated supremacy of the CCP and socialist rule of law are forged through a dual emphasis on 'governing the country in accordance with the law' and 'governing the country in accordance with moral principles'. These principles set the ideological foundation of the integration of law and morality for a new era.

Amalgamating law and morality is nothing new to China. For millennia, governing by moral code was at the core of China's Confucian-Legalist statecraft throughout the imperial dynasties. Both Confucian and Legalist governing principles reject acknowledging individuals' desires to pursue their self-interest—believing it to lead to nothing but selfishness and corruption. Nor do they trust individuals as autonomous moral agents.

Confucian governance assumes an intrinsically moral ruler, the malleability of human nature through repetitive practice and the performance of moral principles. These practices are demanded of individuals in order to realise their 'true' humanity, hence the Confucian focus on *li*, decorum and ritual proprieties.

Legalism, on the other hand, emphasises the absolute power and authority of the ruler and uniform enforcement of punitive codes intended to curb corruption. Under the imperial dynasties, the rules of penal codes worked to reinforce Confucian moral principles, reflecting a Confucianisation of law.

The deep-seated influence of China's ancient law-morality dialectic has resulted in the moral cultivation of individuals remaining high on the political agenda today.

In the Xi Jinping era, the marriage of law and morality has become an integral part of building the Chinese socialist rule of law system

Many social problems and policies are framed in terms of *suzhi*, the citizens' intrinsic moral quality. This approach to policy justifies the moral construction campaigns that set out to raise citizens' *suzhi*, remoulding and transforming each of them into a new socialist person. While these moral construction campaigns have Legalist roots, they were separate from the legal and judicial system—until the Xi Jinping era.

In the Xi era, the marriage of law and morality has become an integral part of building the Chinese socialist rule of law system. This amalgamation is achieved through incorporating a prescribed moral code, known as socialist core values, in all legal and judicial processes. The twelve designated moral principles are the national values of prosperity, democracy, civility and harmony; the social values of freedom, equality, justice and rule of law; and the individual values of patriotism, dedication, credibility and friendship.

In 2013, the CCP Central Committee issued the first government directive on Socialist Core Values, requiring these values to be integrated across the full range of administrative processes, social activities and all levels of government. The 2014 Decision of the CCP Central Committee's Fourth Plenum of the 18th Party Congress was the first government document to link core socialist values to developing laws. It defined the meaning of governing the country in accordance with moral principles as 'forcefully carrying



A poster with a portrait of Chinese President Xi Jinping overlooks a street in Huangshan, Anhui province, China, in September 2017. The slogan reads: 'Core Socialist Values: prosperity, democracy, civility, and harmony; freedom, equality, justice, rule of law; patriotism, dedication, integrity and friendship.'

forward the socialist core values, carrying forward China's traditional virtues, fostering social morals, professional ethics, household virtues and personal character'.

In December 2016, the CCP Central Committee and State Council issued a policy document titled 'Guiding Opinions on Further Integrating Socialist Core Values into the Construction of Rule of Law', highlighting the importance of making all laws, regulations and public policies guide the correct value orientation of the society. On 7 May 2018, the CCP Central Committee announced a plan to 'fully incorporate socialist core values into all legislation' within five to 10 years. The plan claimed 'governing the country in accordance with the law' and 'governing the country in accordance with moral principles' to

be the two most distinctive features of the China-style socialist rule of law.

In response to these party directives, the Supreme People's Court (SPC), China's highest court, and the Supreme People's Procuratorate have subsequently issued guidelines demanding that socialist core values be implemented in courts and everyday caseloads. The SPC published representative cases as guidance for courts to embed these values in their judgements.

These action plans turn an abstract ideology into a living reality. Xi Jinping has repeatedly stressed the uniqueness and independence of the Chinese legal family as an alternative to the commonly accepted major legal families in the world including civil law and common law systems. Linking traditional political culture to party

culture, the increasingly formalised law–morality amalgam has served to elevate the CCP's presence in China's moral and spiritual landscape.

Today, posters and billboards featuring the socialist core values are prevalent on roads, in public spaces and on buildings throughout China. Schoolchildren are required to recite these values. Social control mechanisms to implement the values have become a necessity—as one poster in Nanjing reminds citizens: freedom is not a wild horse; freedom requires the control of reins and a rider. [EAFQ](#)

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